

ASEAN Morning Bytes

General market tone: Risk-off.

Trade tensions are seen to weigh on market sentiment again on Friday with Fed officials coy about moving.



EM Space: Beijing and Washington continue to trade barbs and possibly tariffs.

- **General Asia:** Sentiment overnight remained negative with Beijing and Washington trading barbs about the ongoing trade spat. Fed officials remained non-committal to acting on rates in either fashion with key officials preaching caution amidst the trade debacle. Oil prices took yet another tumble, this time on global growth fears.
- **Singapore:** April industrial production data is due. Yet another weak export reading in April, down 10% YoY, sustain the negative trend in manufacturing and GDP growth. Yesterday's CPI data was in line with the consensus estimate of 0.8% headline and 1.3% core inflation (vs. 0.6% and 1.4% respectively in March). Slowing growth and core inflation support a view of some easing in the MAS (Monetary Authority of Singapore) policy in October with a reduction in the SGD nominal effective exchange rate appreciation path in October.
- **Malaysia:** April CPI data is due today. The administered fuel price cut in January was partly reversed in March pushing inflation back into the positive territory after two consecutive months of negative. The base year effect could nudge it up in line with the consensus

forecast to 0.4% YoY in April from 0.2% in March, though the risk remains tilted on the downside from the weakness of consumer spending seen in latest GDP figures.

- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) reduced reserve requirements (RRR) for smaller banks by 2% in phases. Similar to the cut in commercial banks in terms of schedule, the move would release roughly PHP 16bn into the system after all the reductions are carried out. The move shows dovish leaning of the current Governor who is expected to cut both policy rates and RRR further in 2019.

What to look out for: Trade developments

- Malaysia CPI and GIR (24 May)
- Singapore industrial production (24 May)
- Fed Kaplan (24 May)
- Taiwan GDP (24 May)