ASEAN Morning Bytes

General market tone: Slight risk-on. Investors continue to react positively to the recent round of US-China trade tariffs with market players judging them to be less severe than initially anticipated. However, investors must be mindful that the US tariff jumps from 10% to 25% in only a few months down the line

International theme: Trump twitter account remains busy, turns his ire to OPEC

- Donald Trump turned his ire towards OPEC ahead of their meeting in Algeria with the US President calling on the "monopoly to get prices down now!". With the mid-term elections around the corner, Trump looks to curry favor with the voting public.
- Canada and the US appear miles apart on their trade negotiations with Canadian foreign minister Freeland sticking to script that talks remain constructive.

EM Space: Enjoying it while it lasts, CB meetings looms in the coming week

- **General Asia:** Asian financial markets are seen to open higher, taking their cue from the

rally overnight in the United States. Investors will likely take stock of the trade developments but it would be worthwhile to consider the stacked central bank meeting calendar in the coming week as the Fed is all but poised to hike yet again on Wednesday.

- **Thailand:** Thailand reports trade data for August. We estimate a trade surplus of $1.2 billion, a sharp positive swing from a $516 million deficit in July. Chinese tourist arrivals in Thailand fell by 11.8% YoY in August, a sign that services being a drag on the current account surplus in the last month. We forecast 2018 current surplus equivalent to about 9% of GDP, a modest dip from 11% in the past two years. This is still strong enough to sustain the THB as an Asian outperformer in the remainder of the year.
- **Indonesia:** Government officials continue to wield moral suasion, asking exporters to convert up to half of the receipts to the local currency and keep rest onshore for up to six months in a bid to stabilize the IDR. On top of these efforts, the central bank has retained its hawkish stance and is projected to hike rates by 25 bps at its meeting on 27 September, according to the latest Bloomberg survey.
- **Philippines:** BSP Officer-in-charge Chuchi Fonacier vowed to smooth out volatility in the FX market although the Peso continues to feel no love from traders. Mid-month corporate demand and sustained foreign selling in the local stock market (which also failed to join the regional rally) could be the reason for the weakness. Traders may also be skittish on the anniversary of the declaration of martial law given the heightened political tension onshore. The BSP is widely expected to hike rates by 50 bps on 27 September.

What to look out for: Calendar loaded with CB meetings

- FOMC meeting September 25-26
- Reserve Bank of New Zealand meeting September 27
- Bangko Sentral ng Pilipinas meeting September 27
- Bank of Indonesia meeting September 27
- US-Canada trade negotiations (deadline: end of September)
- Argentina-IMF credit line request (on-going)

Author

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose

possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit http://www.ing.com.