

ASEAN Morning Bytes

Investors to focus on important data reports out later in the week



EM Space: China GDP and US retail to be in focus later in the week

- **General Asia:** Asian markets may remain in a holding pattern on Monday, looking to the earnings season for direction while Covid-19 developments provide additional colour for trading. Florida appears to be the new epicenter for Covid-19 infections in the US with fresh infections accelerating in so-called sunbelt states while President Trump continues to push for schools to reopen. The data calendar features several important releases this week with China trade, China GDP, US inflation and US retail sales likely to set the tone for trading with investors also keeping an eye on Covid-19 developments.
- **Singapore:** The incumbent People's Action Party retained power in the general election held last Friday, though with a slight increase of the opposition in the new parliament. The Covid-19 crisis was the key issue the election was fought on. The advance GDP estimate for 2Q20 to be released tomorrow morning will be another test of the government's handling of this crisis. We are looking for a 9.2% YoY GDP fall (consensus -11.1%), mainly driven by construction and services while a pharmaceutical-led export surge supported manufacturing. Private consumption was the main expenditure-side drag on GDP, judging from the 46% YoY retail sales crash in April-May.
- **Indonesia:** Indonesia may slip into recession as early as 3Q according to Finance Minister

Indrawati as she forecasts 2Q GDP will likely drop to -3.8% while 3Q GDP could settle between -1.0 to 1.2%. Delays in the disbursement of relief efforts have kept expenditures at a modest 3.3% for the first half of the year with authorities vowing to accelerate disbursement to stimulate the economy. Meanwhile, Bank Indonesia Governor Warjiyo reiterated his accommodative stance and that he could continue to cut policy rates in the near term. Given that new daily infections remain elevated, we expect GDP to fall into contraction for both 2Q and 3Q with Bank Indonesia providing additional stimulus by way of a rate cut in 3Q once IDR stabilizes.

What to look out for: Covid-19 developments

- Philippines remittances (13 July)
- Fed's Kaplan speaks (14 July)
- Singapore GDP (14 July)
- China trade (14 July)
- US CPI inflation (14 July)
- Fed's Brainard and Bullard speak (15 July)
- Indonesia trade (15 July)
- US industrial production (15 July)
- China GDP and retail sales (16 July)
- Bank Indonesia policy meeting (16 July)
- US initial jobless claims and retail sales (16 July)
- Fed's Bailey speaks (16 July)
- Singapore non-oil domestic exports (17 July)
- US housing starts and consumer sentiment (17 July)
- Fed's Williams and Evans speak (17 July)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by

the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.