

ASEAN Morning Bytes

General market tone: Risk-off.

President Trump's renewed threat of more tariffs on Chinese goods has investors bracing for weak trading in the Asian session today, tracking the negative sentiment in the US overnight.



31.9%

Fall in Singapore's electronics exports in June

Year-on-year

Worse than expected

EM Space: Strong US data offset by Trump tweet saying trade deal still in the works

- **General Asia:** Asian markets will likely open downbeat as Trump indicates that bagging a deal with China was far from done. While the US economic data on retail sales and manufacturing production continued to indicate firmer economy amid trade war, doves and hawks within the Fed remain at loggerheads over the imminent course of the monetary policy.
- **Thailand:** Deputy Prime Minister Somkid Jatusripitak anticipates GDP growth in 2Q19 in a

2.8-2.9% (range) and with that 1H19 growth staying below 3%. However, he expressed confidence in the Finance Minister Uttama Savanayana in bolstering the economy going forward through increased lending, support to export sectors, and policies to attract more foreign investment into Thailand. We also expect the Bank of Thailand joining in the global easing way to support growth with our forecast a 25bp policy rate cut in August and another like move in the fourth quarter.

- **Singapore:** In yet another worse showing, non-oil domestic exports plunged by 17.3% YoY and by 7.6% MoM SA in June (consensus -9.6% YoY and -3.5% MoM). Electronics continues to be the weak spot with second consecutive month of over 30% YoY fall, while part of bounce in pharmaceuticals in May was retraced. By destination, the weakness was across the board but for shipments to the US. The data reinforces a view that an inter-meeting adjustment to the Monetary Authority of Singapore's policy via a reduction or even flattening of the SGD-NEER appreciation path is imminent.
- **Indonesia:** The Indonesian government estimates that the economy grew by roughly 5.1% in the first half of the year as external trade capped growth momentum. Finance Minister Sri Mulyani Indrawati sees growth settling at 5.2% for the full year with a possible recovery in the second half as government spending accelerates.
- **Philippines:** The Bureau of the Treasury indicated that the upcoming JPY-denominated bond issuance would have a tenor of 3-years. The issue size is unlikely to exceed \$1bn as the government remains awash with cash after aggressively tapping the market, while expenditures have been slow due to the delay in the budget passage.

What to look out for: Fed speakers

- Singapore non-oil exports (17 July)
- Fed Powell and Evans speeches (17 July)
- Hong Kong policy meeting (18 July)
- South Korea policy meeting (18 July)
- Fed Bostic speech (18 July)
- Bank Indonesia policy meeting (18 July)
- Fed Williams and Bullard speeches (19 July)