

MARKET COMMENTARY

Top Economics News

May 2024



Malaysia

- ▶ Malaysia's headline CPI inflation for April was 1.8% yoy, unchanged from March, but core importantly edged higher to 1.9% (Mar: 1.7%), the first YoY acceleration since Nov-22. Higher or strong MoM inflation prints were seen in food (0.1%, Mar: 0%) on food away from home, healthcare (0.2%, Mar: 0%), recreation (0.8%, Mar: 0.2%), restaurants/accommodation (0.3%, Mar: 0.4%) and misc goods and services (0.9%, Mar: 0.4%) on jewellery/watches and other personal items.
- ▶ Malaysia's Apr exports growth rebounded to 9.1% yoy, while imports continued to grow, at 15.6% yoy. Trade surplus was lower at RM7.7bn in Apr. Exports to China (accounting for 12.3% of Malaysia's total trade) rebounded by 2.1% yoy in Apr, signaling better recovery ahead. Malaysia's E&E exports, that account for 37.4% of total exports, have begun to show signs of improvement after 8 months of contraction.

United States

- ▶ U.S. Economic Growth in First Quarter Was Milder Than Initial Reading. U.S. gross domestic product, adjusted for inflation, grew at a 1.3 percent annual rate in the first three months of the year. That was down from 3.4 percent in the final quarter of 2023 and below the 1.6 percent growth rate reported last month in the government's preliminary first-quarter estimate. (The New York Times)
- ▶ Private payrolls growth slows to 152,000 in May, much less than expected, ADP says. The US private sector hiring rose by +152K in May-24, 5-month low and lower than market expectations of +175K.

Euro: Sovereign Debt Crisis Update

- ▶ European Central Bank cuts interest rates for the first time since 2019. European Central Bank (ECB) cut its interest rates by 25bps to 4.25%, the first cut in almost 5-year and conforming to market expectations. The decision was underpinned by the broad easing of inflationary pressure, which headline inflation remained below +3.0% since Oct-23.
- ▶ The final Euro area composite PMI was revised down 0.1pt to 52.2 in May, which is however still consistent with a 1.5%ar on GDP growth and up 0.5pt from April. At the country level, new information showed Italy (-0.3pt to 52.3) and Spain (+0.8pt to 56.6) still performing well, although the GDP implications are much stronger in Spain than in Italy. With Germany also at 52.4 now, the country divergences have narrowed with only France still standing out on the downside. At the sector level, manufacturing continues to lag services by a substantial margin and it is still pointing to contraction, but it has also improved recently, including in Germany.

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