

## ASEAN morning bytes

General market tone: Wait and see.

US stocks posted marginal gains on Friday but still posted weekly losses with tech and energy shares dragging. Comments from a Fed official, on the other hand, sparked a rally in bonds.



### International theme: US-China trade comments boost sentiment but APEC tone suggests otherwise

- US shares managed to post gains on Friday on hopes of improvements in the US-China trade spat, however, comments from both China and the US at the APEC meeting showed relations remained icy. Meanwhile, Fed Vice Chair Clarida, erstwhile quiet on his policy stance, indicated that the current Fed funds rate was approaching “neutral”, sending bond yields lower.

### EM Space: Focus remains on Sino-US relations

- **General Asia:** Asian equity will likely take their cue from reports regarding the US-China trade spat with commentary from the APEC meeting showing the tenuous relationship as world powers jockey for positioning in the region.
- **Malaysia:** 3Q18 GDP growth of 4.4% YoY was only a slight slowdown from 4.5% in 2Q. As expected, household consumption remained the key growth driver. Data remains

supportive our view of an on-hold BNM policy for in the rest of this year and through 2019.

- **Thailand:** 3Q18 GDP is due today. The consensus is looking for a slowdown in growth to 4.2% YoY from 4.6%. We are more bearish with our 3.7% growth forecast derived from a sharp slowdown in manufacturing growth and weakening tourism sector.
- **Indonesia:** Bank Indonesia forecasts inflation to remain benign with November inflation seen at 3.13%, well-within their target for the year. Meanwhile, the government looked to attract more foreign investors by including more sectors open for the foreign players as well as extending tax holidays to entice entrants to the country. With the current account threatened anew by widening trade deficits, Indonesia is looking to shore up its foreign flows via the financial account.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) has leeway “to digest the rate hikes” with Deputy Governor Guinigundo expecting inflation expectations to come down significantly in the next 2-3 weeks. BSP flagged this as the key reason for hiking rates another 25 bps at its 15 November meeting. Guinigundo is not a voting member of the Monetary Board but it may signal the willingness of the BSP to hold off on rates after raising rates a total of 175 bps year to date.

## What to look out for:

- TH 3Q GDP (19 November)
- PH BOP (19 November)
- HK CPI inflation (20 November)
- US housing starts (20 November)
- TH trade (21 November)
- US durable goods (21 November)
- US existing home sales (21 November)
- JP CPI inflation (22 November)
- SI 3Q GDP (22 November)
- MY CPI inflation (23 November)
- SI CPI inflation (23 November)
- TH GIR (23 November)