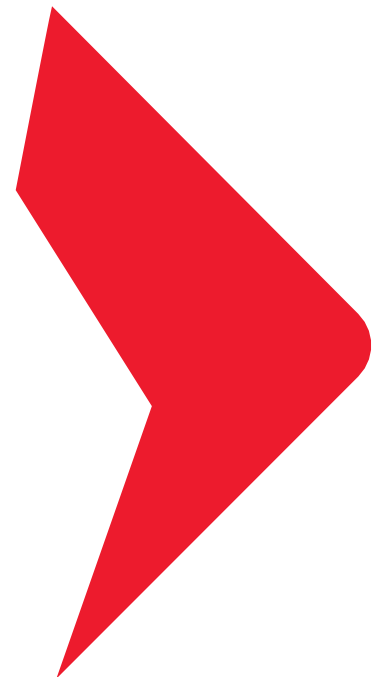


MARKET COMMENTARY

Top Economics News

October 2023



Malaysia

- **Malaysia's headline inflation was lower at 1.9% in Sept 2023**, lower than market expectations core inflation remained unchanged at 2.5% YoY in Sep'23, outpacing the headline number for the 12th consecutive month, mainly reflecting the elevated prices of transport and unsubsidised food.
- **Department of Statistics of Malaysia has released an advance GDP estimate, which reads +3.3% YoY for 3Q23**. This estimate is based mainly on the actual performance of the 1st 2 months of the 3Q, with the final month being an extrapolation. Recall that 2Q23 GDP was only at 2.9% suggesting that there was modest QoQ growth, if this estimate is accurate.

United States

- **US core PCE prices jump most in four months as spending picks up**. The US PCE inflation rate was unchanged at +3.4%yoy in Sep-23, in line with market expectations. The headline PCE inflation pressure remained sticky as energy goods and services prices ended a 6-month contraction period registering no change in prices against the same period in the previous year. (The Edge)
- **US economic growth accelerated to 4.9% in third quarter**. The US economy grew faster than expected by annualized +4.9%qoq in 3QCY23 (2QCY23: +2.1%qoq; market consensus: +4.4%qoq) and the highest growth since +7.0%qoq expansion in 4QCY21. The main contributor to the robust growth was the jump in private consumption expenditures, which grew by +4%qoq (2QCY23: +0.8%qoq), also the fastest growth in 7 quarters as Americans increased spending on both goods and services. Government spending added +0.8ppt (or about 16%) to the growth during the quarter.

Euro: Sovereign Debt Crisis Update

- **Eurozone inflation sinks to two-year low as economy contracts**. Euro-area inflation eased to its lowest level in more than two years, as the bloc's economy shrank, following an unprecedented ramp-up in interest rates. Consumer prices rose 2.9% in October — down from the previous month's 4.3% and better than the 3.1% median estimate in a Bloomberg survey analysts. data showed that while the European Central Bank's (ECB) 10 back-to-back rate hikes are helping to bring inflation back toward the 2% goal, they are also taking a toll on households and firms by sending loan costs sharply higher. (TheEdge)
- **The European Central Bank's key interest rate will remain at 4%** as it opted to pause in October after 10 consecutive hikes, despite new upside risks to inflation from oil markets amid the Israel-Hamas war. The Governing Council said recent information confirmed its medium-term outlook for inflation at 2.1%. (CNBC)

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