

ASEAN Morning Bytes

General market tone: Risk-on.

All seems to be positive for the markets today with rising optimism on the US-China trade relations and accelerating global easing cycle supporting investor sentiment.



EM Space: The risk rally continue on trade hopes and central bank easing.

- **General Asia:** The Trump administration preparing to offer China an interim trade deal and the ECB rolling out a stimulus package should sustain the risk-on investor sentiment. While market players may continue to bargain hunt, gains may be capped on conflicting reports on the interim trade deal. All eyes are now on the Fed's policy decision next week.
- **Malaysia:** Contrary to our view of a 25bp rate cut but in line with the broad consensus, the central bank (BNM) left the policy rate at 3.0%. It also maintained 4.3-4.8% growth forecast for the year with inflation continuing to be low in the rest of the year. However, the policy statement did acknowledge the persistent downside risk ahead. We maintain our view of further BNM easing this year, though with only one more meeting left in the year we revise our end-2019 target for the policy rate to 2.75% from 2.50%.
- **Indonesia:** Finance Minister Mulyani indicated the need for a “better immune system” for the economy to ward off external risks. Given the current global uncertainties, the government has moved to set up a stimulus package to insulate the economy and boost

investment momentum. President Jokowi recently gave his cabinet a one-month ultimatum to deliver the reform package and should this be delivered, this could increase financial account flows and boost IDR despite Bank Indonesia rate cuts.

What to look out for: Trade developments and US retail sales

- EU trade balance (13 September)
- India trade (13 September)
- US retail sales (13 September)