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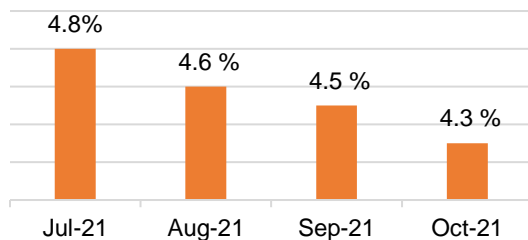
Following the ease on economic restrictions in 4Q 2021, our domestic economy has begun to pick up speed. Sales value of wholesale and retail trade recovered to positive growth in October, rebounding 5.4% y-o-y to regain its pre-pandemic level at RM116.4 billion.

Supported by the reopening of various economic sectors and interstate travel, the increase in sales value of wholesale and retail trade was mainly contributed by all sub-sectors. Led by (1) wholesale trade at 4.4%, where its sub-component of wholesale of food, beverages and tobacco grew 10.6%; (2) retail trade at 5.1%, attributed to its sub-component of retail sales in non-specialised stores which increased 8.2%; and (3) motor vehicles at 10.2%. Businesses in all sectors are expected to improve over the next 6 months.

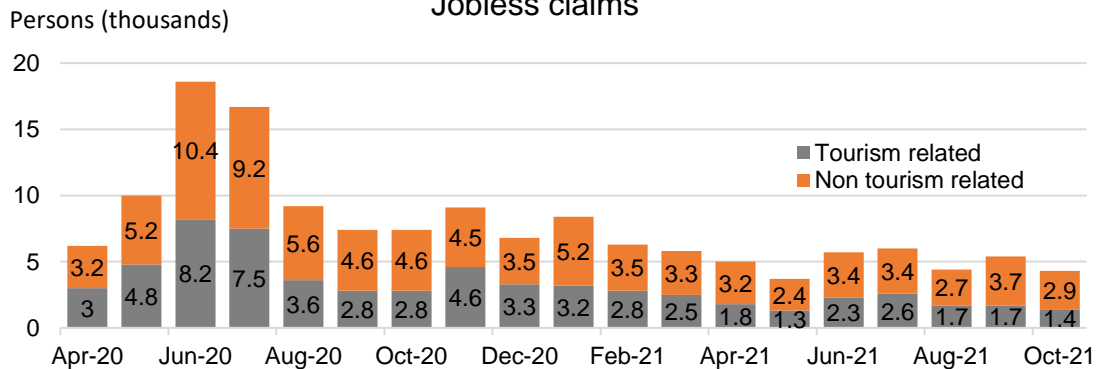
The manufacturing sector also recorded the strongest expansion in new orders in November, the second-consecutive month of increased production since April.

In addition, the recent drop in jobless claims for both tourism and non-tourism related claims, is viewed positively. So is the labour market condition, which improved further, as unemployment rate retreated to 4.3% in October (September: 4.5%).

Unemployment rate (%)

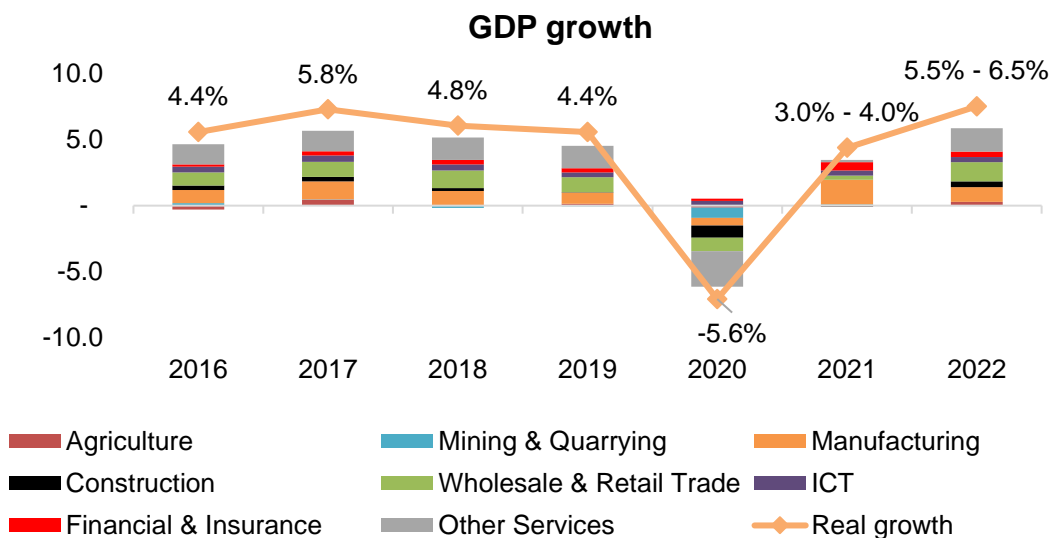


Jobless claims



Looking ahead, sturdy global trade growth and improvements in supply chains will benefit Malaysia's export-oriented industries. For 2022, we are cautiously optimistic and forecasts GDP to grow between 5.5% - 6.5% (2021: 3.0% - 4.0%).

The growth momentum is expected to improve amid better labour market conditions and continuous policy support. Re-opening of the economy is greatly beneficial to the services industry. Moreover, higher public sector expenditure will also support GDP, given the solid 24% growth in public investments and development allocations next year, in line with the medium-term direction under the 12th Malaysia Plan.



Nonetheless, Covid-19 pandemic is not behind us yet. While we expect the economy to maintain its recovery trajectory in 2022, uncertainties such as the Omicron variant could slow the pace of global and domestic growth, especially if government around the world re-impose mobility restrictions. This would undermine the rebound in economic output, exacerbate supply chain woes and add to inflationary pressures.

As everyone adapts and adjusts better to the post-pandemic operating environment, we are confident that SMEs are resilient and will regain their footing. Higher vaccination rate and greater adaptability to remote work, as well as increased automation and digitalisation have allowed livelihood to continue. As at 21st December 2021, 78% of Malaysia's population have been fully vaccinated (2 dose), of which 18.5% have received their 3rd booster shot.

For Malaysia's Budget 2022 related analysis, kindly refer to [Snapshot Budget 2022](#) , [SME friendly Budget 2022 to spur post-Covid recovery](#) and [Budget 2022 Deep Dive](#) that are available on SME Bank's website. In the National Budget 2022 announcement, 3 specific funds totaling RM900 million will be channeled through SME Bank to assist and further support entrepreneurs. Do feel free to talk to our Bank representatives for more information.

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