

ASEAN Morning Bytes

The US may deliver on its threat of higher tariffs on Chinese products and China may reciprocate. The markets may be priced in all this, but a knee-jerk selling looks inevitable.



25%

New rate of US tariffs on \$200bn of Chinese goods

Up from 10% effective today, 12.01 am ET

EM Space: The trade war takes toll on EM currencies

- **General Asia:** The US may deliver on its threat of higher tariffs on Chinese products and China may reciprocate. The markets may be priced in all this, but a knee-jerk selling will still inevitable.
- **Indonesia:** The balance of payments data for the first quarter of 2019 is due today. The Bloomberg consensus of \$6.2bn deficit on the current account implies about \$1bn widening on the year. A wide current deficit exposes Indonesia to emerging market contagion more than many other Asian economies. This is underscored by the latest weakening of the currency (IDR) to a 4-month low against the USD amid intensified trade war risk.

- **Malaysia:** March industrial production data will help us to fine-tune our GDP growth forecast for 1Q19, currently 4.2% YoY. The risk remains on the downside, validating the central bank's (BNM) decision this week to cut the policy rate by 25bp. The USD/MYR continues to grind higher in line with emerging market counterpart.
- **Philippines:** The BSP joined other Asian counterparts in easing monetary policy yesterday as GDP growth slipped to a 4-year low of 5.6% in the first quarter of 2019. Although this is unlikely to be an entrenched easing cycle, we anticipate one more policy rate cut later in the year. The earlier the better ([read more here](#)).
- **Thailand:** The junta-backed Palang Pracharath party of incumbent Prime Minister Prayuth Chan-Ocha looks set to form a coalition government with 256 of 500 seats of the lower house based on the official results.

What to look out for: Developments on US-China trade war

- Reserve Bank of Australia Policy statement
- China 1Q19 current account balance
- India March industrial production
- Indonesia 1Q19 current account balance
- Malaysia March industrial production
- UK 1Q19 GDP
- US CPI