

ASEAN Morning Bytes

General market tone: Wait and see.

Markets continue to monitor trade developments with eyes trained on US tariffs for both China and Europe.



4.2%

Malaysia's 1Q19 GDP growth

ING forecast

EM Space: Tariff slinging still in effect while US data disappoints

- **General Asia:** The trade war remains a key theme for the markets with disappointing economic data from China and the US yesterday leading to worries of rising trade barriers weighing down growth. Meanwhile, Trump might delay auto tariffs across the Atlantic while Fed officials remain non-committal to any form of policy move for the time being.
- **Malaysia:** 1Q19 GDP and balance of payments data are due today. The consensus is centered on a 4.3% GDP growth and MYR 12.8bn current account surplus (prior 4.7% and MYR 10.8bn in 4Q18). Our below-consensus 4.2% GDP growth forecast would put growth it below the BNM's 4.3-4.7% forecast range for 2019. However, we expect this to be the bottom of the current cycle. The timely policy boost together with the favourable base

effect is likely to shore up growth in the rest of the year, obviating need of further central bank (BNM) policy rate cuts this year.

- **Indonesia:** Indonesia reported a worse than expected trade deficit for April as imports and exports both contracted by 6.6% and 13.1%, respectively. The \$2.5bn trade deficit in the last month was the highest ever. Coming ahead of the central bank's (Bank Indonesia) policy announcement later today, data sustains the BI's focus on currency stability amid ongoing weakness from the escalation of the global trade war. We expect BI to leave the policy on hold today and in the rest of the year.
- **Philippines:** The remittances by overseas Filipino worker jumped by 6.6% YoY in March, lifting the year to date gain to 4.2% despite the sustained weak inflows from the Middle East. Meanwhile, the government returned to the bond market barely a week after floating a Euro issuance, this time with a "panda" bond denominated in CNY. It will issue CNY2.5 bn worth of 3-year paper.

What to look out for: Malaysia GDP and BI decision

- Bank Indonesia policy decision (16 May)
- Malaysia 1Q19 GDP and balance of payments (16 May)
- Singapore April NODX (17 May)