

ASEAN Morning Bytes

General market tone: Risk-on.

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EM Space: Sentiment to recover in Asia after the Wall Street bounce.

- **General Asia:** The news of the US pushing back sanctions on Chinese tech giant was a relief for risky assets in the US yesterday. This bodes well for Asian markets today though gains could be capped ahead of the release of the FOMC meeting minutes.
- **Thailand:** Following yesterday's data showing a sharp slowdown in Thailand's GDP growth to a 4-year low of 2.8% YoY in the first quarter of 2019, we have revised our full-year growth outlook to 3.1% from 3.8%. Our view on the central bank (BoT) policy is also changed from no policy change this year to a 25bp rate cut at the next meeting in June. We don't see this severely impacting the THB's Asian outperformer status, which remains backed by the large current account surplus. That said, the April trade report due today is forecast to show swing in the trade balance to a deficit from a surplus in March.
- **Indonesia:** Incumbent President Jokowi secured a second term amidst protest from supporters of his rival Prabowo. The IDR steadied somewhat in reaction to the relatively peaceful proclamation with growth seen to be aided by government spending and a bid to

boost investment in the country.

- **Philippines:** The Philippines proclaimed the winners of the recent senatorial race early on Wednesday with the opposition party completely shut out of the upper house of legislators. President Duterte now commands both upper and lower chambers and this could help speed up the passage of key reforms and even spending budgets, tagged largely as the root cause of the poor 1Q GDP print, in the future.

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

- 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)