

ASEAN Morning Bytes

The US-China trade stalemate continues to weigh on markets with all eyes now on how China retaliates to the last Friday's tariff hike by the US.



\$7bn

Indonesia current account deficit in 1Q19

\$1.8bn wider than year ago

Worse than expected

EM Space: The risk-off continues

- **General Asia:** Lack of activity data and public holidays in some countries will make it a slow start of the week for Asian markets. But the risk-off continues with the escalation of US-China trade war after last Friday's move by the US to raise tariffs on Chinese goods. All eyes are on China's retaliation.
- **Indonesia:** 1Q19 current account deficit came in at \$7bn, beating the consensus estimate of \$6.2bn deficit. A \$1.8bn widening from a year ago sustains the Indonesian rupiah's vulnerability to the emerging market contagion. We believe Bank Indonesia will continue to

train focus on market stability and leave policy on hold at the meeting this week (16 May).

- **Malaysia:** March industrial production surprised on the upside with 3.1% growth. However, the average 2.7% IP growth in 1Q19 was a slowdown from 3.2% in the previous quarter and this should have dragged the GDP growth lower over the same quarters. Our forecast of a slowdown in 1Q19 GDP growth to 4.2% from 4.7% in 4Q18 remains on track. GDP data is due this week (16 May).
- **Philippines:** The markets are closed for the mid-term elections today, which is seen as a referendum on the Duterte regime. Meanwhile, the government is set to issue Panda or Chinese yuan (CNY)-denominated debt this week as part of its CNY 6bn issuance plan.

What to look out for: Lots of trade data from Asia

- China's April economic data (15 May)
- EU revised 1Q19 GDP (15 May)
- India April trade (15 May)
- Indonesia April trade (15 May)
- Philippines March OCW remittances (15 May)
- US April retail sales and industrial production (15 May)
- Bank Indonesia policy decision (16 May)
- Malaysia 1Q19 GDP and balance of payments (16 May)
- Singapore April NODX (17 May)