

ASEAN morning bytes

General market tone: Wait and see.

Bluechip technology shares weighed on overall sentiment with major stock indices falling on Monday. Lackluster US housing data sent bond yields lower, which were already pressured by dovish comments from a Fed official.



International theme: US-China trade spat in focus while investors watch oil

- The US dollar pulled back on falling Treasury yields with investors now cautious about the Fed's dot plots in 2019 in the wake of Clarida's comments. Poor outlook for heavyweight tech shares dragged on overall sentiment with investors turning to OPEC for direction on oil prices.

EM Space: Should we start worrying about global growth?

- **General Asia:** Asian equity markets may take their cue from the retreat of tech shares overnight. Energy players may also be struggling given the recent slide in oil prices with investors now more concerned about the overall pace of global growth, especially with the cloud of uncertainty in US-China trade relations.
- **Indonesia:** Financial markets are on holiday today for the Prophet's birthday.

- **Malaysia:** Financial markets are on holiday today for the Prophet's birthday.
- **Thailand:** The 3Q18 GDP slowdown (3.3% vs. 4.6% in 2Q) is bad enough to dent the official optimism about the economy this year and the next, with expectations of continued 4%-plus GDP growth. We have cut our growth forecast for 2018 from 4.2% to 4.1% but maintain a 3.8% forecast for 2019. The persistent downside growth risk should dampen the central bank's recent hawkish rhetoric on tightening ([read more here](#)).
- **Philippines:** China's Xi Jinping is visiting the Philippines today with up to 135 deals set to be signed during his visit. Reports indicate that a Chinese firm would be investing up to \$2 bn in an industrial estate, which coincides with the first day of trading of the Yuan spot market in the Philippines.
- **Philippines:** The balance of payments for October was reported at -\$458m, slightly wider than the -\$368m in October 2017 but an improvement from September's \$2.696bn deficit. Portfolio flows for the same month showed an outflow of \$67.83m, indicating that the current account deficit was offset to some extent by possible direct investment inflows.
- **Philippines:** Budget Secretary Diokno indicated that the government was confident in keeping the budget deficit at 3% of GDP in 2018 after concerns mounted of a possible breach after 3Q numbers were reported. Diokno indicated that revenues are seen to ramp up towards the close of the year and that spending may pull back. Thus, 4Q GDP may face an uphill battle to crest the 6% handle with consumption, investment and government spending all seen to taper off.

What to look out for: US-China trade developments

- 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)