

ASEAN Morning Bytes

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EM Space: Bracing for increased volatility

- **General Asia:** The markets are in for a broader risk-off today with equities, bonds, currencies all coming under pressure from the escalation of geopolitical tensions in the Gulf region. Aside from this, the central bank policy will be the key driving theme for the markets in the rest of the week as the US Fed and a host of other central banks lining up their policy announcements.
- **Malaysia:** The Malaysian ringgit (MYR) is likely to buck the emerging currency sell-off as the higher oil price is good for Asia's net oil-exporting economy while the Bank Negara Malaysia (central bank) is bucking the global policy easing trend.
- **Philippines:** The overseas remittances for July are due with the likelihood of growth turning positive from after a one-off negative in June (consensus +1.8% YoY vs. -2.9% in June). The BSP reported a 12.5% rise in the outstanding foreign debt by to \$81.3 billion in the first half of 2019 from end-2018, thanks to increased sovereign borrowing in the international market to finance the budget deficit. Governor Diokno sees country's key external debt indicators continuing at their prudent levels and supported by \$85 billion of foreign reserves.

- **Indonesia:** August trade data is due today. The consensus is pointing to a steady decline in exports and imports (-6% YoY and -13% YoY respectively) and return of the trade balance to \$162 million surplus from \$60 million deficit in July. While the return to trade surplus is positive for the IDR, the latest event of a spike in the geopolitics risk and oil price are negative. These events could also destabilize the consensus on the Bank Indonesia policy, which is solidly behind a 25bp rate cut at the meeting this week.

What to look out for: Fed, BoE, BoJ central bank meetings

- China industrial production, investment and retail sale (16 Sep)
- Indonesia trade (16 Sep)
- Overseas remittances (16 Sep)
- Singapore NODX (17 Sep)
- US industrial production (17 Sep)
- EU CPI (18 Sep)
- Japan trade (18 Sep)
- US housing starts (18 Sep)
- US FOMC meeting (18 Sep)
- Bank Indonesia meeting (19 Sep)
- Bank of Japan meeting (19 Sep)
- Philippines BoP (19 Sep)
- US Leading indicator (19 Sep)
- EU Consumer confidence (20 Sep)
- Japan CPI (20 Sep)
- Thailand trade (20 Sep)