ASEAN Morning Bytes

Asian markets likely to move sideways as investors look to Jackson Hole for direction

EM Space: All eyes on Jackson Hole in Wyoming

- **General Asia:** Asian markets may tick higher tracking gains on Wall Street last Friday as market participants continue to gauge global growth prospects and the fate of monetary stimulus. Fed speak last Friday was surprisingly dovish with President Kaplan suggesting a possible slight delay to the taper should the delta variant have an impact on overall economic activity. This week developed markets feature PMI manufacturing figures, with Australia kicking off reporting with relatively less upbeat manufacturing numbers in light of the delta variant and recent developments in China. The US economic calendar includes housing data, initial jobless claims and 2Q GDP revised estimates. The main focus for the week however will remain the Jackson Hole symposium beginning on Thursday. With the delta variant becoming more pervasive, the event will now be held online suggesting that attending central bank officials are cognizant of the rising threat of the current delta strain. Investors will be locked on to the event for any clues to the timing and pace of the taper as well as the eventual Fed rate hike.

- **Singapore:** July consumer price data is due today. We expect inflation to ease to 2.2% YoY from 2.4% from the previous month. This stems from lower housing inflation due to Services and Conservancy Charges (S&CC) rebate for public housing. However, a 3.8% hike in the electricity tariff for the current quarter offsets some of the S&CC effect. Core inflation probably ticked up to 0.7% YoY from 0.6%. At this rate, annual average headline inflation should exceed the MAS's 0.5% to 1.5% forecast range, but the core rate should be within 0% to 1%. We don't see any significant policy implications from this data, with the MAS likely staying on a neutral policy course in the October statement.

- **Malaysia:** The local markets should breathe some life as the new government led by Prime Minister Ismail Sabri Yaakob took charge over the weekend. While this ends the months-long political uncertainty, it remains to be seen if the relief is lasting, which will be tested by the confidence vote the new prime minister will face over coming days. Meanwhile, the economy continues to get thrashed by the latest Covid-19 outbreak; daily new cases hit a record of 23,564 last Friday. A key economic data to look out for this week is July inflation, which should decelerate to 2.9% YoY from 3.4% previously on softer demand and high base effect. No change in our end-2021 USD/MYR view of 4.40 (spot 4.23).

What to look out for: Jackson Hole conference and Covid-19 developments

- Singapore CPI inflation (23 August)
- Taiwan industrial production (23 August)
- US Markit PMI and existing home sales (23 August)
- Thailand trade balance (24 August)
- US new home sales (24 August)
- Malaysia CPI inflation (25 August)
- US durable goods orders (25 August)
- Singapore industrial production (26 August)
- Hong Kong trade (26 August)
- Bank of Korea (26 August)
- US initial jobless claims, GDP, personal consumption (26 August)
- China industrial profits (27 August)
- Malaysia trade balance (27 August)
- US consumer sentiment (27 August)