



SME Corp. Malaysia
9 January 2026

29 DECEMBER 2025

9 JANUARY 2026

FTSE BURSA MALAYSIA	1,680.99	↑	1,686.54
CURRENCY; USD 1 =	RM4.06	↓	RM4.07
BRENT CRUDE OIL (USD PER BARREL)	USD61.94	↑	USD63.34

Source: Bursa Malaysia, Bank Negara Malaysia & Bloomberg

ECONOMICS & MSME NEWS

29 DECEMBER 2025 – 9 JANUARY 2026

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

China Factory Activity Grows, Ending Longest Slump on Record

China's manufacturing sector showed its first expansion in nine months in December, supporting President Xi Jinping's claim that China is on track to meet its 2025 growth target of about 5%. Official data showed the PMI climbed above the 50 threshold, signalling a modest recovery and reinforcing Beijing's cautious approach to economic support. Policymakers appear comfortable with limited stimulus, aided by strong external demand, while keeping larger measures in reserve if exports weaken. Financial markets reacted with higher bond yields as investors moved away from safe assets. However, the recovery remains uneven, with services activity still contracting and weak consumer spending weighing on domestic demand. Looking ahead to 2026, China is expected to continue targeted support for high-tech and "new quality" industries rather than broad-based stimulus.

Source: Bloomberg, 31 December 2025

Bank of Japan Chief Vows to Keep Raising Interest Rates

The Bank of Japan Governor, Kazuo Ueda reaffirmed that the central bank will continue increasing interest rates if economic growth and inflation progress as forecast, signalling a sustained shift away from ultra-loose monetary policy. He noted that Japan's economy maintained a moderate recovery despite pressures from higher US tariffs, with wages and prices expected to increase steadily together. The BOJ recently lifted its policy rate to a 30-year high of 0.75%, although real borrowing costs remain negative as inflation stays above the 2% target. Focus is now on the BOJ's outlook report for inflation risks from a weak yen. A weaker yen has raised import costs, boosting inflation and spurring calls for gradual BOJ tightening. Market expectations of additional rate increases have pushed government bond yields to multi-decade highs. Finance Minister Satsuki Katayama called this a pivotal moment for Japan's shift from deflation to growth.

Source: The Business Times, 5 January 2026

UK Borrowing Rises in November as Mortgage and Consumer Credit Grow

UK household borrowing strengthened in November, supported by higher mortgage and consumer credit lending, while business borrowing returned to net positive territory, according to Bank of England data. Net mortgage borrowing reached GBP4.5 billion and annual mortgage lending growth edged up to 3.3%, even as approvals for house purchases dipped slightly, pointing to softer future demand. Remortgaging activity increased as households continued to refinance following four policy rate cuts in 2025. Consumer credit expanded to GBP2.1 billion, driven mainly by stronger credit card usage, with annual growth reaching 8.1%. Interest rates on new mortgages, personal loans and credit cards moved marginally higher, while household deposits increased by GBP8.1 billion. Non-financial businesses recorded net borrowing of GBP6.3 billion, led by large firms, with SME borrowing growth at its strongest since mid-2021.

Source: Morningstar, 5 January 2026

US Trade Gap Shrinks to Lowest Level Since 2009 as Imports Fall

The US trade deficit fell sharply to USD29.4 billion in October 2025, its lowest level since 2009, as imports declined by 3.2%, according to the Department of Commerce. Exports rose by USD7.8 billion to USD302 billion, while imports dropped USD11 billion to USD331.4 billion, far below economists' USD58.4 billion forecast. Analysts attributed the deficit's plunge to swings in gold and pharmaceutical trade, despite higher computer imports indicating broader economic strength amid AI expansion. President, Trump's broad tariffs initially spurred firms to stockpile imports, mitigating consumer price hikes, though key agricultural imports were later exempted. Trump's tariffs under International Emergency Economic Powers Act (IEEPA) may face Supreme Court challenges, potentially entitling businesses to billions in refunds.

Source: : CBS News, 8 January 2026

MALAYSIA ECONOMIC NEWS

RM54 Billion Digital Investments Approved in 3Q 2025

Malaysia's digital economy continued to attract significant investment in the third quarter of 2025, with RM54.13 billion approved across 402 companies, creating 21,815 high-value jobs, according to Malaysia Digital Economy Corp (MDEC). AI-focused projects generated 8,328 jobs, representing 38% of total employment, highlighting strong demand for data scientists, AI engineers and specialised digital professionals. Digital Minister, Gobind Singh Deo stated that this trend positions Malaysia to become an AI nation by 2030, shifting from technology users to global solution creators. Singapore led foreign investment with RM25.1 billion, followed by domestic investors at RM17.2 billion, the US at RM6.4 billion and China at RM3 billion. The Klang Valley, particularly Kuala Lumpur and Selangor, attracted 88% of investments and nearly 90% of the jobs created. MDEC CEO, Anuar Fariz Fadzil attributed the growth to Malaysia's strategic ASEAN location, skilled workforce and a supportive digital ecosystem. The Malaysia Digital initiative, coupled with targeted incentives and global partnerships, encourages responsible AI development and adoption. Investments surged 125% from RM13.11 billion in 1Q25 to RM29.47 billion in 2Q25. Overall digital investments reached RM163.6 billion in 2024, compared with RM46.8 billion in 2023. This momentum reflects global confidence in Malaysia's policies, talent and long-term vision for an inclusive digital future.

Source: The Star, 30 December 2025

Over 48,000 SMEs Voluntarily Adopt E-invoice Ahead of Phase 4 Rollout

More than 48,000 SMEs in Malaysia have voluntarily adopted e-invoice ahead of its mandatory Phase 4 rollout on 1 January 2026, signalling growing acceptance of digital tax systems. Phase 4 will extend compulsory e-invoice implementation to SMEs with annual revenue of up to RM5 million, while businesses earning below RM1 million remain exempt to ease compliance burdens. To date, over 843 million e-invoices involving around 113,800 taxpayers have been recorded nationwide. The Inland Revenue Board (IRB) views e-invoice as a key driver of digitalisation under the 13th Malaysia Plan, improving efficiency, transparency and record-keeping. Adoption is supported through the free MyInvois portal, with incentives such as complimentary receipt printers for eligible users in early 2026. Separately, Malaysia's stamp duty administration will adopt a self-assessment regime from 1 January 2026, with matters moving to the e-Duti Setem system.

Source: The Edge Malaysia, 31 December 2025

MATRADE Steps up Global Push for Malaysian Exporters

MATRADE is intensifying efforts to boost the global reach of Malaysian exporters in 2026, with a roadmap featuring 203 trade promotion programmes targeting 13,400 companies, particularly MSMEs. Newly appointed CEO, Abu Bakar Yusof emphasised the agency's commitment to ensuring business continuity and sustained export momentum under the 13th Malaysia Plan. Key priorities include enhancing workforce competencies to meet global megatrends like artificial intelligence and navigating evolving trade dynamics. MATRADE aims to strengthen public-private partnerships, support sustainable trade through ESG compliance and expand the Greening of Export Supply Chain Programme. The agency diversifies into emerging markets, strengthens ties with key partners, and leverages FTAs to enhance trade, positioning MATRADE as a facilitator of sustainable global commerce.

Source: New Straits Times, 4 January 2026

Malaysia's Wholesale, Retail Trade Sales up 6.4% Year-on-year to RM158.9 Billion in November

Malaysia's wholesale and retail trade sales increased 6.4% year-on-year to RM158.9 billion in November 2025, supported by positive performance across all sub-sectors. The volume index rose 5.2% year-on-year, driven mainly by motor vehicles (+6.8%), wholesale trade (+6.0%) and retail trade (+4.3%), although it declined 2.0% month-on-month on a seasonally adjusted basis. Wholesale trade recorded RM70.1 billion in sales, up 6.0% year-on-year, while retail trade rose 6.4% to RM69.0 billion. The motor vehicles sub-sector performed strongly, with sales increasing 8.0% year-on-year to RM19.8 billion. Growth was partly attributed to the continued utilisation of the RM100 Sumbangan Asas Rahmah (SARA) assistance. Digital payment activities continued to expand, with e-money transactions surging 66.9% year-on-year to RM27.0 billion. The real-time retail payments platform recorded total transactions of RM322.6 billion. Financial process exchange transactions grew 20.4% to RM41.5 billion. Credit card transactions increased 6.9% year-on-year. Debit card transactions also rose by 6.8% year-on-year.

Source: The Star, 9 January 2026

MSME NEWS IN SOUTHEAST ASIA

SINGAPORE

Nanyang Polytechnic Launches AI Lab to Support SMEs While Training Students

Nanyang Polytechnic (NYP) has launched the AI Nexus Lab to support SMEs in adopting artificial intelligence while providing students with hands-on industry experience. The lab reduces digitalisation barriers by enabling real-world AI projects built on Amazon Web Services' cloud infrastructure. Through AI and design-thinking workshops, students collaborate with business owners to develop scalable solutions to operational challenges. More than 1,000 IT students annually are expected to benefit through curriculum integration of AWS AI tools. Over the next five years, NYP aims to engage 500 SMEs through initiatives including generative AI training. A pilot with SCCCI has already identified 64 SME use cases for prototype development. Selected student-built solutions receive support via the AWS AI Springboard and Partner Network. One project digitising physical catalogues led to productivity gains of over 16% and savings of 180 man-hours per month. SMEs may also access subsidies of up to 90% through SkillsFuture Singapore to scale projects from pilot to full implementation. The initiative strengthens collaboration between industry and education, nurtures future-ready digital talent and accelerates AI adoption across diverse SME sectors.

Source: The Edge Singapore, 2 January 2026

INDONESIA

Indonesia to Begin Recovery for 2.3 Million MSMEs Hit by Sumatera Floods

The Indonesian Government will commence reconstruction and economic recovery for over 2.3 million MSMEs affected by recent floods and landslides in Sumatera on 9 January 2026. Immediate relief measures will also be provided to the most severely affected businesses. The initial phase will prioritise reopening local markets and cleaning disaster-hit stalls and shops to revitalise the local economy. The affected MSMEs span Aceh, North Sumatera and West Sumatera. Eight MSME Rise Clinics have been established across key districts, while more than 200,000 MSMEs under the subsidised People's Business Credit (KUR) programme will receive loan relief in coordination with banks and guarantee institutions. Recovery efforts will be supported by 1,132 personnel from the Institute of Public Administration (IPDN) and civil servants. The Ministry will implement comprehensive monitoring and mapping to ensure effective programme delivery. Community empowerment initiatives will be coordinated with the Ministry of Social Affairs and the Post-Disaster Rehabilitation Task Force. Cash-for-work programmes will enable residents to earn income while aiding recovery. Overall, the strategy combines financial support, infrastructure rehabilitation and community engagement to restore economic activity.

Source: Antara, 7 January 2026

PHILIPPINES

DTI Chief Encourages MSMEs to Embrace Digital Platform, Visit Negosyo Center

The Department of Trade and Industry (DTI), through Secretary, Cristina Roque, called on MSMEs to fully embrace digital platforms to enhance their growth and competitiveness under the Marcos Jr. administration's entrepreneurship agenda. During the unveiling of the Model Negosyo Center in Makati, the DTI introduced the upgraded facility as a modern, digital-driven support hub for local entrepreneurs. She emphasised that Negosyo Centers provide MSMEs with access to Government programmes, business opportunities and practical guidance. She also highlighted that digitalisation enables businesses to expand market reach, improve efficiency and achieve sustainable growth. The DTI plans to upgrade more than 1,300 Negosyo Centers nationwide to be more digital, current and accessible. These centres will function as innovation and learning hubs offering training, digital tools and enhanced advisory services. The initiative aims to help MSMEs level up and compete locally and internationally. Cristina noted that Filipino products have strong potential if promoted more widely and strategically. She also underscored the importance of a whole-of-government approach under President, Ferdinand R. Marcos Jr. The Model Negosyo Center reflects the DTI commitment to modernising entrepreneurship support services. Overall, the digitalisation drive seeks to strengthen MSMEs' role in economic growth, employment and poverty reduction.

Source: Philippine Information Agency, 8 January 2026