

The Week Ahead - Earnings, GDP, PMI, China figures

Earnings season in final stretch

AS the earnings season begins to wind down this week, the attention will turn to economic reports.

Some of the companies expected to announce their earnings are FGV Holdings Bhd, Mah Sing Group Bhd, LBS Bina Group Bhd, Ta Ann Holdings Bhd and Sunway Real Estate Investment Trust.

The IHS Markit Manufacturing Purchasing Managers' Index (PMI) for August is due on Wednesday. The manufacturing PMI came in at 40.1 in July, marginally above June's 39.9.

In addition, Bank Negara will also release the detailed disclosure of international reserves as at end-July 2021. On Friday, the Statistics Department will release the external trade indices for the month of July.

Bursa Malaysia and its subsidiaries will be closed tomorrow in conjunction with National Day 2021.

GDP reports

INDIA and Australia will be releasing their second-quarter (Q2) gross domestic product (GDP) details tomorrow and Wednesday, respectively.

Bloomberg estimates India's GDP in Q2 to expand 21% year-on-year (y-o-y), while UOB Global Economics & Markets Research expects it to grow 19.6% y-o-y. India's economy grew 1.6% in Q1. ING forecasts a 9.4% y-o-y growth for Australia and 17.1% y-o-y for India, up from 1.1% and 1.6% respectively in Q1.

The research house said underlying its forecast of a 17.1% y-o-y jump in India's GDP is the expectation of a 15% quarter-on-quarter (q-o-q) contraction – the steepest in Asia.

ING said Australia's Q2 GDP should post a reasonable growth of 0.7% q-o-q. IHS Markit is looking for Q2 growth to print at 2.3% for Australia. A strong reading is expected ahead of a weaker Q3, which has seen private sector output contract so far, according to the IHS Markit flash Australia Composite PMI.

PMIs due this week

THE August manufacturing and services PMIs due this week offer a comprehensive view into global economic conditions midway into the third quarter.

IHS said the flash PMI surveys pointed to the euro zone leading the way with expansion amongst developed world economies in August, having avoided the lockdown measures associated with rising Covid-19 cases.

IHS said other Apec economies, and emerging markets as a whole, would be tracked for indication of the economic conditions given the lingering Covid-19 impact and the differing vaccination rates across different countries.

China figures

BLOOMBERG estimates China's official manufacturing PMI for August to be at 50.1 from 50.4 in July and the non-manufacturing PMI at 52.0 from 53.3 in July.

A reading above 50 indicates expansion, while a reading below reflects contraction.

According to ING, China's manufacturing PMI for August would reflect the impact of the latest Covid-19 cases which resulted in closures at marine ports and airports, with knock-on effects to trade and industry as well as tourism and leisure.

It added that the rapid spread of the Delta variant globally could also hurt overseas demand for Chinese goods. Adding to these woes are sustained shortages of semiconductor chips.

<https://www.thestar.com.my/business/business-news/2021/08/30/the-week-ahead---earnings-gdp-pmi-china-figures#openShareModal>