

	6 May 2022		20 May 2022
FTSE BURSA MALAYSIA	1,564.3		1,549.1
CURRENCY; USD 1 =	RM4.37		RM4.40
BRENT CRUDE OIL (USD PER BARREL)	USD112.39		USD112.55

Source: CEIC

The ringgit closed at a two-year low against the US dollar on broad strengthening of the greenback as investors sought safe-haven currencies amid rising risk factors

ECONOMICS & MSME NEWS

9 MAY 2022 – 20 MAY 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK inflation hits 40-year high of 9% as energy bills soar

Prices are rising at their fastest rate for 40 years as higher energy bills hit millions of households. UK inflation, the rate at which prices rise, jumped to 9% in the 12 months to April, up from 7% in March. The surge came as millions of people saw an unprecedented GBP700 a year increase in energy costs last month. Higher fuel and food prices, driven by the Ukraine war, are also pushing the cost of living up, with inflation expected to continue to rise this year. Around three quarters of the rise in inflation in April came from higher electricity and gas bills, according to the Office for National Statistics (ONS).

Source: BBC News, 19 May 2022

China inflation risk 'modest' as consumer costs rise amid lockdown pressure, factory-gate prices ease

China's consumer prices rose slightly last month amid logistic disruptions caused by strict coronavirus controls, while factory-gate inflation eased to its lowest level in a year, leaving room for policy support to stem economic risks. The consumer price index (CPI) beat expectations and rose by 2.1% in April from a year earlier, up from a rise of 1.5% in March, the National Bureau of Statistics (NBS) said. The producer price index (PPI), which reflects the prices that factories charge wholesalers for products, also beat expectations but continued to moderate last month and stood at 8.0% in April from a year earlier. PPI was down from a rise of 8.3% in March to its lowest level since rising by 6.8% in April last year.

Source: South China Morning Post, 16 May 2022

Japan's economy may rebound but faces headwind amid price surge

Japan's economy is likely to be on a growth track from the current quarter, but analysts say surging commodity prices due to Russia's war in Ukraine will weigh on private consumption and become a headwind to its recovery from the coronavirus pandemic fallout. Annualised real GDP in the first quarter came to JPY537.92 trillion, still lower than the October to December quarter of 2019, the last pre-pandemic quarter when it was JPY541.81 trillion, according to the Cabinet Office. The GDP growth forecasts by 36 economists averaged an annualised 5.2% expansion for the second quarter of 2022, and they forecast that growth will gradually lose momentum in the following quarters to 3.1%, 2.0% and 1.7%.

Source: Japan Today, 20 May 2022

Worker shortage hampers services sector

JPMorgan cut its expectation for US real GDP for the second half of 2022 and for 2023. The firm's economic and policy research department cut its second half view to 2.4% from 3% and cut its first half 2023 target to 1.5% from 2.1% and for the second half of 2023 it cut its view to 1% from 1.4%. It said there may be enough of a growth slowdown to lead to a gradual increase in the unemployment rate later next year, helping to relieve some wage pressures that have been building. "In short, we forecast a soft landing, but are well aware that this outcome has rarely (if ever) occurred," according to the research led by economist Michael Feroli.

Source: Reuters, 19 May 2022

MALAYSIA ECONOMIC NEWS

Malaysia's total trade soars 21.3% to RM231.44bil in April

Malaysia's trade performance continued its upward momentum in April 2022 with total trade increasing 21.3% year-on-year (y-o-y) to RM231.44 billion, marking the 15th consecutive month of double-digit growth. The Ministry of International Trade and Industry (MITI) said trade, exports, imports and trade surplus registered the highest monthly value for the month of April. It said exports increased 20.7% to RM127.49 billion, the ninth successive month of double-digit y-o-y expansion. Imports, meanwhile, grew 22% to RM103.95 billion and trade surplus expanded 15.7% to RM23.55 billion. The export growth was boosted by higher shipments of electrical and electronic (E&E) products, mainly semiconductors driven by global digitalisation trends.

Source: The Star, 19 May 2022

Malaysia not at risk of recession

Malaysia is not at risk of recession and is on track to meet forecast economic growth targets of between 5.3% and 6.3% this year, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz says. He said the country's economic growth would be supported by the government's expansionary fiscal policy as well as accommodative monetary policy. He noted that the current talk of a global recession was premature and unwarranted, and Malaysia would see further growth momentum in the second quarter after recording a strong first-quarter gross domestic product growth of 5%. Tengku Zafrul pointed out that failure to meet debt obligations was a major risk for countries in the event of a global recession, but it was not a risk for Malaysia, as the risk was mitigated due to its low exposure to external debt, with less than 3% in foreign currencies.

Source: The Star, 18 May 2022

External challenges could weigh on economy

The Malaysian economy is not out of the woods yet despite the strong growth in the first quarter (1Q22). The GDP, however, declined by 3.0% from the previous quarter on a non-seasonally adjusted basis, after increasing in 4Q21 by 10.5% quarter-on-quarter (q-o-q). Besides external headwinds could weigh on the country's economy this year. Nevertheless, economists said there are bright spots that would spur the economy on a stronger footing. GDP in 1Q22 improved further, expanding by 5.0% y-o-y following a 3.6% y-o-y growth in the 4Q21. The GDP, however, declined by 3.0% from the previous quarter on a non-seasonally adjusted basis, after increasing in 4Q21 by 10.5% quarter-on-quarter (q-o-q). Besides external headwinds, he said on the domestic side, the economy is expected to experience some pressure from supply chain disruptions, rising cost and increasing living cost.

Source: The Star, 19 May 2022

Malaysia's solid Q1 GDP heralds more policy tightening

Malaysia's economic growth picked up pace in the first quarter and was likely to accelerate further this year amid sustained demand and the reopening of international borders. GDP rose 5.0% in the January-March period, faster than the 4.0% expansion forecast by a Reuters poll and up from 3.6% growth in the previous quarter. Bank Negara Malaysia (BNM) said it had factored in global supply chain disruptions, the Russia-Ukraine war and strict

lockdowns in China to stem the COVID-19 outbreak in its growth projections for 2022. BNM kept its 2022 economic growth forecast at between 5.3%-6.3%, which it had downgraded in March.

Source: The Star, 13 May 2022

MSME NEWS IN SOUTHEAST ASIA

MALAYSIA

Only micro entrepreneurs exempted from minimum wage implementation

Only micro enterprises and micro entrepreneurs are exempted from implementing the Minimum Wages Order (MWO) 2022 until year-end, according to Entrepreneur Development and Cooperatives Minister Tan Sri Noh Omar. He said the MWO 2022 exemption was decided by the Cabinet. Nevertheless, Noh said, his ministry strongly encourages every micro entrepreneur to implement MWO 2022 in accordance with its enforcement effective

May 1, 2022. However, he said, employers involved in professional fields such as lawyers and doctors would still have to follow the stipulated minimum salary of RM1,500 for each employee, regardless of how many workers they have.

Source: Malay Mail, 14 May 2022

INDONESIA

Minister urges MSMEs to adopt environmentally friendly practices

Cooperatives and SMEs Minister Teten Masduki has urged MSME players to employ environmentally friendly business practices to support the green economy thrust. Currently, there are 65 million micro, small and medium enterprises, which make up 99.9% of the total businesses in the country. The large number of MSMEs employ 97% of the workforce, and at the same time, contribute 61.7% to the GDP. Given their sheer number, MSME players need to pay attention to environmental aspects, the

minister said. According to research conducted in October 2021 by the ministry, 95% of more than three thousand MSMEs showed interest in and support for environmentally friendly business practices. Such practices include making efficient use of energy, reducing waste in production processes, as well as employing environmentally friendly practices to benefit the business in the long term.

Source: Antara News, 12 May 2022

SINGAPORE

DBS to launch 5 partnerships to enhance digital financing capabilities for SMEs

DBS will launch 5 new platform partnerships with integrated digital and supply chain financing capabilities by the end of 2022, with over 15,000 SMEs across Asia set to benefit. It said this comes as part of its effort to digitalise financing capabilities offered through trade platforms, as well as to help businesses adapt to trade disruptions and geopolitical tensions. The upcoming digital platforms are projected to benefit SMEs across Singapore, Hong Kong, China, India and Indonesia, in sectors such as e-commerce, logistics and commodities and more. Prior to the launch of the 5 new platforms, DBS has launched 12 digital platform partnerships with integrated digital financing and payments capabilities since 2017.

Source: The Business Times, 17 May 2022

PHILIPPINES

RCBC SME loan portfolio to exceed PHP100 billion

Rizal Commercial Banking Corp. (RCBC) intends to grow its SME loan portfolio by 9% to PHP101.5 billion this year from PHP93.4 billion last year, as the country continues to bounce back from the impact of the pandemic. Angie Tinio, head of the SME banking group at RCBC, is optimistic that the accommodative monetary policy settings of the Bangko Sentral ng Pilipinas (BSP) will help safeguard the momentum of economic recovery. "Moving on from a more cautious position during the previous year, and as the economy is now reopening, businesses are resuming and consumer spending is picking up, lending is seen to accelerate and boost revenues," Tinio said. The RCBC SME Banking Group reported a record-high new accounts, with a 233% jump in new SME accounts.

Source: Philstar Global, 18 May 2022