

ASEAN Morning Bytes

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1.3% ING forecast of Philippines inflation

EM Space: US-China trade deal is back on

- **General Asia:** Looks like it's going to be a great day for Asian markets today as reports reigniting hopes of the US-China trade deal in December whet risk appetite. It's also a busy economic calendar with a slew of inflation and consumer confidence indicators. But the main highlight of the day will be the Reserve Bank of India policy decision with a solid consensus looking for another 25bp rate cut, the sixth cut this year.
- **Thailand:** Talking down the baht (THB), Bank of Thailand's Deputy Governor Mathee Supamongse told media that after having strengthened beyond fundamentals the currency might no longer be seen as a safe haven. With 7.5% appreciation this year against odds of continued weak economy and central bank rate cuts, there is indeed limited upside in THB

from here on.

- **Indonesia:** October consumer confidence index could help gauge the pace of GDP growth in the 4Q of the year. Consumers have been less optimistic since mid-year with slowing growth momentum and higher healthcare costs tagged as reasons for the five-month low confidence. If it slips further and household consumption remains lacklustre, we can expect BI to resume its easing cycle in early 2020.
- **Philippines:** November CPI data is due with consensus centred on increase in inflation to 1.2% YoY from 0.8% in October. Base effects kept the headline inflation under 1% for two straight months, led by negative inflation in key components of food and transport prices. The November bounce will likely be enough to convince the Bangko Sentral ng Pilipinas (BSP) to pause at its last meeting for the year with Governor Diokno indicating that inflation to be a key consideration for his policy decision.

What to look out for: RBI policy decision, US non-farm payroll

- Philippines inflation (5 December)
- Reserve Bank of India policy decision (5 December)
- US factory orders (5 December)
- Regional foreign exchange reserves (6 December)
- US non-farm payrolls (6 December)