

## ASEAN Morning Bytes

General market tone: Risk-on.

Markets may tiptoe higher ahead of Jackson Hole as investors continue to price in a Fed rate cut.



### EM Space: Trump keeps pressure on Fed to cut with bargain hunting seen to lift Asia

- **General Asia:** Minutes of the most recent meeting pointed to a divided FOMC on communication with one camp favoring cutting as insurance as opposed to a long series of rate reductions. President Trump has kept on the rhetoric for rate cuts and markets appear to price in a rate cut in September despite robust data and some hawkish Fed speakers. Investors will likely push the market higher ahead of Jackson Hole on Friday but gains will likely be capped until we get more clarity from Fed Chair Powell.
- **Thailand:** Released alongside a surprisingly strong July trade growth signaling a [good start for the economy in 2H19](#), the BoT policy minutes noted that “more accommodative monetary policy would foster the continuation of economic growth and the return of headline inflation to target in the context of heightened uncertainties mainly from external factors”. While we expect the BoT to cut rates again this year, at least by 25bp, if not more, hopes also remain pinned on fiscal stimulus. The Thai cabinet has just cleared a \$10 billion stimulus package, likely lifting growth by 0.5-0.6%. Still, it seems a tough ask for the economy to outperform the 3% “new-normal” growth rate of recent years.

- **Indonesia:** Bank Indonesia (BI) meets today to discuss policy. The consensus forecast is no change to the BI policy. However, given a dovish undertone from finance minister Indrawati and previous hints by Governor Warjiyo for further rate cuts a growing minority expects BI to ease policy soon. We are in the majority forecasting no rate cut today, but we expect the central bank to telegraph a rate cut further until such time that the IDR exhibits more stability.
- **Malaysia:** Bank Negara Malaysia increased the income threshold for first time home buyers tapping the central bank's MYR 1 billion fund for affordable homes for financing their home purchases. The income ceiling is nearly doubled to MYR 4,360 from MYR 2,300 for a maximum property price of MYR 300k, also doubled from MYR 150k earlier. Macroeconomic policies in Malaysia continue to be consumer-friendly.

## What to look out for: Jackson hole on Friday

- Malaysia GIR (22 August)
- Taiwan unemployment (22 August)
- US Markit PMI manufacturing (22 August)
- Bank Indonesia (22 August)
- Japan inflation (23 August)
- Singapore inflation (23 August)
- Taiwan industrial production (23 August)
- Fed Powell speaks at Jackson hole (23 August)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto: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>.