

	3 November 2023		17 November 2023
FTSE BURSA MALAYSIA	1,449.93		1,460.67
CURRENCY; USD 1 =	RM4.74		RM4.68
BRENT CRUDE OIL (USD PER BARREL)	USD84.89		USD80.61

*On November 13, OPEC affirmed that oil market fundamentals remained strong and blamed speculators for a drop in prices as it slightly raised its 2023 forecast for global oil demand growth and stuck to its relatively high 2024 prediction.*

# ECONOMICS & MSME NEWS

6 NOVEMBER 2023 – 17 NOVEMBER 2023

## GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

### UK economy fails to grow but sidesteps start of a recession

Britain's economy recorded zero growth in the third quarter, evading an anticipated recession but failing to show substantial expansion. Despite forecasts predicting a 0.1% decline, the Office for National Statistics revealed a stagnant GDP, raising concerns about the country's economic trajectory. Experts highlighted minor dips in GDP despite the reported unchanged figure. Paul Dales of Capital Economics noted that the economy might not apply enough pressure to impact inflation and wage growth significantly, delaying expected interest rate cuts by the Bank of England until late 2024. Despite the BoE's expectations of zero growth next year, Finance Minister Jeremy Hunt faces pressure to introduce growth-focused measures in the upcoming budget update.

Source: Reuters, 10 November 2023

### At APEC, Biden touts workers' rights, stable Chinese relations

In the ongoing Asia Pacific Economic Cooperation (APEC) forum, US President Joe Biden affirmed his commitment to bolstering a Pacific trade pact, despite recent setbacks concerning workers' rights in the regional deal aimed at counteracting China's influence. Following a series of discussions during the summit, President Biden outlined key agreements reached by leaders. These included a supply chain agreement aimed at identifying bottlenecks preemptively, preventing disruptions similar to those experienced during the peak of the COVID pandemic. Amid escalating US-China tensions and their impact on global trade and security, Biden emphasized the importance of a stable relationship between the two major economies

Source: Reuters, 17 November 2023

### Japan's economy contracts as recession risks grow

Japan's economy faced a contraction in July-September, halting two consecutive quarters of growth due to weakened consumption and exports. This poses a challenge for the central bank as it navigates scaling back significant monetary stimulus amid heightened inflation. Data reveals persistent high inflation affecting household spending, while global demand slowdown. Takeshi Minami, Chief Economist at Norinchukin Research Institute, expressed concerns about a possible recession given the lack of a growth catalyst and the sluggish inflation. This may affect the BOJ's timeline for exiting negative interest rates. Government figures unveiled a significant 2.1% GDP contraction in the third quarter.

Source: Reuters, 15 November 2023

### China's fiscal revenue up in October amid tentative recovery

China's fiscal revenue displayed a 2.6% growth in October compared to the previous year, marking the first monthly increase since July, according to calculations based on finance ministry data released on November 15. However, other figures released on the same day revealed an uneven economic recovery. Although industrial output and retail sales in October surpassed expectations, property and investment data showed a disappointing trend. Over the initial 10 months of the year, fiscal revenue amounted to RMB18.75 trillion (USD2.59 trillion), indicating an 8.1% rise compared to the previous year. This growth, however, slowed from the 8.9% increase observed in the January-September period, as outlined by the ministry data. Simultaneously, fiscal expenditures rose by 4.6% to RMB21.57 trillion during the first 10 months, in comparison to the preceding year. In October alone, fiscal spending experienced a 11.9% increase, a significant surge from the 5.2% rise in September.

Source: Reuters, 15 November 2023

# MALAYSIA ECONOMIC NEWS

## Matrade optimistic about trade outlook next year

The Malaysia External Trade Development Corp (Matrade) is optimistic about the country's trade economy in the upcoming year, foreseeing advancements into fresh markets while maintaining a solid market presence in Asean, North-East Asia, and China. Matrade's CEO, Datuk Mohd Mustafa Abdul Aziz, expressed confidence in local companies' dynamic approach, anticipating an expansion of their market share. Emphasizing the significance of motivating these companies, he highlighted the vast opportunities available in global markets. In 2022, Malaysia achieved a remarkable trade performance valued at MYR1.55 trillion, surpassing its 2025 export target outlined in the 12th Malaysia Plan three years ahead of schedule, stated Chairman Datuk Seri Reezal Merican Naina Merican. Matrade aims to bolster Malaysian brands' visibility to 49 by 2025, and it's focusing on digitalization via the myTRADEDIGITAL platform. Plans include expanding myTRADEDIGITAL into a comprehensive ecosystem, integrating domestic businesses and a global audience. Furthermore, Matrade plans to enhance supply chain development, prioritizing sustainability through the Malaysian Consortium of Mid-Tier Companies in 2024. Reezal emphasized Malaysia's potential for import substitution, highlighting the country's resources, skilled workforce, and competitive edge globally. He stressed Matrade's role as a connecting platform, aiming to link suppliers with premium buyers, enhancing market access for local suppliers.

Source: The Star, 15 November 2023

## Malaysia posts 3.3% GDP growth in 3Q

In the third quarter of 2023, Malaysia's economy demonstrated resilience, expanding by 3.3% compared to the same period a year earlier, exceeding the 3% median average forecast in a Reuters survey. This growth surpassed the 2.9% recorded in the previous quarter. The economy's seasonally adjusted quarter-on-quarter growth stood at 2.6%, while the overall expansion over the initial three quarters of 2023 reached 3.9%. Bank Negara Governor Datuk Abdul Rasheed Ghaffour projected a growth of around 4% for Malaysia in 2023 and anticipates a 4-5% expansion in 2024. He highlighted the significance of domestic demand's contribution to growth, supported by steady employment and income, notably in domestic sectors. Ghaffour highlighted the positive economic indicators that are expected to bolster the Malaysian currency.

Source: The Star, 17 November 2023

## Labour force growing marginally

The recent labour market data for September reflects the resilient state of the domestic economy despite external economic challenges, as reported by the Statistics Department. The unemployment rate held steady at 3.4% for the fourth consecutive month, despite a slowdown in employment growth at 2% due to weakened external demand. Notably, the labour force slightly increased by 0.1% to reach a record 16.95 million, accompanied by job creation across various sectors. Unemployment figures fell to 573,700, marking the lowest count since February 2020. The services and manufacturing sectors experienced the most rapid job growth, while informal employment reached a new peak. Analysts at Kenanga Research attribute the job creation to domestic demand, notably from a gradual upsurge in tourism activities and improved household incomes.

Source: The Star, 10 November 2023

## SMJ roadmap sets development plan for Sabah

Sabah Chief Minister Datuk Seri Hajiji Mohd Noor highlighted the comprehensive nature of the Sabah Maju Jaya (SMJ) roadmap, describing it as an extensive development strategy encompassing various societal sectors. He emphasized that SMJ serves as a broad framework uniting multiple existing sectoral development blueprints. At the launch of Asian Supply Base's (ASB) newly-built landing craft tank and the groundbreaking ceremony for the construction of the crew change terminal, the Chief Minister conveyed that the inaugural phase of SMJ (2021 to 2025) will concentrate on agriculture, industry, and tourism as the primary drivers of economic growth. He emphasized the roadmap's focus on human capital, people's well-being, infrastructure enhancement, and sustainable green practices. Hajiji highlighted the alignment of the SMJ roadmap with the national development agenda outlined in the Shared Prosperity Vision 2030. The event, as reported by Bernama, featured his speech read by Sabah Industrial Development and Entrepreneurship Minister Datuk Phoong Jin Zhe.

Source: The Star, 13 November 2023

# MSME NEWS IN SOUTHEAST ASIA

## CAMBODIA

### SME Bank to allocate \$50 million in funds for Siem Reap tourism boost

In a bid to bolster businesses in Siem Reap province, the Small and Medium Enterprise Bank of Cambodia Plc (SME Bank) has been earmarked to play a pivotal role, offering timely financial support, anticipated to invigorate the area's commercial landscape. This initiative aligns with the sustained influx of foreign tourists this winter, a phenomenon underscored by industry experts and operators. Prime Minister Hun Manet disclosed plans during the 19th Royal Government-Private Sector Forum on November 13, announcing the imminent launch of a direct loan programme through SME Bank. Set to kick off with an initial budget of USD50 million, this scheme aims to provide reasonable interest rates and favorable terms to tour operators in the province, facilitating access to tailored financial aid. Additionally, the government has rolled out tax incentives to alleviate financial pressures on the tourism sector. These incentives encompass an exemption from various monthly taxes (except VAT and accommodation tax) for registered hotels, guesthouses, travel agencies, and restaurants operating in the province under the General Department of Taxation (GDT). Effective from October 2023 until the first half of 2024, these measures aim to alleviate financial burdens and stimulate the local tourism industry.

Source: Phnom Penh Post, 15 November 2023

## SINGAPORE

### A\*Star launches advanced manufacturing joint labs with SMEs, with investment totaling over SGD30 million

The Agency for Science, Technology and Research (A\*Star) marked a significant milestone on November 17 by inaugurating three pioneering advanced manufacturing joint laboratories in collaboration with SMEs, marking an investment exceeding SGD30 million. The creation of these joint labs stands to enable M8M, Mencast, and Mirxes—three Singapore-based companies—to harness A\*Star's advanced manufacturing expertise. This partnership aims to co-develop innovative solutions and elevate offerings within their respective industries, fostering enhanced competitiveness and addressing industry-specific challenges. M8M specialises in intra-logistics solutions, Mencast operates as a regional engineering and maintenance service provider, and Mirxes focuses on RNA technology. Minister for Manpower, Tan See Leng, officiated the launch of these three joint labs at A\*Star's Singapore Institute of Manufacturing Technology (SIMTech) situated in CleanTech Park. Additionally, Dr Tan inaugurated the Innovation Factory @ SIMTech, a novel facility designed to serve as a comprehensive hub supporting local enterprises in enhancing their innovation capabilities.

Source: The Business Times, 17 November 2023

## PHILIPPINES

### PBBM, TikTok partner for 'edutainment' to promote MSMEs

President Ferdinand R. Marcos Jr. has recently established a strategic collaboration with the video hosting platform TikTok, aiming to launch an initiative known as "edutainment." This joint effort seeks to support MSMEs across the Philippines by merging educational content with entertainment on the popular social media platform. This partnership emerged following Marcos's meeting with TikTok executives during the Asia-Pacific Economic Cooperation (APEC) summit in San Francisco, California, conducted late Friday night in Manila time. Marcos expressed his intention for TikTok to provide training sessions tailored to small-scale sellers and entrepreneurs in the Philippines, especially those in rural areas. With the platform boasting a user base of 50 million in the country alone, Marcos highlighted the potential for local sellers to promote their products through TikTok. Acknowledging TikTok's influence and extensive reach, Marcos affirmed the importance of engaging with such a significant audience. He emphasised the platform's shift from its lighthearted origins to a more diverse space that necessitates participation, particularly from individuals in politics. Shou Zi Chew, TikTok's CEO, echoed enthusiasm for the two initiatives under "edutainment," foreseeing increased inclusivity for smaller-scale sellers within the Philippines. He referenced similar successful endeavours in countries like Vietnam, Indonesia, and Malaysia, where MSMEs were provided a platform to market their products nationally and internationally.

Source: Philippines News Agency, 18 November 2023