

MARKET COMMENTARY

Top Economics News

July 2024



Malaysia

- ▶ **Stable Inflation in Jun-24 Despite Diesel Price Surge.** Headline inflation was unchanged at +2.0%yoy in Jun-24, still the highest since Sep-23, though it was lower than market expectations of +2.2%yoy. Non-food inflation moderated to +1.9%yoy (May-24: +2.0%yoy), easing from the 15-month high seen in the previous month. Meanwhile, transport inflation rose to +1.2%yoy, a 3-month high as diesel prices soared +15.8%yoy in view of the targeted diesel subsidies.
- ▶ **Malaysia's manufacturing sector moderates in July amid muted demand conditions — S&P.** The seasonally adjusted S&P Global Malaysia manufacturing purchasing managers' index (PMI) dipped slightly to 49.7 in July from 49.9 in June. (*The Edge*).

United States

- ▶ US service sector rebounds in July; employment also recovers. The Institute for Supply Management (ISM) said on Monday that its nonmanufacturing purchasing managers (PMI) index increased to 51.4 last month from 48.8 in June, which was the lowest level since May 2020. A PMI reading above 50 indicates growth in the services sector, which accounts for more than two-thirds of the economy. The ISM views readings above 49 over time as generally indicating an expansion of the overall economy.(Reuters).
- ▶ US Unemployment Rate Rises Again, Cementing Path to Fed Rate Cut. Nonfarm payrolls rose by 114,000 — one of the weakest prints since the pandemic — and job growth was revised lower in the prior two months. The unemployment rate unexpectedly climbed for a fourth month to 4.3%, triggering a closely watched recession indicator and hammering stocks. (Bloomberg).

Euro: Sovereign Debt Crisis Update

- ▶ Euro zone inflation rises to 2.6% in July, above expectations. Core inflation, which excludes more volatile energy, food, alcohol and tobacco prices, hit 2.9% in July, versus a Reuters estimate of 2.8%. The figure compared with a core print of 2.9% in June. The widely watched services inflation print came in at 4% for July, easing slightly from the 4.1% reading of June. (CNBC).
- ▶ Euro zone economy grew 0.3%, but outlook far from rosy. The euro zone's economy grew slightly more than expected in the three months to June, but a mixed underlying picture and a string of pessimistic surveys cloud the outlook for the rest of the year. The figures portray a bloc struggling to regain ground in global trade but continuing to enjoy a domestic rebound fuelled by higher real incomes and public spending. Among large economies, France and Spain did better than expected, Italy held its ground, while German output unexpectedly contracted, strengthening fears about a lengthy crisis in a country that was for a decade Europe's powerhouse. (Reuters)

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