

Indonesia economy likely grew 4.95% on year in Q1, contracted vs quarter



BENGALURU, May 3 (Reuters) - Indonesian annual economic growth likely slowed to its weakest in more than a year in January-March and shrank on a quarterly basis as lower commodity prices hit exports and higher interest rates restricted domestic demand,

a Reuters poll found.

Southeast Asia's largest economy grew 4.95% in the first quarter from a year ago, according to the median forecast of 23 economists polled April 26-May 2. Gross domestic product (GDP) growth forecasts ranged from 4.23% to 5.20%.

The economy is also forecast to have contracted quarter-on-quarter for the first time in a year, by 1.0%, based on a smaller sample of 11 economists. That follows 0.36% growth in the October-December period.

The data will be released on -

May 5.

"GDP growth slowed in y/y terms in the final quarter of last year and we think that weakness continued into Q1. Lower commodity prices have weighed heavily on exports," noted Gareth Leather, senior Asia economist at Capital Economics.

"Looking ahead, we expect GDP growth to slow...as weak external demand and tighter monetary policy drag on output."

Growth was forecast to average 4.9% this year and 5.0% next, a recent separate Reuters poll found, slightly..... [SOURCE](#)

UK factories shed workers as higher costs and weaker spending pound finances

British factories are shedding workers after being pounded by soaring costs and weaker spending from customers, according to a closely-watched survey.

S&P Global and the Chartered Institute of Procurement and Supply's (CIPS) final purchasing managers' index (PMI) for the UK manufacturing sector came in at 47.8 points last month, above an earlier reading of 46.6 points.

Softer client demand due to "uncertainty, customer destocking and efforts to control costs" squeezed new business pipelines, keeping the headline index below the 50 point threshold that separates growth from contraction, the survey said.

Firms also laid off staff in response to their swelling cost base and timid demand, with the PMI's employment index dropping for the seventh straight month.

The Bank of England's eleven -

straight interest rate rises has sent a chill through the manufacturing economy. Factories rely on credit to finance activity, so higher borrowing costs, now at 4.25 per cent and tipped to rise again next Thursday, have meant some activity has become unviable.

Rob Dobson, director at S&P Global Market Intelligence, said: "The UK manufacturing sector remained in the doldrums at the start of the second quarter. Output and new orders contracted, as manufacturers felt the impacts of client uncertainty, destocking and tightening cost controls."

"There was no escape from the subdued mood of the market, with both domestic and export customers remaining reticent to commit to new contracts," he added.

Manufacturing is emerging as an anchor to UK economic growth. S&P Global..... [SOURCE](#)

Bank of Korea governor says it's 'premature' to talk about rate cuts

Bank of Korea Governor Rhee Chang-yong says it's too early to start talking about rate cuts.

The South Korean central bank was one of the first to pause its tightening cycle, spurring market speculation that it could soon begin cutting rates. But Rhee told CNBC's Chery Kang at the Asian Development Bank's annual meeting Incheon that those expectations are "premature."

"We made it clear, given that our core inflation is still well above our target, and our inflation is going below 4% ... so it's going down," Rhee said Wednesday. "But still, I think that given that it's above the target..... [SOURCE](#)