

Asian MornING Bytes

General market tone: Risk off

International theme: US jobs point to Fed Hike, Trump doubles down

Emerging markets: Investors await word on the trade front



International theme: NFP points to Fed hike, Trump doubles down

- US labour data continues to point to a tightening path for the Fed as NFP beat the market consensus and wage growth cemented a rate hike in September.
- On the trade front, Canada and the US remain in limbo on discussions, with the Canadian dairy tariff the stumbling block to an agreement. China's trade surplus reported over the weekend hit a nerve with President Trump who pledged tariffs on an additional \$200 billion of goods on top of the negotiated \$200 billion.

EM Space: Market awaits word on the trade front

- **General Asia:** Asian markets will likely remain on the backfoot and await any developments related to the dual trade issues with the US in talks with both Canada and China.
- **Malaysia:** Strong July exports and industrial production data last week suggested that the economy was off to a good start in the third quarter. But weak investment will weigh down

GDP growth amid growing anti-foreign investment policy. The government reportedly cancelled three China-backed oil and gas pipeline projects. Markets are on holiday today for the King's birthday.

- **Philippines:** Governor Espenilla reversed his initial stance to take a more forceful tone, indicating a strong monetary policy response to the inflation surge and reviving Asian financial crisis-era measures to curb speculative trading in the Peso spot market. Trade data will be released on Tuesday with expectations for another \$3 billion trade deficit seen to pressure the spot market higher anew.

What to look out for?

- China CPI inflation 09/10/2018
- EZ ECB meeting 9/13/2018
- PHL trade data 9/11/2018
- US CPI inflation 9/13/2018
- US Retail sales 9/14/2018
- US-China trade negotiations (on-going)
- Argentina-IMF credit line request 09/04/2018 (on-going)