

ASEAN Morning Bytes

With investors increasingly wary over the fate of the US-China “phase one” trade deal the week might end with a more volatile trading session today.



4.4%

Consensus on Malaysia's 3Q GDP growth

Down from 4.9% in 2Q

EM Space: Elevated trade anxiety

- **General Asia:** Much weaker than expected Chinese economic data yesterday adds to increasing anxiety about the ongoing trade negotiations between the US and China. Investors will be looking to US retail sales later in the evening and regional growth numbers for further direction.
- **Malaysia:** An increasing weak activity data in recent months followed by central bank's (BNM) surprise easing via a 50 basis point reserve requirement cut a week ago -- all of this has prepared the markets for a bad third-quarter GDP report today. We have recently revised our 3Q GDP forecast from 4.8% to 4.4%, which is also the consensus median now, and expect further drift lower to 4.1% in the last quarter of the year, which we hope to be

low in this cycle. We believe the BNM easing cycle has further to go with at least 50bp more policy rate cuts as what we have pencilled in for the first quarter of 2020.

- **Singapore:** October non-oil domestic exports figures coming out early morning on Monday will be a key indicator of where the economy is headed in the final quarter of the year. The consensus of accelerated NODX decline (-10.1% YoY vs. -8.1% in September) doesn't sound good. Judging from persistently big declines in semiconductor exports from other Asian countries in October, electronics likely remained a drag on NODX. As such, any recovery in Singapore's GDP growth in the last quarter of 2019 looks to be far-fetched.
- **Indonesia:** October trade data are expected to show continued contraction in both exports and imports contracted in the last month. While the trade war has been depressing exports, the government's drive to cut back on trade and current deficits is weighing on imports. That said, the consensus is still looking for a near-doubling of the trade deficit to \$300 million in October from the previous month.

What to look out for: US retail sales

- Malaysia GDP (15 November)
- Indonesia trade (15 November)
- Thailand GIR (15 November)
- Hong Kong GDP (15 November)
- US retail sales (15 November)
- Philippines OF remittances (15 November)