

ASEAN morning bytes

General market tone: Risk-off.

Risk off tone dominated Tuesday's session with technology shares tanking while a retail giant also took a hit on poor earnings. Negative sentiment stems from concerns about economic growth with the US-China trade spat still up in the air while oil prices plunge.



International theme: Oil quickly reverses on Trump comments on Saudi

- The US dollar bounced but mainly on a safe-haven bid with equity markets rocked by poor earnings and tanking tech shares. Uncertainty on the outlook for oil forced crude prices to drop, weighing further on risk sentiment.

EM Space: Asia seen to track the free-fall

- **General Asia:** Asian equity markets will likely be rocked to open on Wednesday with Wall Street seeing a rough session overnight. Poor earnings, falling tech shares and plunging crude oil prices, all point to a sell-off.
- **Thailand:** The October trade report is due. We share the consensus view that the trade balance returned to the deficit after a one-off surplus in September even as lower oil price likely to have depressed import growth. A surge in oil imports has caused a significant dent

to the trade surplus in the first nine months of this year, supporting our forecast of a narrower current surplus of about 7% of GDP in 2018 than 11% in 2017.

- **Philippines:** The state visit of Xi Jinping to the Philippines yielded 29 agreements at the onset of his visit to Manila, including an energy exploration deal in the West Philippine Sea. Details for the agreements remained scant so markets will be watchful for dollars and cents for actual investment signings during the second day of Xi's visit.
- **Philippines:** Retail pump prices were slashed for a 6th straight week with local fuel prices tracking the global crude oil price downtrend. Gasoline and diesel prices were cut by roughly PHP 1.25 and PHP 1.10, bringing the year-to-date increase in pump prices to PHP 2.65 and PHP 6.0 respectively. This development validates that inflation had peaked in 3Q and will likely trend lower in the coming months.
- **Philippines:** Prices for the all-important staple rice continues to trend lower with the latest report showing another 0.88% weekly drop in the first week of November. However, the year-on-year rice price inflation remains elevated, albeit some slowdown to 16% from 20.7% in October. Meanwhile, the government finally secured supply of 500,000 MT at its bidding on Tuesday with stocks seen for delivery at end-December and end-January. This will benefit the inflation path further although headline prints still seen to be above 6%.

What to look out for: Oil prices

- 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)

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