

The Week Ahead: 12MP, August trade data and final iteration of US 2Q GDP in focus

The highly anticipated 12th Malaysia Plan (12MP), which sets the direction for the economy over the five years to 2025, will be tabled in parliament by Prime Minister Datuk Seri Ismail Sabri Yaakob on Monday.

The event, delayed from its original tabling date of Aug 6 last year, will be closely watched as it is the country's first development plan in the post-Covid-19 world. Issues that are expected to be addressed include bridging the development gap between various states, as well as the income gap among the bottom 40%, middle 40% and top 20% groups.

Also in focus this week will be August trade data, which will be out on Tuesday, and the final reading of the US' second-quarter gross domestic product growth.

The Department of Statistics will on Thursday release the Producer Price Index (PPI) for August. In July, the PPI, which measures the cost of goods at the factory gate, rose 11.7% year on year, mainly supported by prices of primary commodities, after an 11.5% y-o-y growth in June.

On Friday, there is the September reading of the IHS Markit Manufacturing Purchasing Managers' Index (PMI), a gauge of how the manufacturing sector is doing. In August, the PMI rose to 43.4 from 40.1 in the previous month, indicating that the sector still remained weak.

Bank Negara Malaysia will on Thursday put out a detailed disclosure of its international reserves as at end-August, as well as the banking sector's highlights and statistics for August.

Over at the High Court, there will be the continuation of the 1Malaysia Development Bhd audit tampering trial of former premier Datuk Seri Najib Tun Razak and former 1MDB CEO Arul Kanda Kandasamy from Monday to Thursday.

On Wednesday, there will be a mention of former Transmile Group Bhd CEO Gan Boon Aun's appeal at the High Court. Gan was on Aug 27 found guilty by the Sessions Court for furnishing misleading financial statements to Bursa Malaysia in 2007. Judge Hasbullah Adam sentenced the 59-year-old to a RM2.5 million fine and one day in jail.

Thailand's central bank will have an interest rate decision on Wednesday. The Bank of Thailand is expected to keep the interest rate unchanged at 0.5%, based on a Bloomberg poll. "We continue to observe that policy space remains very limited, while fiscal policies will likely do the heavy lifting in supporting economic growth. While we keep to our base-case view for the benchmark rate to stay pat for 2021, the tail-end risk of a 25-basis-point rate cut could occur if Thailand's economic environment worsens in 4Q2021," UOB Global Economics and Markets Research said in a report last Friday.

On Wednesday, Vietnam is set to be the first country in the region to release third-quarter GDP numbers. The economy could grow between 3.5% and 4% this year, well below the government's initial target of 6.5%, due to the weight of the Covid-19 impact, its Minister of

Planning and Investment, Nguyen Chi Dung, said two weeks ago. Its 2Q2021 GDP grew 6.61% y-o-y.

It will be a quiet week for data releases in China as the country begins its Golden Week holidays from Oct 1 to 7. The key event during this period will be President Xi Jinping's policy speech on Friday, which comes amid the unfolding debt crisis of the Evergrande group, a major property developer in the country. Xi's speech also follows the US, UK and Australia announcing the formation of a new security pact in light of security concerns in the Asia-Pacific.

On Monday, China will provide industrial profits data for the year to August, while on Thursday, the National Bureau of Statistics will release the official manufacturing PMI — a survey of sentiment among factory owners — for September. There will also be the release of the Caixin Manufacturing PMI on Thursday.

German politics will be in focus this week following its Sept 26 federal election, marking the start of new leadership in Europe's largest economy as Angela Merkel steps down after being chancellor since Nov 22, 2005.

Over in the US, the third and final iteration of 2Q GDP will be out on Sept 30. The world's largest economy was seen to have grown at an annualised pace of 6.6% in 2Q, the Commerce Department said last month in its second reading of GDP growth. Economists widely expect the final reading to stay the same. The first reading, in July, had estimated growth at 6.5%.

Meanwhile, the US Federal Budget for 2021 ends on Sept 30 and lawmakers need to either pass the new budget for 2022 by that date or pass a short-term continuing resolution to prevent a government shutdown on Oct 1.

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