

## ASEAN Morning Bytes

General market tone: Risk-off.

Regional markets are likely to track Wall Street weakness as the Fed shoots down rate cut hopes.



### EM Space: Fed shoots down rate cut expectations

**General Asia:** Risk markets will likely track the weakness seen on Wall Street with the Fed signaling that they would remain on hold and refrain from moving in either direction. Economic data appears to support this stance with manufacturing ISM down but still in expansionary territory. Meanwhile, US-China trade talks resume with Secretary Mnuchin hoping that this would be the last chapter before a deal is struck.

**Thailand:** The headline and core CPI inflation in April were steady at March's 1.2% and 0.6% rates respectively. The manufacturing PMI and consumer and business confidence indexes for April due today are likely to reinforce the balance of economic risks as tilted toward growth. The government announced THB 13.2bn economic stimulus directed at farmers and low-income people. This follows the downgrade earlier this week of government's GDP growth forecast for 2019 to 3.8% from 4.0%. Less than 0.1% of GDP, we doubt the package will be enough to shore up growth.

**Indonesia:** Foreign direct investments into Indonesia contracted by 0.9% but local investment looked to offset the slowdown in foreign inflow and the total investment rose by 5.3% in the 1Q of 2019. This undermines the government drive to have a solid external position.

**Philippines:** The Philippines bagged a credit rating upgrade from S&P ahead of the labor day holiday on the back of solid growth momentum and external payments position. S&P did hint that further upgrades could be in the offing should legislative reform continue but it also flagged a possible downgrade should debt metrics get out of hand. For the time being, debt and external metrics remain relatively in check although the recent investment boom has pressured current account.

## What to look out for: NFP

- China Caixin PMI (2 May)
- Hong Kong GDP (2 May)
- Indonesia inflation (2 May)
- FOMC (2 May)
- Malaysia trade (3 May)
- US NFP and PMI services (3 May)

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