

13 September 2018  
Article

## Asean Morning Bytes

### General market tone: Wait And See

The US has invited China for high level meetings on trade, moving up from previous mid-level discussion. EM markets will wait and see how the talks go with the ECB meeting later in the evening.

#### Contents

- International theme: China Gets The US To Look, Trade Talks Continue
- EM Space: Asian Players Remain On Their Toes
- What to look out for: The ECB meeting

### International theme: China Gets The US To Look, Trade Talks Continue

- Despite positive reports initially circulating, Canada and the US still have their work cut out for them as the two NAFTA members remain at odds on issues regarding Canadian dairy and media.
- China's gambit to call in the WTO may have worked as the warning shot got the attention of the United States. Reports indicated that Washington would like to hold high level talks regarding trade, as opposed to previous mid-level minister negotiations.
- Oil prices trended higher with WTI cresting the \$70/barrel level ahead of hurricane Florence and with US stockpiles dropping.

### EM Space: Asian Players Remain On Their Toes

- **General Asia:** Asian markets will remain cautious, reacting to reports that the US would be moving up to high-level discussion with China on trade issues. Apple launched the new line of iPhones which drew mixed reactions from the market.
- **Malaysia:** Anwar Ibrahim, leader of the ruling coalition Pakatan Harapan and would-be successor of PM Mahathir in two years, tried to regain the confidence of foreign investors after Mahathir cancelled/suspended some of the China-backed investment projects. He said the government's review was confined to "dubious" projects undertaken by the previous administration.
- **Malaysia:** Paving his way to active politics, Anwar will reportedly contest a by-election to be a member of parliament within two months.

- **Indonesia:** President Jokowi quipped that he and his team of Avengers would battle trade wars as he delivered a speech at the World Economic Forum conference in Hanoi.
- **Thailand:** Finance Minister Apisak Tantivorawong downplayed the need by the central bank to increase interest rates, saying this might hamper investment and debt servicing ability. The low inflation and potential growth risks from trade war are behind our view that the BoT will keep the monetary policy on hold this year. The BoT meets next week (19 September).
- **Philippines:** Super Typhoon Mangkhut is set to make landfall on Saturday with the farming sector rushing to harvest and salvage some produce. Peso breached the 54 handle given the peak season import demand and political noise. The Peso's underperformance may prod the BSP to conduct an off-cycle 50 bps rate hike today as Espenilla has indicated that such a move "is on the table".

### What to look out for: The ECB meeting

- EZ ECB meeting 9/13/2018
- US CPI inflation 9/13/2018
- US Retail sales 9/14/2018
- US-China trade negotiations (deadline: end of September)
- Argentina-IMF credit line request (on-going)

#### Nicholas Mapa

Senior Economist, Philippines  
+632 479 8855  
[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

#### Prakash Sakpal

Economist, Asia  
+65 6232 6181  
[prakash.sakpal@asia.ing.com](mailto:prakash.sakpal@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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.