

ASEAN Morning Bytes

China is out for an extended holiday starting today but markets will be focused on political developments and US data for direction, while there is plenty of data from Asia helping to fine-tune estimates of the region's economic performance in the quarter just ended.



EM Space: Entering the final quarter of 2019

- **General Asia:** China begins the 70th Anniversary celebration today and local markets there are shuttered for the rest of the week. But there is plenty going on in the rest of Asia as a slew of September economic data will help to fine-tune estimates of the region's economic performance in the quarter just ended. What's in store for the region in the final quarter of 2019? The US-China trade war, the political crisis in the US, Brexit, and geopolitics - all tick the box to keep economic sentiment soured.
- **Indonesia:** September consumer price data is today with consensus looking for 3.5% YoY inflation, unchanged from August. Inflation has hovered near the mid-point of Bank Indonesia's 2.5-4.5% policy target. Barring supply shocks to food or oil prices, we don't see it becoming a policy risk anytime soon. And with growth overtaking currency stability as the key policy driver, BI's easing cycle still has room given the aggressive tightening in 2018.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) forecasts inflation to slow to 0.6-1.4% in September (data due 4 October) as cheap rice imports flooded the market after caps on

import quotas were lifted. Rice accounts for as much as 10% of the CPI basket and undoubtedly helped push headline inflation below BSP's 2-4% policy target. Given benign inflation, BSP has left the door open for further rate cuts in 2019 but we maintain our expectation that they may be on hold for the remainder of the year.

- **Thailand:** We expect the September consumer price data due today to show a little-changed inflation rate than 0.5% in August. While the persistently low inflation sustains the case for more Bank of Thailand policy rate cuts, steady strong external payments support the Thai baht. Released yesterday, the current account posted a \$4 billion surplus in August, a sharp widening of surplus from \$1.8 billion in July. Even so, September ended on a weak note for the THB, suggesting that it's losing its luster as a good hedge in the current crisis.

What to look out for: US manufacturing and regional inflation

- Taiwan PMI manufacturing (1 Oct)
- Indonesia PMI manufacturing (1 Oct)
- US PMI manufacturing (1 Oct)
- Indonesia inflation (1 Oct)
- Thailand inflation (1 Oct)
- Hong Kong retail sales (2 Oct)
- US ADP jobs data (2 Oct)
- Singapore PMI manufacturing (3 Oct)
- US durable goods orders (3 Oct)
- Philippines inflation (4 Oct)
- Malaysia trade (4 Oct)
- US nonfarm payrolls (4 Oct)