ASEAN Morning Bytes

General market tone: Risk-off.

The fallout from the trade war seen to spillover to the technology sector in Asia as the trading begins today.

2.8% Consensus on Thai GDP growth in 1Q

EM Space: At the mercy of US-China trade war

- **General Asia:** Technology shares were pushed lower by concerns about the fate of a Chinese technology in the US which is set to hit suppliers in Asia. Meanwhile, oil prices continued to nudge higher as OPEC signals an extension to output curbs while the Fed remains neutral.
- **Singapore:** 1Q19 GDP growth is confirmed at 1.2% YoY, a downgrade from the 1.3% initial estimate making it the slowest pace in over six years. The sustained double-digit declines in exports in April will weigh on manufacturing and GDP growth in the current quarter, making it increasingly difficult for the central bank (MAS) to maintain its tighter policy stance going forward.

- **Thailand:** 1Q19 GDP report due today is likely to show a sharp slowdown in growth; the consensus centered on 2.8% year-on-year growth is the lowest in four years and down from 3.7% in 4Q18. This combined with heightened trade tension will make it increasingly hard for the Bank of Thailand to sustain its hawkish rhetoric going forward. We are reviewing our on-hold forecast for the BoT policy this year.
- **Indonesia:** The government seeks to achieve an acceleration of growth to 5.3%-5.6% range in 2020 (from 5.2% in 2018) despite concerns about slowing global growth and the poor performance of its export sector. Finance Minister Indrawati indicated that next year's investment growth would top 7% while government spending would grow by double-digits after President Jokowi indicated he would like growth to accelerate in the coming year aided by state spending.
- **Philippines:** The balance of payments posted a $467m surplus in April, taking the gross international reserves to a multi-year high of $84bn. Financial account flows in the first four months of the year offset sustained current account weakness with the government likely tapping the global bond market again in 3Q with a JPY-denominated bond issue.

What to look out for: GDP numbers from region and FOMC minutes

- Thailand GDP (21 May)
- Fed Rosengren (21 May)
- Thailand trade (22 May)
- Fed Bullard, Williams, Bostic (22 May)
- Hong Kong CPI (23 May)
- US initial jobless claims (23 May)
- FOMC minutes (23 May)
- Malaysia CPI (24 May)
- Fed Kaplan (24 May)
- Taiwan GDP (24 May)

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