

economics watch

recovery markers

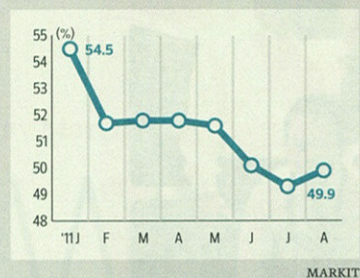
Crude oil/CPO/gold prices

Gold goes higher



China's HSBC PMI

Up marginally



Stock indices

Share prices rebound

	Aug 23	Sept 2
Dow Jones	11176.8	11493.57*
Hang Seng	19466.8	20212.91
KLCI	1469.15	1474.09
Nikkei 225	8639.61	8950.74
Straits Times	2719.9	2843.09

* Sept 1 closing

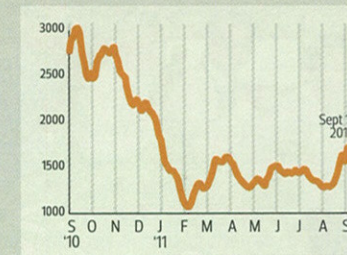
Key currency movements

USD weakens against Asian currencies

	Aug 23	Sept 2
USD vs MYR	2.979	2.9637
USD vs EUR	0.692	0.7017
USD vs AUD	0.9535	0.9348
USD vs SGD	1.2045	1.2034
USD vs GBP	0.6052	0.6171
USD vs Yuan	6.389	6.3821

Baltic Dry Index

Highest level since early January



quick bites

US manufacturing activity dips further

Manufacturing activity in the world's largest economy continued to drop in August, although at a smaller than expected rate.

The Institute for Supply Management (ISM) reported that its manufacturing activity index dipped to 50.6 in August from 50.9 in July. A reading above 50 indicates continued growth. Economists had expected the index to drop to 48.5, which would have indicated the first contraction in activity in over two years.

The US Labour Department reported a 0.7% y-o-y decline in non-farm business productivity in 2Q2011. This was larger than the 0.3% decline initially reported and 0.5% drop that most economists had predicted.

Economic confidence weakens in eurozone

Consumer and business confidence in the eurozone fell for the sixth consecutive month in August amid rising fears of an economic slowdown, a EU survey showed.

The Economic Sentiment Indicator (ESI) fell by 4.7 points to 98.3 in the 17-nation eurozone compared with 103 points in July. In the wider 27-nation EU, the ESI fell by five points to 97.3.

Germany, Europe's biggest economy, recorded the biggest fall

in sentiment in the eurozone, from 112.7 to 107. Among the EU countries outside the single currency area, the UK reported the largest drop — from 98.5 to 92.9.

Meanwhile, manufacturing activity in the eurozone shrank for the first time in almost two years in August, reinforcing the view that the recovery in the region is faltering. The Markit/CIPS manufacturing Purchasing Managers' Index for the entire region fell from 50.4 in July to 49 last month — the weakest overall reading since June 2009.

Germany sees slower growth

Gross domestic product growth in Germany slowed to 0.1% in 2Q2011 as consumers tightened their belts on economic uncertainties. Adding to weaker growth was the shutdown of eight nuclear plants, according to the Federal Statistics Office. The export of electricity almost stopped after the shutdown of the older nuclear plants due to safety fears after the Fukushima disaster in Japan. Germany has to import energy now, which is weighing its economy down.

Its economy grew only 1.3% in 1Q2011, dashing hopes that Europe's largest economy will help support the region's fragile recovery.

Manufacturing activity recovers in China

Two separate surveys show that

China's manufacturing activity rebounded in August. The HSBC PMI rose to 49.9 in August from 49.3 in July — the lowest level in 28 months and the first contraction in a year, according to HSBC.

A reading above 50 indicates the sector is expanding and the opposite applies when the reading is below 50.

The official PMI jumped to 50.9 last month from 50.7 in July, which was the lowest level in more than two years, reported China Federation of Logistics and Purchasing (CFLP).

However, there were signs of a slowdown in China's exports. The government index for new export orders fell to 48.3 in August from 50.4 in July while the HSBC survey showed that new foreign business contracted for a fourth month.

Weaker GDP growth in India

India's growth rate decelerated to 7.7% in 2Q2011 from 7.8% in the preceding quarter as a series of interest rate hikes cooled the economy down, as did the weaker global economy.

Less activity in mining, manufacturing and construction accounted for most of the slowdown in the three-month period ended June. The country's GDP growth has been falling since early last year when it hit an annual pace of 9.4%.

The slowdown is expected to continue as India's central bank

keeps raising interest rates to control inflation. The Reserve Bank of India has raised interest rates 11 times since March 2010. The next rate setting meeting is on Sept 16, when economists expect another rise to 8.25% as the 9.22% inflation rate in July is well above the RBI's target of 4% to 4.5%.

UK production shrinks in August

The Markit/CIPS manufacturing PMI fell to 49 in August from an upwardly revised 49.4 in July — the weakest level since mid-2009 and a below-50 reading for the second straight month, indicating a contraction.

The export orders balance also weakened sharply from 53.8 to 46.6, suggesting that UK manufacturers were affected by the global slowdown. The country's weaker currency did not help exports either.

Another concern is the drop in the employment balance below a reading of 50, indicating that the labour market is starting to soften.

Economists say the continued slowdown in the UK's manufacturing sector raises the likelihood of the country heading for a double-dip recession.

Marginal rise in Japan's industrial output

Industrial output in July rose barely 0.6% from the previous month. This was below the median market fore-

Over the week ended Thursday, the Baltic Dry Index, which is the barometer for the cost of carriage of dry bulk goods such as iron ore, coal and grain across sea routes, gained 141 points or 9.15% to close at 1,682.

On Thursday, the index strengthened by 63 points or 3.89% marking a second day in positive territory and nudging it to levels last seen in early January this year.

Gains on the index were buoyed by imports of iron ore from Japan, which is rebuilding cities after a devastating earthquake in March this year. Japan's increased imports of coal also helped prop up the index.

Japan's boost in imports also resulted in a shortage of ships, which in turn pushed the benchmark index higher. Charter rates for ships hauling iron ore from Brazil and Australia to China strengthened 12% to the highest level in almost 10 months.

cast of a 1.5% increase following a 3.8% rise in June, Japan's Ministry of Economy, Trade and Industry reported.

Japanese manufacturers expect production to dip further in view of the strengthening yen and the gloomy economic outlook.

Output rebounded from a slump caused by the March 11 triple disasters as companies made strides in mending broken supply chains. July figures showed the output of cars and telecommunications equipment rose while that of electronic goods and chemicals fell. — Compiled by Kathy Fong

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Glomac runs its 10th Rat Race

While it is Glomac's 10th consecutive year in the Rat Race, it is senior general manager Yap Soon Thai's first.

"It is such a gratifying and proud experience to lead a team representing a public-listed company like Glomac for such a righteous event. It is our 10th straight year participating and I am proud to be part of it. Yes, it is my first time and I would be honoured and pleased to participate again next year," says Yap.

According to him, Glomac's participation reflects its corporate culture of supporting charitable organisations and the beneficiaries of the Rat Race. "The race benefits everybody as the proceeds are extended to organisations that are in need of financial assistance and the group can do its part by giving back to society."

Running in the mixed category for Glomac are Mohd Nor Azam Salleh,



Gary Goh, Arief Hadi, Hazwanillah Zakaria and Azura Hassan. This is the second time the company has taken part in the mixed category instead of sending an all-male team. The team members are undergoing light training and are eager to participate in the race.

"Everyone has been looking forward to joining the race. We are also sending our supporters to cheer for our team and boost team spirit. However, we are taking part not just

for the sake of winning but for the fun of it too," they say.

iPerintis makes its Rat Race debut

iPerintis Sdn Bhd, the 11-year-old ICT arm of Petrolim Nasional Bhd (Petronas), will be running in the Rat Race for the first time this year.

"We have always been a steady and consistent supporter of corporate social responsibility (CSR). Our CSR programmes are based on

our company's core values — Spirit, which stands for service-oriented, professionalism, integrity, responsibility and respect, innovation and teamwork.

"I am glad to have iPerintis be a part of this much-anticipated annual event as it blends in very well with our direction in CSR," says CEO John Miller, who will be leading the iPerintis team. The other team members are Izwan Ibrahim (general manager of business devel-



opment and client management), Johan Affendi (head of cloud services), Johanna Ibrahim (head of legal division) and Ganesh Kanagarajah (head of security office).

Although all the participants are excited about the run, only one team member is a seasoned jogger. For another member, it will be his first race in 20 years as he prefers playing golf to running. "So, it's back to the treadmill for me," he tells *The Edge*.