

ASEAN Morning Bytes

General market tone: Risk-on.

Hopes for a Trump-Xi meeting will likely boost risk sentiment on Wednesday.



EM Space: Dovish ECB and positive headway on trade war may spur bargain hunting

- **General Asia:** Reports of President Trump and President Xi having an "extended meeting" at the sidelines of the G-20 and the possibility of more ECB monetary stimulus to invigorate the struggling Eurozone economy are likely to spur bargain hunting in Asia today. However, gains will likely be capped with the market still waiting on the Fed.
- **Philippines:** The Bankgo Sentral ng Pilipinas (BSP) Governor Diokno downplayed concerns about the widening current account deficit, indicating that the Philippines has "idle" Dollars and that there was "no problem in terms of supply". He highlighted portfolio flows, remittances and tourist receipts as steady sources of foreign currency, which could help offset the projected increase in the USD demand in the 2H as the import season kicks into high gear. Despite these comments, we expect the BSP to keep rates unchanged on Thursday as they await more data points to validate the resumption of inflation's downward trajectory.

What to look out for: Central bank super Thursday

- 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)