

ASEAN Morning Bytes

General market tone: risk-off

The tension between the Middle East and the West begun to brew, sparking risk-off tone and knocking down stock markets and boosting oil prices.



International theme: World markets monitor developments on US and Saudi relations

- Risk-off tone escalated overnight with brewing tension between the West and the Middle East. US data showed mixed trends with the print disappointing markets on the headline print but the so-called core retail sales bested market expectations.

EM Space: EM Asia will likely take their cue from Wall Street and China inflation numbers

- **General Asia:** Asian markets will likely track the slide on Wall Street with global tensions driving sentiment. Traders will be awaiting China's inflation data which could give a glimpse to the impact of recent trade developments on the economy.
- **Indonesia:** Indonesia trade data showed the trade balance swing into the positive with imports growing at a much slower pace than expected. September figures showed imports grow 1.7% while imports missed forecast to expand only 14.18%, missing expectations for a

23.74% gains. Indonesia has moved to narrow the current account deficit via import compression and this could bode well for the IDR and limit the need for the central bank to hike aggressively.

- **Philippines:** August overseas workers' remittances slipped by 0.9% YoY with a total of \$2.476bn sent home by overseas Filipinos. This brings the year to date haul to \$19.056 bn, up 2.5% from the same period in 2017 as OFW remittances continue to be a stable source of FX to the Philippines. As remittances and BPO call center receipts remain inadequate to cover ballooning trade deficit, we may see continued pressure on the local unit in the near term with the BSP remaining hawkish to contain inflation expectations.

What to look out for: China inflation and FOMC minutes

- China CPI inflation (16 October)
- FOMC minutes (18 October)
- Fed Bullard (18 October)
- Fed Kaplan (19 October)

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