

ASEAN Morning Bytes

General market tone: Risk-off.

Asian markets seen to track the risk-off tone overserved overnight on Wall Street.



EM Space: Slower than anticipated US inflation pushes Fed cut case

- **General Asia:** US inflation data printed below consensus, adding to the case for a Fed rate cut with the economy showing signs of slowing. Meanwhile, Wilbur Ross added more pressure on the Fed, indicating that the last rate hike of the Fed was not warranted.
- **Indonesia:** Indonesia's finance minister Sri Mulyani Indrawati indicated that the Bank Indonesia (BI) could ease monetary policy given the evolving global situation and direction of monetary policy in advanced countries. Indrawati, however, stopped at indicating how the BI would ease, saying that the government would respect the manner in which the central bank would revert to monetary easing.
- **Philippines:** Monetary Board member Medalla expressed his opinion that the Banko Sentral ng Pilipinas (BSP) need not adjust monetary policy in the near-term, keeping policy rates steady for "at least a couple of meetings". Medalla pointed to the inflation environment. The BSP cut both policy rates and reserve requirements in May. We anticipate one more rate sometime in 3Q.

What to look out for: US retail sales

- Australia labor report (13 June)
- US jobless claims (13 June)
- Indonesia GIR (13 June)
- China industrial production (14 June)
- US retail sales, consumer sentiment (14 June)

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