

ASEAN Morning Bytes

General market tone: Risk-off. President Trump fired off another round of tariffs, slapping a 10% tax on imports worth \$200bn but made to stay clear of select consumer electronics. Come 2019 the tariff rate will rise substantially to 25% with Trump indicating he has more where that came from.



International theme: You're Tarrified! China to counter?

- Donald Trump announced a 10% tariff on a substantial amount of goods although he steered clear of hitting important consumer electronic items from Apple as well as other select consumer goods.

EM Space: Asian markets likely to be on the defensive

- **General Asia:** Asian markets will open to reports that Trump pushed through with a 10% tariff on up to \$200Bn worth of imports from China. Although the levy saw a lower rate, it could foment a response from China who had previously threatened to walk away from the negotiating table.
- **Indonesia:** Indonesia's trade gap swelled to \$1.02 billion, running well past market expectations as exports grew by 4.15% as opposed to hopes for a 10.0% gain. Indications

point to a current account deficit for the 3Q of the year. The widening trade gap will likely compound the IDR's woes with the government looking to curb imports and keep the current account deficit under control.

- **Philippines:** Remittances from overseas Filipinos grew by 5.2% in July, with flows reaching \$2.4 billion for the month to bring the year to date haul to \$16.5 billion. The rebound in remittances was the first bit of good news out from the Philippines but these flows from migrant workers remain inadequate to cover external obligations related to trade.

What to look out for: Fall-out from Trump tariff

- Fall-out from Trump's 10% tariff on \$200 billion of Chinese imports
- Japan BoJ meeting 9/19/2018
- Thailand BoT meeting 9/19/2018
- Euro zone consumer confidence 9/20/2018
- US existing home sales 9/20/2018
- US-China trade negotiations (deadline: end of September)
- Argentina-IMF credit line request (on-going)