

ASEAN Morning Bytes

Lack of fresh leads to keep investors sidelined on Monday



EM Space: Investors will be looking forward to comments from Powell later in the week

- **General Asia:** Investors will likely be defensive on Monday, awaiting economic data reports and the Jackson Hole symposium later in the week for more direction. Covid-19 developments show some promising signs in the US while other countries in Europe and Asia deal with a recent emergence of hotspots after reopening their economies. Regional data features Thailand trade, Singapore's inflation and industrial production from Taiwan with investors looking to comments from Powell later in the week for further direction.
- **Singapore:** July CPI inflation data is due today. The current negative inflation trend started in April when the government's Covid-19 circuit-breaker was introduced and has remained below zero since (the circuit breaker started to be relaxed on June 2 with further relaxation on June 19). We see more negative inflation of -0.7% YoY in July compared to -0.5% in June. This mainly results from a rebate of services and conservancy charges (S&CC) for public housing (these rebates are provided for the first month of the quarter) and a 15% cut in the electricity tariff for 3Q20. We also expect core inflation to weaken to -0.3% YoY from -0.2%. As in most Asian economies with negative inflation, we see Singapore's negative trend lasting through the end of the year, or maybe beyond.
- **Thailand:** July trade data is likely to show another big trade surplus. We estimate \$2.4

billion vs. \$1.6 billion in June, as import weakness outweighed export weakness. Our forecasts for export and import growth in the month are -13.0% YoY and -23.5%, respectively. We continue to see net service outflows due to weak tourism offsetting the wide merchandise trade surplus and this has halved the current account surplus this year from 7% of GDP in 2019. The THB has been an Asian underperformer so far this year and is likely to remain so over the remainder of the year.

What to look out for: Covid-19 developments

- Thailand trade (24 August)
- Singapore inflation (24 August)
- Taiwan industrial production (24 August)
- Consumer confidence and new home sales (25 August)
- Singapore industrial production (26 August)
- Hong Kong trade (26 August)
- US durable goods orders (26 August)
- Bank of Korea meeting (27 August)
- US 2Q GDP, initial jobless claims and pending home sales (27 August)
- Fed's Powell speech (27 August)
- Malaysia trade (28 August)
- Thailand gross international reserves (28 August)
- US consumer sentiment (28 August)

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