

ASEAN Morning Bytes

General market tone: Risk-off.

Risk sentiment to seesaw back to caution with renewed trade tensions seen to push markets lower in Asia.



1.3%

Consensus on Singapore April core inflation

Down from 1.4% in March

EM Space: Tech shares seen to take hit again on Wednesday

- **General Asia:** Wall Street swung back into losses as the US appears set to hit more technology companies from China. Meanwhile, Fed minutes pointed to dovish moves in the near term with the FOMC looking to lower the reverse repo rate after they decided to lower the interest rate on excess reserves.
- **Singapore:** April CPI data is due. Consensus suggests a further small decline in the MAS (Monetary Authority of Singapore) core rate, which will support thoughts of an October reduction in the SGD nominal effective exchange rate appreciation path currently pursued.
- **Thailand:** April trade deficit of \$1.5bn was a larger than expected negative swing from \$2bn surplus in the previous, thanks to a much smaller decline in imports while exports continued

to be weak. The Bank of Thailand's released the minutes of policy meeting in early May, noting current accommodative policy as appropriate for the economy. It also noted political uncertainty as adversely affecting public and private investment. The balance of economic risks is clearly tipped toward growth. We anticipate a 25bp BoT rate cut at the next policy meeting in mid-June.

- **Indonesia:** President Jokowi was proclaimed on Tuesday which sparked civil unrest from supporters of his challenger Prabowo with the demonstrations turning violent. The government has called for calm while the central bank has pledged to maintain stability in both the bond and currency markets. IDR will take its cue from the political situation with Bank Indonesia seen to be in the market again to help stabilize the currency.

What to look out for: Trade developments

- Hong Kong CPI (23 May)
- US initial jobless claims (23 May)
- Malaysia CPI (24 May)
- Fed Kaplan (24 May)
- Taiwan GDP (24 May)