



SME Corp. Malaysia  
23 January 2026

12 JANUARY 2026

23 JANUARY 2026

FTSE BURSA MALAYSIA	1,695.44	↑	1,719.99
CURRENCY; USD 1 =	RM4.06	↑	RM4.00
BRENT CRUDE OIL (USD PER BARREL)	USD63.87	↑	USD65.88

Source: Bursa Malaysia, Bank Negara Malaysia & Bloomberg

# ECONOMICS & MSME NEWS

12 JANUARY 2026 – 23 JANUARY 2026

## GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

### UK Economy Defies Gloom as GDP Grows 0.3% in November, Beating Forecasts

The UK economy grew by 0.3% in November, exceeding forecasts of 0.1% and recovering from a revised 0.1% contraction in October, according to official figures. Despite this stronger-than-expected performance, it is unlikely to change expectations for further interest rate cuts, as the Bank of England continues to project weak growth in the final quarter. Business sentiment remains fragile following uncertainty surrounding the finance minister's late-November budget statement, while manufacturing output has yet to recover fully from earlier disruptions, including a cyberattack affecting Jaguar Land Rover. The Government is expected to continue prioritising measures to ease living costs, with further insight into economic conditions expected from upcoming inflation and unemployment data. Overall, the modest rebound offers limited reassurance amid persistent concerns over the pace of economic recovery.

Source: Firstpost, 15 January 2026

### China Fourth-quarter Growth Slows to 4.5%, Weakest in Nearly Three Years as Consumption Misses Forecasts

China's economic growth slowed to 4.5% in the fourth quarter, the weakest pace in nearly three years, as softer domestic demand weighed on activity, although full-year growth met Beijing's 5% target. Retail sales underperformed expectations, signalling weak consumer spending, while industrial output improved modestly and fixed-asset investment fell more sharply due to the ongoing property sector downturn. Despite resilient export performance and a record trade surplus, economists warn that heavy reliance on external demand and investment poses long-term risks. Inflation pressures remain mixed, with consumer prices rising but producer prices and the GDP deflator staying in negative territory. Weak borrowing and low consumer spending have raised pressure for more stimulus, leading the central bank to introduce credit easing and signal possible rate and reserve ratio cuts.

Source: CNBC, 18 January 2026

### Consumer Spending Pushes US Economy up 4.4% in Third Quarter, Fastest in Two Years

The US economy grew at an annual rate of 4.4% in the third quarter, its fastest pace in two years, driven mainly by strong consumer spending, which accounts for about 70% of GDP. Growth was supported by higher spending on services, increased business investment linked to artificial intelligence and stronger exports alongside lower imports. Despite this robust performance, many Americans remain dissatisfied due to the high cost of living and uneven income growth. The economy shows signs of a "K-shaped" recovery, where wealthier households benefit more from rising investments while lower-income groups face stagnant wages and higher prices. Meanwhile, the labour market remains weak, with modest job creation despite low unemployment. This has created what economists describe as a "jobless boom", raising concerns about whether middle-income families will share in future economic gains.

Source: AP News, 22 January 2026

### Japan's Inflation Slows on Subsidy Effect Ahead of BOJ Decision

Japan's inflation eased in December for the first time in four months, largely due to the impact of new Government fuel subsidies, although underlying price pressures remain strong. Core consumer prices increased 2.4% year on year, down from 3% in November, while energy prices fell 3.1%, reversing the previous month's increase. Excluding energy, inflation remained elevated at 2.9%, indicating persistent domestic cost pressures, particularly in food prices. For 2025, core inflation stood at 3.1%, marking a fourth consecutive year above the Bank of Japan's 2% target. The BOJ kept its policy rate unchanged at 0.75%, with most economists expecting another rate hike by mid-year, especially if the yen continues to weaken. The currency hovered near JPY158.70 per dollar, close to levels that previously triggered intervention.

Source: thejapantimes, 23 January 2026

# MALAYSIA ECONOMIC NEWS

## Retail Sector Poised for Q1 2026 Boost from Rare 'Cash Tsunami'

Malaysia's retail sector is set for a strong uplift in the first quarter of 2026 following a rare "cash tsunami" driven by the simultaneous disbursement of Sumbangan Tunai Rahmah Phase 1, the RM100 Sumbangan Asas Rahmah credit and Phase 2 salary increases for civil servants. BIMB Securities noted that this convergence, combined with heightened festive spending during Chinese New Year and the start of Ramadan, could push retail earnings to record levels. The Government's RM15 billion allocation for STR and SARA, alongside the implementation of the RM1,700 minimum wage and public sector pay adjustments, is expected to significantly boost household disposable incomes, particularly among middle and lower-income groups. At the same time, the shift towards targeted fiscal support and digitalised assistance programmes is improving spending efficiency and strengthening purchasing power within the formal retail sector. The SARA programme, in particular, is expected to accelerate the transition from informal to formal retail channels, benefiting listed companies. In addition, Visit Malaysia Year 2026 and rising tourist expenditure on shopping and food & beverage are set to provide further momentum, reinforcing domestic demand and supporting sustained growth in the retail industry.

Source: New Straits Times, 15 January 2026

## ACCCIM: Firms Cautiously Optimistic for First Half of 2026

Businesses remain cautiously optimistic about economic conditions in the first half of 2026, with ACCCIM reporting stabilising business conditions and improved sentiment in the second half of 2025. The Business Condition Index reached 89, while the Business Sentiment Index increased to 107.3, supported by easing policy uncertainty and lower interest rates. Despite this, high operating costs remain the main challenge, particularly for SMEs facing margin compression and cash-flow pressure due to higher wages, fuel prices and utility tariffs. Many firms have absorbed these costs amid weaker demand, although gradual cost pass-through to consumers is expected. ACCCIM also highlighted persistent delays in tax refunds and proposed reforms to improve processing efficiency and cash flow. In addition, the survey highlighted skills mismatches and low awareness of TVET programmes, prompting calls for better industry alignment and incentives.

Source: The Star, 16 January 2026

## Strong Trade Momentum Could be Sustained

Malaysia's trade surpassed RM3 trillion in 2025, reflecting strong economic resilience despite global slowdown and geopolitical risks, driven by robust demand for electrical & electronics products, diversified export markets and Malaysia's strategic role in the semiconductor supply chain. Total trade rose 6.3% year-on-year to RM3.06 trillion, with exports up 6.5% and imports increasing 6.2%, generating a trade surplus of RM151.8 billion for the 28th consecutive year. Economists attributed the performance to investment inflows, supply chain reconfiguration and spillovers from the US-China trade conflict. While momentum is expected to continue into 2026, growth may moderate due to slower global expansion, tariff effects, currency volatility and investment caution. Overall, the outlook remains cautiously optimistic, with total trade likely to hover around RM3 trillion, provided global conditions remain stable.

Source: New Straits Times, 21 January 2026

## BNM Monetary Policy Statement

Bank Negara Malaysia's Monetary Policy Committee (MPC) decided to maintain the Overnight Policy Rate at 2.75%, assessing that the current monetary stance remains supportive of economic growth while ensuring price stability. Global growth in 2025 exceeded earlier expectations, driven by lower-than-anticipated tariffs, stronger AI-led technology investment and increased fiscal support, while the outlook for 2026 remains resilient despite potential headwinds from trade measures, geopolitical tensions, financial market volatility and elevated asset valuations. For Malaysia, economic growth in 2025 is expected to be at the upper end of the forecast range and to remain strong in 2026, underpinned by resilient domestic demand, continued employment and wage growth, income-support measures and sustained public and private investment activity, including multi-year projects and national master plan initiatives. The external sector is projected to benefit from robust electrical & electronics exports and higher tourism receipts. Inflation stood at moderate levels in 2025 and is expected to remain stable in 2026. The MPC will continue to closely assess economic and inflation risks.

Source: BNM, 22 January 2026

# MSME NEWS IN SOUTHEAST ASIA

## SINGAPORE

### Singapore SMEs Stay Expansionary in Q4 2025, Though Growth Likely to Ease in Near Term: OCBC

Singapore SMEs remained in expansion territory in Q4 2025, with the OCBC SME Index rising to 50.8 from 50.5, marking the third consecutive quarter of growth and the strongest pace so far, driven mainly by outward-oriented sectors such as manufacturing, ICT and wholesale trade. Year-on-year collections and payments increased by 11.8% and 10.7% respectively, although growth is expected to ease towards neutrality in early 2026 due to higher operating costs, intensifying competition, geopolitical uncertainty and potential impacts from US tariffs. Domestically focused sectors including construction, retail and education stayed resilient, while business services and healthcare recorded contractions. OCBC noted that growth momentum may soften after a strong 2025, but opportunities remain for SMEs that expand into external markets, leverage cross-border initiatives such as the Johor-Singapore Special Economic Zone and adopt AI and digital transformation. A business outlook poll showed that nearly half of SME owners expect conditions to improve over the next six months, although stiff competition, geopolitical risks, rising costs and manpower constraints remain key concerns.

Source: The Business Times, 20 January 2026

## INDONESIA

### Indonesia's Free Meals Program Engages Over 18,000 MSMEs: Minister

Indonesia's Free Nutritious Meals (MBG) programme has engaged 18,614 MSMEs as suppliers as of 10 November 2025 and is projected to generate employment for up to 2.25 million workers, according to MSME Minister, Maman Abdurrahman. The initiative could involve as many as 450,000 MSME suppliers across 30,000 MBG kitchens, with each enterprise typically employing between one and five workers. Supply chain partnerships in 2025 reached IDR283.7 billion, involving 3,060 MSMEs through collaborations with large firms, state-owned enterprises and PLUT-KUMKM centres. In addition, 14,084 entrepreneurs have been linked to the Entrepreneur Hub ecosystem, while 7,980 are directly participating in the MBG programme. The Government has also reaffirmed its policy to allocate 30% of commercial space in public infrastructure for MSMEs, including transport hubs and rest areas. Currently, 406 public facilities provide 1.09 million square metres of commercial space, of which 471,623 square metres are reserved for MSMEs. By the third quarter of 2025, 7,715 MSMEs had utilised these facilities, achieving an occupancy rate of 60.59%. Overall, the MBG programme is positioned as a key driver of MSME growth, job creation and inclusive economic development in Indonesia.

Source: ANTARA, 20 January 2026

## PHILIPPINES

### DTI's Roque: Free Trade Agreements, Msmes Are Key to Reviving The PH Economy

The Philippines is intensifying efforts to revive economic growth by promoting free trade agreements, strengthening MSMEs and attracting strategic investments, according to the Department of Trade and Industry (DTI). Trade Secretary, Cristina Roque acknowledged that while the economy continues to expand, momentum has slowed due to weaker business confidence, despite stable inflation. A key development is the Comprehensive Economic Partnership Agreement with the United Arab Emirates, which grants zero-tariff access to Philippine exports and creates new opportunities for Filipino professionals and investors abroad. MSMEs, which represent 99.5% of businesses, employ 60% of the workforce and contribute around 40% of GDP, remain central to inclusive growth, with nationwide trade fairs significantly increasing production. The DTI is also encouraging medium and large firms to explore funding options such as initial public offerings and private equity to support expansion. Consumer protection remains a priority, with most basic goods maintaining stable prices despite rising production costs. Looking ahead to the ASEAN Chairmanship in 2026, the Philippines aims to strengthen its position as a regional trade and investment hub, focusing on high-growth sectors including renewable energy, digital and artificial intelligence technologies, electric vehicles, semiconductors, retail, e-commerce and coconut exports.

Source: Bilyonaryo News Channel, 25 January 2026