

ASEAN Morning Bytes

Risk sentiment will likely fade quickly with the US and China starting the implementation of their new round of tariffs over the weekend.



EM Space: : Traders to seek safety with trade war escalating

- **General Asia:** Risk-taking will likely take a backseat on Monday with investors focusing on the escalating US-China trade war while investors will get a further glimpse of China manufacturing through the Caixin PMI likely showing contraction as the ill effects of the trade tension continue to weigh on activity.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) expects the August inflation between 1.3-2.1%, down from 2.4% in July. The lower oil, rice and electricity prices, and continued favourable base effect pushes headline inflation below the BSP's 2-4% inflation target. Slowing inflation and lackluster growth in 1H opens the door for further BSP easing with Governor Diokno pledging another 25 bps rate cut before year-end.
- **Thailand:** August CPI is due with consensus looking for a slowdown in the headline inflation to 0.6% YoY from 1.0% in July and little-changed core inflation at 0.4%. Falling transport component inflation continues to offset the firmer food component. We don't see inflation drifting away from the low end of the BoT's 1-4% policy target this year and, with weak growth, the BoT continue to cut rates.
- **Indonesia:** August CPI is due today with consensus pointing to a slight acceleration on prices to 3.51%, right at the midpoint of the 2.5-4.5% target. Bank Indonesia (BI) Governor

Warjiyo forecasts it to settle at 3.47%, right at market expectations as temporary factors have caused prices of select food items to rise. Meanwhile, the Governor expects 3Q GDP to improve slightly from the reading in 2Q (5.05%) as the central bank is cutting policy rates to bolster momentum.

What to look out for: Asian manufacturing and US jobs

- China Caixin PMI manufacturing (2 September)
- India PMI manufacturing (2 September)
- Indonesia inflation (2 September)
- Taiwan PMI manufacturing (2 September)
- Thailand inflation (2 September)
- South Korea PMI manufacturing (2 September)
- Singapore PMI manufacturing (3 September)
- South Korea inflation and 2Q GDP (3 September)
- US ISM PMI manufacturing (3 September)
- China Caixin PMI services (4 September)
- Fed Rosengren and Williams speech (4 September)
- India PMI services (4 September)
- Malaysia trade (4 September)
- US trade (4 September)
- Philippines inflation (5 September)
- India current account (5 September)
- US durable goods (5 September)
- Fed Bowman, Kashkari, Evans and Bullard (5 September)
- Hong Kong GIR (6 September)
- Malaysia GIR (6 September)
- Taiwan inflation (6 September)
- US NFP (6 September)

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