

ASEAN morning bytes 14 December 2018

General market tone: Risk off.

Investors likely to book gains and keep to the sidelines digesting the developments on US-China trade and the ECB decision.



International theme: Markets to stay cautious with ECB ending its bond-buying program and ahead of the China data dump

- Directional trading was muted on Thursday with market players digesting developments on US-China while the ECB prepared to end its bond-buying program this month. Crude oil prices rose in reaction to supply data while market players will look to Chinese data for direction.

EM Space: Emerging markets to take their cue from China data reports on Friday

- **General Asia:** Investors will be data dependent on Friday with traders likely to take their cue from the Chinese data dump and US retail sales later in the session. For the time being, profit taking may be the theme with investors looking ahead to next week's Fed meeting.
- **Philippines:** The Philippine central bank kept policy settings unchanged while lowering its inflation forecast to 5.2% in 2018 (from 5.3%), 3.18% in 2019 (from 3.3) and to 3.04% (from

3.3%) in 2020. The lower inflation forecast of BSP likely reflects lower government crude oil price assumptions and LTRFB's rollback of jeepney fares. With BSP slashing its forecasts over the policy horizon the possibility of an early reversal in policy stance in 2019 has increased with BSP possibly reducing borrowing costs as early as 2Q 2019.

What to look out for: China data dump

- China retail sales, industrial production (14 December)
- Hong Kong industrial production (14 December)
- US retail sales (14 December)