

FTSE BURSA MALAYSIA	1,751.30	↑	1,752.83
CURRENCY; USD 1 =	RM3.93	↑	RM3.90
BRENT CRUDE OIL (USD PER BARREL)	USD69.04	↑	USD71.76

Source: Bursa Malaysia, Bank Negara Malaysia & Bloomberg

ECONOMICS & MSME NEWS

9 FEBRUARY 2026 – 20 FEBRUARY 2026

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK Economy Barely Grows in Q4 as Budget Uncertainty Weighs

UK economy grew by just 0.1% in the fourth quarter of 2025, missing forecasts of 0.2% and matching the weak pace recorded in Q3. Growth was dampened by uncertainty ahead of Finance Minister, Rachel Reeves' Budget in November, with speculation over potential tax rises weighing on sentiment. The Office for National Statistics also revised down earlier data, showing a slight contraction in the three months to November. Business investment fell by nearly 3%, the sharpest quarterly drop since early 2021, reflecting hesitancy among firms. While manufacturing supported output growth, services remained flat and construction declined by 2.1%. Despite the weakness, the UK economy expanded by 1.3% in 2025 overall, outperforming France, Italy and Germany, strengthening expectations that the Bank of England may cut interest rates in March.

Source: The Business Times, 12 February 2026

Consumer Prices Rose 2.4% Annually in January, Less Than Expected

US consumer prices increased by 2.4% year-on-year in January, slightly below expectations, signalling a potential easing of inflationary pressures. Core inflation, which excludes food and energy, reached 2.5%, its lowest level since April 2021. On a monthly basis, headline inflation advanced 0.2% while core prices gained 0.3%. Shelter costs edged up modestly, bringing the annual increase down to 3%, while energy prices declined 1.5% and used vehicle prices fell. Food prices recorded a small uptick, although egg prices dropped sharply compared with last year and airline fares jumped significantly. The softer-than-expected figures strengthened expectations of a Federal Reserve interest rate cut in June. Despite solid fourth-quarter economic growth of 3.7%, inflation remains above the Fed's 2% target and job creation has been subdued.

Source: CNBC, 13 February 2026

Japan Q4 2025 GDP Grows Annualized 0.2%, Below Expectations

Japan's economy expanded by 0.1% quarter-on-quarter in Q4 2025 or an annualised 0.2%, well below expectations and following a 2.6% annualised contraction in Q3. Private consumption edged up 0.1%, weighed down by higher food prices, while exports declined 0.3% amid weaker Chinese tourism and geopolitical tensions. Business investment increased 0.2%, providing limited support to growth. Persistently high inflation and negative real wage growth continued to pressure households. The Bank of Japan raised its policy rate to 0.75% in December and is expected to tighten further this year. The government introduced a JPY18.3 trillion supplementary budget to ease inflation and support investment. Overall, real GDP grew 1.1% in 2025, with moderate growth projected for early 2026 before easing later.

Source: NikkeiAsia, 16 February 2026

Winter Economy Becomes Poster Child for China's Stimulus Tilt to Services

Chongli's ski industry has become a model for China's new services-focused stimulus strategy after Olympic-driven infrastructure upgrades boosted tourism and profitability. Beijing is shifting investment away from traditional sectors such as property and heavy industry towards services including winter sports, tourism, healthcare and education, hoping to unlock weak household consumption. Services spending remains relatively low compared with developed economies, suggesting room for growth. While Chongli has enjoyed strong growth, subdued income gains and cautious consumer spending raise doubts about whether demand can sustainably support expanded supply. Some economists argue that stronger income growth and greater private sector participation are crucial to ensure long-term success.

Source: The Business Times, 16 February 2026

MALAYSIA ECONOMIC NEWS

Manufacturing Sales Value Hits RM1.97 Trillion, Grows 4.2% in 2025 - DOSM

Malaysia's manufacturing sales value reached RM1.97 trillion in 2025, marking a 4.2% increase from RM1.89 trillion in 2024, reflecting steady expansion in industrial activity. In December 2025, sales grew 6.4% year-on-year to RM168.6 billion, supported by stronger performance across key sub-sectors. The electrical & electronics (E&E) segment remained the main growth driver, expanding 12.6% in December compared with 10.8% in November. The food, beverages and tobacco sub-sector recorded growth of 10.4% (November: 7.7%), while non-metallic mineral products, basic metal and fabricated metal products increased 5.3% (November: 3.4%). Despite the annual improvement, sales declined 0.5% month-on-month from RM169.4 billion in November, indicating slight moderation towards year-end. Export-oriented industries, accounting for 70.4% of total sales, strengthened by 6.8% (November: 4.6%), reflecting resilient external demand. Domestic-oriented industries also improved to 5.6%, compared with 4.6% previously. Employment in the sector reached 2.4 million persons in December, up 1.1% year-on-year (November: 0.8%) and edging up 0.1% month-on-month. Salaries and wages expanded 2.5% (November: 1.9%) to RM9.1 billion. In the fourth quarter of 2025, manufacturing sales grew 5.8% year-on-year to RM509.5 billion, accelerating from 3.5% in Q3 2025, while employment increased 1.1% and wages advanced 2.3%, indicating sustained sectoral momentum.

Source: The Star, 9 February 2026

Bank Negara: Ringgit Gains 3.9% Versus US Dollar in Q4, Rises 10.2% in 2025

Bank Negara Malaysia stated that the ringgit's nominal effective exchange rate (NEER) appreciated by 3.8% against major trading partners' currencies in Q4 2025. The ringgit strengthened by 3.9% against the US dollar during the quarter, supported by narrower interest rate differentials after the US Federal Reserve's rate cuts and reduced tariff-related uncertainties following US trade agreements, including with Malaysia. Strong domestic economic prospects and reform efforts further reinforced investor confidence and financial market sentiment. For 2025 overall, the ringgit appreciated by 10.2% against the US dollar, while the NEER gained 6.3%. Moving forward, external factors will continue to influence the currency, although resilient domestic fundamentals are expected to provide sustained support, alongside coordinated measures to maintain orderly foreign exchange market conditions.

Source: New Straits Times, 13 February 2026

Malaysia's Inflation Increased 1.6% in January 2026

Malaysia's headline inflation remained at 1.6% in January 2026, unchanged from December 2025, with the Consumer Price Index at 135.7 points, according to data published by the Department of Statistics Malaysia (DOSM). Price growth was mainly driven by Personal Care, Social Protection & Miscellaneous Goods & Services (6.6%), Education (3.2%), Housing, Water, Electricity, Gas & Other Fuels (1.2%) and Recreation, Sport & Culture (0.9%). However, several groups recorded slower increases, including Insurance & Financial Services (5.5%), Restaurant & Accommodation Services (3.0%), Health (1.4%), Information & Communication (0.7%) and Furnishings (0.2%). Overall, inflation remained relatively stable. Compared with selected regional economies, Malaysia's rate was lower than Indonesia (3.6%), Viet Nam (2.5%) and the Republic of Korea (2.0%), but higher than Thailand (-0.7%).

Source: New Straits Times, 19 February 2026

Malaysia's January Exports Jump 19.6% as E&E Demand Climbs

Malaysia's exports surged by 19.6% year-on-year to RM146.87 billion in January 2026, driven largely by strong global demand for electrical & electronics (E&E) products. Imports increased more modestly by 5.3% to RM125.5 billion, resulting in a sharp 483.9% increase in the trade surplus to RM21.37 billion. Total trade expanded by 12.6% to RM272.37 billion. Exports to the US climbed 33.9%, marking the highest January value on record, while shipments to China grew 16.1% and exports to Taiwan jumped 79.4%. Trade with ASEAN also increased by 7.1%. E&E exports, particularly semiconductors and integrated circuits, increased 39% to RM70.53 billion, accounting for 48% of total exports, supported by advancements in artificial intelligence and ongoing technology upgrades. Other contributors included optical and scientific equipment, processed food, transport equipment and machinery. MATRADE noted that the performance highlights Malaysia's competitiveness and positions the country to benefit from projected global semiconductor market growth, in line with the New Industrial Master Plan 2030 and the 13th Malaysia Plan.

Source: The Star, 20 February 2026

MSME NEWS IN SOUTHEAST ASIA

SINGAPORE

Budget 2026: SMEs Unlikely to Face Sharp Cost Increases From EP, S Pass Salary Hikes, but Offshoring Interest May Grow

Singapore's SMEs are unlikely to face significant cost increases from the higher Employment Pass (EP) and S Pass qualifying salary thresholds announced in Budget 2026, although certain sectors may experience added pressure. The revised salary requirements for new applicants will take effect in 2027, with renewal adjustments following in 2028 to allow businesses time to adapt. Industry groups in manufacturing, food & beverage and accounting cautioned that higher foreign manpower costs could affect competitiveness and contribute to wage pressures. Smaller firms, however, generally employ fewer EP holders, which may limit the direct impact. Cost effects are expected to be more noticeable among companies hiring S Pass workers, particularly for mid-skilled roles less attractive to local employees. Existing quota limits may help contain the overall burden. Employers may also become more selective and raise expectations for foreign hires. As a longer-term response, some firms are likely to consider offshoring certain functions to manage rising labour expenses and sustain business viability. This could gradually reshape hiring strategies and workforce structures across the SME sector.

Source: The Business Times, 12 February 2026

INDONESIA

UN Trade and Development (UNCTAD) Unveils Roadmap for Indonesia's Digital Trade Push

Indonesia has launched its eTrade Readiness Assessment (eT Ready), developed jointly with UN Trade and Development (UNCTAD), to strengthen its e-commerce and digital trade ecosystem. The report sets out a strategic roadmap to enhance Indonesia's participation in regional and global digital markets through stronger governance, wider digital payment adoption and improved MSME market access. Valued at approximately USD90 billion in 2024, Indonesia's digital economy represents over one-third of ASEAN's total digital value. This marks UNCTAD's first such assessment in a G20 country and the first to incorporate environmental sustainability into digital trade analysis. The review covers policy coordination, infrastructure and technology adoption, MSME participation, legal and regulatory frameworks, digital payments and financial inclusion. While recognising progress in connectivity and digital payments, it highlights the need for improvements in logistics, digital skills, data protection, cybersecurity and access to finance. UNCTAD noted that the assessment will support inclusive, trusted and resilient digital growth. Indonesian officials said the findings will help ensure faster, fairer and safer digital growth under UNCTAD's eTrade for All programme supporting the 2030 Sustainable Development Agenda.

Source: TEMPO, 13 February 2026

PHILIPPINES

DTI Eyes Stronger MSME Gains From Trade Fairs

The Philippines' Department of Trade and Industry (DTI) is aiming to generate stronger sales from trade fairs in 2026 to further boost the performance MSMEs. Trade Secretary, Cristina Roque said the department intends to exceed last year's PHP665 million in sales recorded from 13 trade fairs, which benefited more than 1,700 MSMEs nationwide. For this year, the DTI plans to organise at least 15 trade fairs and expand participation among MSMEs, in line with the President's push to accelerate MSME growth and strengthen domestic enterprises. The 2026 National Trade Fair, held at the Megatrade Halls of SM Megamall until 22 February, features 300 exhibitors showcasing eco-friendly, design-led and high-value Filipino products. The event caters to retailers, distributors, resellers, exporters and general consumers, providing MSMEs with greater market access and networking opportunities. A key highlight is the Philippine Sustainability Pavilion, which promotes sustainable furniture, textiles, fashion and handicrafts made from coconut-based materials, engineered bamboo, natural fibres, plant-based dyes and native grasses sourced from various regions, underscoring the country's commitment to green and inclusive trade development.

Source: PhilStar Global, 21 February 2026