

The Week Ahead - GDP data dominates, China data dump, 2Q GDP updates, US inflation

GDP data dominates

ALL eyes will be on fresh gross domestic product (GDP) data release scheduled on Friday.

Bloomberg estimates Malaysia's GDP for the second quarter (2Q) to grow by 5% year-on-year (y-o-y) while UOB Global Economics & Markets Research expects a 5.8% y-o-y expansion.

According to Trading Economics' global macro models and analysts' expectations, GDP is expected to be 4% in 2Q and 5.9% by the end of this quarter.

The Malaysian economy registered a growth of 5% in 1Q.

The Statistics Department is also expected to release June's industrial production index and manufacturing sales this week.

China data dump

CHINA is expected to release a deluge of data this week including July trade data, consumer price index (CPI), production price index (PPI), M2 money supply and 1Y medium-term lending facility.

Bloomberg estimates China's exports to grow 14.6% y-o-y from 17.9% y-o-y in June, imports to expand 4% y-o-y from 1% in June while trade surplus is likely at US\$89bil (RM396bil) compared with US\$97.94bil (RM435.9bil) in June.

ING said China exports likely expanded by around 15% y-o-y in July as shipments for the winter holiday season were sent out in advance to avoid port congestion issues.

Imports, on the other hand, should pick up moderately as domestic consumption recovers.

CPI inflation is expected to rise gently in China while PPI inflation could slow to 5% y-o-y from 6% in June as raw material prices fell on slower real-estate construction activity, according to ING.

2Q GDP updates

SINGAPORE will release the final print for 2Q GDP on Thursday while the Philippines will announce its GDP data tomorrow.

Singapore's economy grew 4.8% y-o-y in 2Q, according to advance estimates released by the Trade and Industry Ministry.

UOB estimates GDP growth should be revised slightly lower by 0.3 percentage points to 4.5% y-o-y, assuming construction and services growth stays largely unchanged at 3.8% y-o-y and 4.7% y-o-y respectively.

Bloomberg estimates the Philippines' 2Q GDP to expand 8% y-o-y from 8.3% in 1Q.

According to ING, election-related spending will likely boost growth to 8.8% y-o-y, with household consumption getting an extra lift after mobility curbs were relaxed in March.

Improved growth prospects, coupled with the above-target inflation, point to Bangko Sentral ng Pilipinas staying hawkish for the rest of the year.

US inflation

THE US inflation data will reveal how prices have fared as the Federal Reserve tightens its monetary policy.

ING said the headline rate of CPI may rise just 0.2% month-on-month (m-o-m), which would be the smallest monthly increase since January 2021 and result in the annual rate of inflation slowing to 8.7% from 9.1%.

However, the core rate is still expected to post a 0.4% m-o-m gain with housing costs continuing to boost the index.

<https://www.thestar.com.my/business/business-news/2022/08/08/the-week-ahead---gdp-data-dominates-china-data-dump-2q-gdp-updates-us-inflation>