

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)