

## ASEAN Morning Bytes 12 September 2018

General Market Tone: Risk Off. International theme: China throws a flag on the field, calls In the WTO. EM Space: Renewed concerns about the trade to force dealers to sidelines



### International theme: China throws a flag on the field, calls In the WTO

- Canada has expressed interest in giving in to concessions on their dairy tariffs in exchange for the US pulling back on their hard line stance on entry into Canadian media and with regard to rules on conflict resolution in the future for NAFTA deals. The new deadline for the US-Canada talks is October 1 2018.
- China has thrown a flag on the field, calling in the WTO to settle a 2013 case with the US regarding "dumping" calculations. China had won the previous case with the WTO, causing Trump to sour on the organization and calling them to "shape up". This comes at the heels of Trump's indication that even more tariffs were in the pipeline should China not cooperate.

### EM Space: Renewed Concerns About Trade To Force Dealers To Sidelines Anew

- **General Asia:** Asian markets will likely revert to full risk on mode with investors probably

reacting to China's latest play in the ongoing US-China trade dispute. By calling on the WTO to enforce a 2013 ruling, China hopes to put the US on the backfoot, showing that they would make good on their promise to retaliate against any stiff trade sanctions from the US.

- **Malaysia:** Financial markets reopen after two days of public holiday. The ringgit is likely to be in for some weakness in catch-up with other Asian currencies over last two trading sessions as EM sell-off continues.
- **Indonesia:** South Korea and Indonesia signed deals of up to \$6.2Bn at a bilateral meeting in Korea. Most of the deals were in the power sector as Indonesia looks to meet rising demand although initial reports show that some of the 6 signed deals were previously reported.
- **Singapore:** July retail sales are due. Weak automobile sales this year kept the headline growth virtually flat in the first half of 2018. July wasn't any better with 29% YoY (39% MoM) fall in new motor vehicle registrations.
- **Philippines:** July trade data confirmed a widening of the deficit to \$3.55Bn as imports ballooned by 31.6% year-on-year while exports managed a meager 0.3% expansion. All subsectors of the import sector saw double-digit growth, showing stark demand for foreign currency to feed the growing economy. Exports did see a decent 5.2% growth in its mainstay electronics subsector but this was only barely able to lift the entire portfolio into the green. President Duterte opted to conduct an interview over a state media channel in lieu of addressing the nation with various topics discussed ranging from his cancellation of an amnesty order for a Senator to Martial Law.
- Super Typhoon Mangkhut is set to hit the Philippines on Wednesday which could bring about widespread damage to the Northern Island of Luzon, where most of the crop production takes place. This could exacerbate price pressures in the Philippines as the harvest season is just about to begin.

## What To Look Out For: US PPI and Fed Bullard Speaks

- US PPI inflation 9/12/2018
- EZ ECB meeting 9/13/2018
- US CPI inflation 9/13/2018
- US Retail sales 9/14/2018
- US-China trade negotiations (deadline: end of September)
- Argentina-IMF credit line request (on-going)