

ASEAN Morning Bytes

General market tone: Risk-off.

Escalation of US-China trade rift is seen to keep market players on the sidelines on Tuesday.



EM Space: It's tit-for-tat as Beijing slaps tariffs on American imports

- **General Asia:** Trade war escalation with Beijing retaliating with tariffs on US goods is seen to send market players to head for cover in trading today. Meanwhile, Fed officials took on a dovish tone with President Rosengren indicating rates may be cut if the trade rift leads to slower growth.
- **Indonesia:** Bank Indonesia is likely to be in the market today to stabilize the currency (IDR) as emerging market currencies look poised for a sell-off amid an escalation of US-China trade tension. It may buy a "sizeable" amount of bonds in order to support the IDR.
- **Thailand:** The Bank of Thailand issued a statement yesterday denying any currency manipulation on its part to gain trade advantage. The central bank's clarification comes just ahead of the release of the US Treasury's semi-annual currency manipulator report later this month, which is feared to include Thailand on the watch list for currency manipulators. The THB has re-asserted its outperformer status even in the latest market rout triggered by escalation of the US-China trade tensions, as it continues to be backed by wide current surplus and the Bank of Thailand's hawkish policy stance.

- **Philippines:** Mid-term elections were held on May 13 with the ruling coalition seen securing several spots in the upper and lower house. President Duterte looks to solidify his grip on the legislative houses in order to push for economic reforms such as the remaining packages of his tax reform agenda.

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)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@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 N.V. 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. 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 authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. 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.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.