ASEAN Morning Bytes

General market tone: Wait and watch.

With increased odds of the Fed easing, it's hard to see Asian central banks resisting easing pressure for too long now.

EM Space: Market looks to FOMC decision but strong US retail sales could stay the cut for now

- **General Asia:** Heavy global and Asian central bank calendar makes it an exciting week amid persisting headwind to risky assets from the US-China trade war. The key focus will be on the US Fed's policy statement which is widely expected to signal an easing bias. And with increased odds of the Fed easing, it's hard to see Asian central banks resisting easing pressure for too long now.
- **Thailand:** Somchai Jitsuchon, member of the Bank of Thailand's monetary policy committee signaled that the central bank policy would be data dependent. He pointed to fallouts of the US-China trade war on Thailand's economy, leaving the central bank "open to all possibilities". With sub-3% GDP growth and low inflation, the case for the BoT reversing its late-2018 rate hike has become stronger, in our view. We expect a 25bp BoT rate cut at the 26 June meeting.
- **Malaysia:** Bank Negara Malaysia's Governor Nor Shamsiah Mohd Yunus anticipates increased MYR volatility ahead amid growing global uncertainty. But she also expressed

confidence in Malaysia's 'proven track record in managing these shocks well". The economy is performing relatively well compared with Asian neighbours and this supports positive sentiment towards the MYR, in our view.

- **Philippines:** The current account deficit of $1.2bn in 1Q19 was a fourfold widening from a year ago, thanks to the continued widening of the goods trade deficit. The BSP's report today of April overseas workers' remittances will provide a glimpse of where the current account deficit is headed in the current quarter. Widening current deficit will continue to exert pressure on the PHP although the BSP appears more dovish despite these developments and is likely to leave policy on hold on Thursday.

What to look out for: Central bank super Thursday

- Singapore non-oil exports (17 June)
- Philippines remittances (17 June)
- Germany ZEW expectations (18 June)
- Hong Kong composite interest rates (19 June)
- FOMC meeting (19 June)
- BoJ meeting (20 June)
- Bank Indonesia meeting (20 June)
- Taiwan central bank meeting (20 June)
- Bangko Sentral Pilipinas meeting (20 June)
- BoE meeting (20 June)

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