

ASEAN morning bytes

General market tone: Risk-off.

Risk sentiment was absent again on Monday with investors heading for cover after technology shares plunged. Oil prices tanked in return with OPEC officials hinting of possible supply cuts.



International theme: Tech stocks drag on overall risk sentiment and oil follows

- Equity markets in the US took a beating with investors focusing on the drop in technology stocks while also fretting the possibility of slower global growth. Oil prices tumbled again with WTI slipping below \$60/barrel with OPEC officials pointing to a possible 1.2 million barrel cut back in daily production.

EM Space: Stock rout may spillover to Asia

- **General Asia:** Asian stocks may take a pounding after the decline on Wall Street led by technology shares and their suppliers. Energy shares may also be pressured with crude oil prices sliding anew on global growth fears.
- **Thailand:** Growth in bank lending quickened to 6.3% YoY in 3Q18 from 5.4% in the previous month on increase in borrowing by consumers. Although this reflects firmer economic growth, the real economic data points to a GDP slowdown over the period. We recently cut

our 3Q GDP growth forecast to 3.7% from 4.1%, and full-year 2018 growth forecast to 4.2% from 4.3%. We expect the BoT to leave the monetary policy on hold tomorrow.

- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Deputy Governor Fonacier gave a balanced view indicating that the BSP had room to pause at its next meeting but also reiterated that the economy could handle another 25 bp rate hike. These comments come ahead of the policy meeting on Thursday with market undecided on whether the BSP would hike rates further or leave policy unchanged.
- **Philippines:** Domestic pump prices continued to track the fall in crude oil with major oil retailers announcing substantial cutbacks in retail pump prices. Gasoline prices will dip by 4.3% while diesel slips 4.2%, which translates to the fourth straight week of declines. However, with Saudi Arabia flagging possible supply cutbacks, local pump prices may remain flat to close the year.
- **Philippines:** Prices for food commodities continued to show a downtrend with the latest report from the Philippine authorities indicating that regular rice prices had fallen 1.2% from the previous week. Prices for meat, fish, and chicken also showed a slowdown in select regions while fruits and vegetables tiptoed lower. Despite the slowing inflation, headline prints will likely remain elevated given that price cuts have not been substantial enough to force inflation back to within target quickly. Inflation is seen to decelerate towards year-end but still remain above 6%, with the BSP seen to retain its hawkish bias despite a possible pause on Thursday.

What to look out for: ASEAN central bank meetings

- CH money supply (13 November)
- JP 3Q GDP (14 November)
- TH central bank meeting (14 November)
- EZ 3Q GDP (14 November)
- US CPI inflation (14 November)
- UK CPI inflation (14 November)
- CH retail sales (14 November)
- PH central bank meeting (15 November)
- ID central bank meeting (15 November)
- ID trade data (15 November)
- PH OF remittances (15 November)
- US retail sales (15 November)
- MY 3Q GDP (16 November)