

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)

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>.