

ASEAN Morning Bytes

General market tone: Risk-off

Risk sentiment remains fragile with China reporting slower growth and Saudi Arabia disclosing piece-meal information on the Khashoggi case



International theme: China growth slows, Saudi reveals details of investigation

- Global markets remain on edge with Saudi Arabia shedding some light on the case of a missing reporter while investors continue to be concerned about the US-China trade war.

EM Space: Markets await backlash in oil markets but look to US GDP for direction

- **General Asia:** Markets saw an initial reaction to slowing China growth before steadying on Friday. Investors will wait and see the backlash of the investigation of a missing journalist while looking to US GDP data for direction.
- **Thailand:** September trade data is due today. We share the consensus view that the trade balance swung back to surplus after two consecutive months of deficits. This is despite a sustained slowdown in export growth. Although trade and current account surpluses have been narrowing this year, they are still large enough to sustain a positive investor sentiment

towards the THB. The political uncertainty in the run-up to general elections, which Prime Minister Prayuth indicated will be held between February to May 2019, will be the potential headwind.

- **Indonesia:** Indonesia is set to decide on the monetary policy on Tuesday with the majority of analysts expecting the central bank to hold off on rates given the relative stability seen in the IDR of late. Bank Indonesia's Governor Warjiyo was quoted as saying that "supply and demand in the forex market run quite well and the IDR rate shows stable movement".
- **Philippines:** The initial imports of 250,000 MT of rice last September appears to have borne some fruit with prices for the staple slipping 1.2% week-on-week although year-on-year growth rates remain elevated at 19.84%. Efforts to flood markets with supply to lower prices may have hit a snag as the government reported only 46,000 MT out of the 250,000 MT for the October tranche have successfully been bid out. This may mean that even if inflation has peaked, the deceleration of prices may be much slower.
- **Philippines:** The Department of Labor and Employment (DOLE) forecasts a 20-30% drop in the deployment of Filipino workers to the Kingdom of Saudi Arabia due "Saudization". Despite the projected fall in deployment, the DOLE downplayed the possibility of massive layoffs of existing workers. However, a slowdown in deployment may lead to a weaker remittance haul and exert more pressure on the Peso to weaken.

What to look out for: 3Q US GDP and ECB meeting

- Thai trade data (22 October)
- Bank of Indonesia meeting (23 October)
- Fed Kashari (23 October)
- Fed Kaplan and Fed George (24 October)
- US new home sales (24 October)
- Korea 3Q GDP (25 October)
- ECB meeting (25 October)
- Fed Bostic and Fed Mester (25 October)
- US durable goods orders (25 October)
- US 3Q GDP and core PCE (26 October)
- Fed Clardia (26 October)