

ASEAN Morning Bytes

General market tone: Risk-off.

Asian markets are likely to follow their US counterpart lower after Fed Chairman Powell dampened hopes of an aggressive easing cycle ahead.



EM Space: Powell disappoints doves, traders to pull back on Thursday

- **General Asia:** We see little in a slew of Asian economic data today to change the course for the regional markets, which are likely to follow their US counterpart lower after Fed Chairman Powell dampened hopes of an aggressive easing cycle ahead.
- **Indonesia:** The International Monetary Fund (IMF) forecasts Indonesia's growth to hit 5.2% in 2019 and 2020 on steady investments and domestic demand. Furthermore, the IMF sees scope for further central bank policy easing, which squares with similar hints from Bank Indonesia's Governor Warjiyo.
- **Thailand:** We expect today's July CPI data release to show a further dip in the inflation rate to 0.8% YoY from 0.9% in June (consensus 1.0%) with the continued decline in transport prices outweighing rising food price inflation due to drought. Meanwhile, June current account surprised on the downside with \$3.9 billion of surplus, though still forms a key driver of the currency strength. Even if the THB appreciation was nearly stalled in July, the year-to-date 5.8% gain has been keeping imported inflation from global oil price at bay. We

believe the economy is screaming for stimulus and we are convinced that the Bank of Thailand will follow the US Fed in cutting rates next week.

- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) forecasts inflation for the month of July to settle between 2.0-2.8% as prices for rice and utilities slide on improved supply conditions and lower global crude oil prices. With continuing to be tame, we expect the BSP to cut policy rates next week as GDP growth likely to have stayed below 6% again in 2Q.

What to look out for: Trade talks and US NFP

- Taiwan PMI manufacturing (1 August)
- China Caixin PMI manufacturing (1 August)
- Thailand inflation (1 August)
- Hong Kong retail sales (1 August)
- US ISM manufacturing PMI (1 August)
- Indonesia inflation (1 August)
- Malaysia trade (2 August)
- US non-farm payrolls (2 August)