

ASEAN morning bytes

General market tone: Slight risk-off.

Investors remain anxious over Brexit developments while Trump threatens a government shutdown although hopes for a breakthrough in US-China trade negotiations to boost bargain hunting.



International theme: Geopolitics keeps traders on their toes

- Trump sparring with Democrats on funding for his Mexican border wall coupled with Brexit anxiety seen to force dealers to stay defensive although hopes for a US-China trade negotiation breakthrough to help boost bargain hunting activity.

EM Space: Emerging markets gains to be capped on caution

- **General Asia:** Reports that China would scale back tariffs on automobiles from the US is seen to boost bargain hunting with gains capped as investors keep an eye on Brexit developments and Trump's tirade against Democrats.
- **Indonesia:** Bank of Indonesia (BI) has been intervening in the bond and non-deliverable forward market with the IDR continuing to struggle in the month of December. Executive director Nanang Hendarsah indicated that the central bank stood ready to support the beleaguered currency further to maintain stability in the FX market and we do not rule out a policy move from the BI on 20 December should the IDR continue to struggle.

- **Philippines:** The Philippines reported a record trade deficit of \$4.2bn with imports sustaining their double-digit expansion while exports remained lackluster, growing a mere 3.3%. This brings the 10-month trade gap to -\$39.3bn which would directly translate to a wider current account deficit in the medium term and exert pressure on the PHP to weaken.

What to look out for: BSP policy decision

- Malaysia industrial production (12 December)
- Singapore retail sales (12 December)
- US inflation (12 December)
- Philippines BSP policy (13 December)
- ECB policy meeting (13 December)
- China retail sales, industrial production (14 December)
- Hong Kong industrial production (14 December)
- US retail sales (14 December)

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