

	3 June 2022		17 June 2022
FTSE BURSA MALAYSIA	1,537.8	↓	1,456.7
CURRENCY; USD 1 =	RM4.40	↔	RM4.40
BRENT CRUDE OIL (USD PER BARREL)	USD119.72	↓	USD113.27

Source: CEIC

Bursa Malaysia ended 5% lower compared with two weeks ago amid market volatility in tandem with the weak regional peers' performance

ECONOMICS & MSME NEWS

6 JUNE 2022 – 17 JUNE 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

US retail sales stumble as inflation bites

US retail sales unexpectedly fell in May as motor vehicle purchases declined amid rampant shortages, and record high gasoline prices pulled spending away from other goods. The first drop in sales in five months reported by the Commerce Department also suggested that high inflation was starting to hurt demand. It followed in the wake of major retailers cutting their profit forecasts because of cost pressures. The weak retail sales did not divert the Federal Reserve from its aggressive monetary policy tightening path to bring inflation back to its 2% target. The US central bank raised its policy interest rate by three-quarters of a percentage point, the biggest hike since 1994. Retail sales dropped 0.3% last month. Data for April was revised lower to show sales increasing 0.7% instead of 0.9% as previously reported.

Source: Reuters, 17 June 2022

Japan runs biggest trade deficit in more than 8 years in May

Japan ran its biggest single-month trade deficit in more than eight years in May as high commodity prices and declines in the yen swelled imports, clouding the country's economic outlook. The growing trade deficit underscores the headwinds the world's third-largest economy faces from a slide in the yen and surging costs of fuel and raw materials, on which domestic manufacturers rely for production. Imports soared 48.9% in the year to May, Ministry of Finance data showed, above a median market forecast for a 43.6% gain in a Reuters poll. That outpaced a 15.8% year-on-year rise in exports in the same month, resulting in a JPY2.39 trillion (USD17.80 billion) trade deficit, the largest shortfall in a single month since January 2014.

Source: Reuters, 16 June 2022

Chances of recession in Britain in next two years have increased

Chances of Britain heading into a recession over the next year or two have increased amid soaring inflation due to the country's vulnerability to external shocks, J.P.Morgan economists said, a day after the Bank of England raised borrowing costs. The BoE raised its benchmark interest rate to 1.25%, the highest since January 2009. While its move was more gradual than other central banks, the BoE said it was ready to act "forcefully" if needed to tackle dangers from inflation. It said recession would be more likely if British rates topped its long-term forecast of 3%. Countries worldwide are battling cost-of-living levels not seen in decades, ratcheted up by the reopening of the global economy after the COVID-19 pandemic and then by the Russia-Ukraine war.

Source: Reuters, 17 June 2022

China's economic numbers come in better than expected

China released economic data for May that topped muted expectations for a month hampered by COVID-19 controls. Industrial production rose mildly by 0.7% in May from a year ago. In April, industrial production unexpectedly fell, down by 2.9% year-on-year. Retail sales fell less than expected, down by 6.7% in May from a year ago. Retail sales were estimated to have declined by 7.1% in May from a year ago, according to the Reuters poll. In April, retail sales fell by 11.1% from a year ago. Fixed asset investment for the January to May period rose by 6.2%, topping expectations of 6% growth.

Source: CNBC, 15 June 2022

MALAYSIA ECONOMIC NEWS

RM48.1bil net foreign investment into Malaysia in 2021, the highest since 2016

Foreign investment into Malaysia recorded net inflows of RM48.1 billion in 2021 compared to RM13.3 billion in the previous year, while investment abroad registered RM19.7 billion versus RM10.2 billion in 2020. As at the end of 2021, foreign direct

investment (FDI) position registered a higher value of RM788.8 billion. Based on the World Investment Report by the UN Conference on Trade and Development, FDI flows to developing countries in Asia rose by 19% to USD619.0 billion in 2021. As of the end

of 2021, FDI has increased by RM103.9 billion, accumulated to RM788.8 billion. The services sector remained the largest recipient at 49.2% or RM388.4 billion, driven by financial and wholesale activities.

Source: The Star, 17 June 2022

Bank Negara in tight spot

The latest aggressive interest-rate hike in the US will likely put Bank Negara Malaysia (BNM) in a dilemma, with the central bank having to choose between saving the economy or preempting an increased outflow of funds that could further weaken the ringgit. It is typically expected that BNM would follow the "footsteps" of the Federal Reserve (Fed) in adjusting the benchmark interest

rate. This is to maintain a certain level of interest rate differential. A differential that is too narrow could incentivise investors to cash out from Malaysia and park their monies in US assets. Currently, the benchmark interest rate in Malaysia or the overnight policy rate (OPR) is 2.0%.

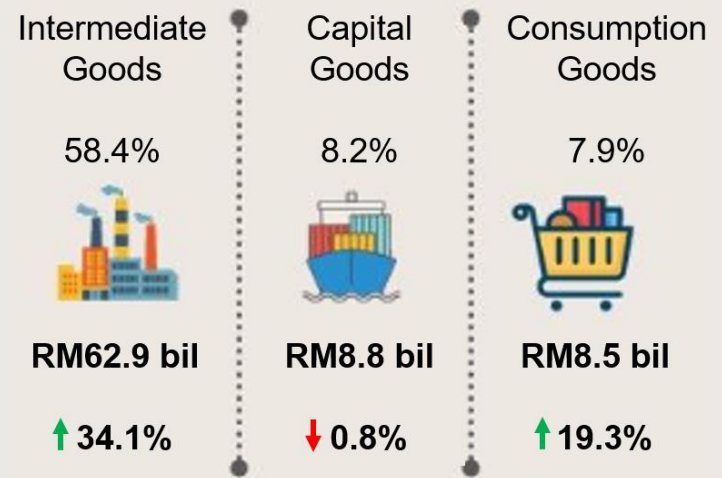
Source: The Star, 17 June 2022

Malaysia's May exports rise 30.5%, above forecast

Malaysia's exports in May rose 30.5% from a year earlier to RM120.5 billion from RM92.3 billion previously, according to the Department of Statistics, Malaysia (DOSM). DOSM said imports in May grew 37.3% from a year earlier to an all-time high of RM107.9 billion, in line with the surge in intermediate goods by 34.1% while exports accelerated by 30.5% from RM92.3 billion to RM120.5 billion. Meanwhile, re-exports registered RM24.4 bil, up 79.1%. Trade surplus in May 2022 with a value of RM12.6 billion, marked the 25th consecutive month of trade surplus since May 2020.

Source: The Star, 17 June 2022

IMPORTS BY BEC & END USE



Finance Ministry to table fiscal responsibility act by year-end

The Ministry of Finance (MoF) plans to table the Fiscal Responsibility Act (FRA) in Parliament by the end of this year and will also include a medium-term revenue strategy and guiding principles on aspects such as a broader revenue base and statutory debt limits. Finance Minister said a country must be strictly supervised and

controlled financially so that it has sufficient resources to implement appropriate reform programmes and meet the country's environmental, social and governance (ESG) agenda. Tengku Zafrul said that since 2020, the Finance Ministry has focused on building socio-economic resilience so that the people and businesses can

bounce back stronger than before, should a crisis like COVID-19, or more serious ones, come to the fore in the future. He added that ESG-based reforms are capable of building long-term socio-economic resilience, and this is the best defence against future shocks and pandemics.

Source: The Star, 17 June 2022

MSME NEWS IN SOUTHEAST ASIA

MALAYSIA

Delyva launches international shipping service to help Malaysian SMEs boost sales

Online delivery booking platform, Delyva Sdn Bhd has launched a new international shipping service targeting local SMEs in Malaysia. It said the new service features multiple international courier service providers covering more than 100 countries around the world and is accessible with DelyvaNow delivery booking platform. This allows SME sellers to get more cost-effective rates for international courier services and sell to more markets regardless of the volume of delivery or number of international courier services used. They also get access to a unified tracking feature where they can track all of their international shipments in one place and provide real-time tracking updates to their customers.

Source: The Star, 2 June 2022

VIETNAM

Higher coverage helps SMEs recover faster

The Law on Support for Small- and Medium-sized Enterprises (SME) took effect 2018, but its programmes have not provided adequate coverage to make any big difference. According to the Vietnam Chamber of Commerce and Industry (VCCI), 10 programmes have been implemented under the law, but fewer than 8% of enterprises enjoyed the benefits from the programmes. The law's low coverage has led to policy ineffectiveness and left many struggling enterprises in the lurch. Given nearly 35,700 enterprises had to temporarily cease their operation and 11,300 awaited dissolution in Q1 2022, the VCCI urged the authorities to step up the programmes to expand their coverage, helping more SMEs back on their feet.

Source: VietnamPlus, 7 June 2022

CAMBODIA

Minister hopes e-commerce will benefit SMEs

Minister of Commerce Pan Sorasak stated that he hopes that SMEs will benefit greatly from e-commerce. The Minister praised the Enhanced Integrated Framework (EIF) and said it is a key partner in providing technical assistance for capacity building and development. He also touted the principles of partnership and ownership of EIF donor countries as key factors in implementing these technical assistances, which have directly and indirectly benefited all target sectors. Cambodia is currently implementing e-commerce projects with the EIF program, and by establishing the Cambodian Trade Market “Cambodiatrade.com”, an e-commerce market and he strongly hopes that SMEs will benefit greatly from it.

Source: Khmer Times, 15 June 2022

SINGAPORE

MAS Partners IFC and UNDP to Launch Global MSME Empowerment Programme

The Monetary Authority of Singapore (MAS), in partnership with the International Finance Corporation (IFC) and the United Nations Development Programme (UNDP), has launched an open financial education and action programme for MSMEs in Asia and Africa. Known as the SME Financial Empowerment (SFE), this programme aims to help MSMEs build foundational digital financial literacy skills, and gain a good understanding of cross-border financial services relevant to MSMEs, to help them thrive in the post-pandemic digital economy. The SFE was rolled out with market partners in Asia and Africa, starting with Ghana, India, the Philippines, and Singapore, and will benefit more than 400,000 MSMEs across both regions. In 2022, the SFE aims to assist MSMEs in three key areas, Essential Financial Digital Skillset, MSME Financial Services, and Digital Economy Access & Growth.

Source: Fintech News Singapore, 28 May 2022