

ASEAN Morning Bytes

General market tone: Wait and watch.

Investors will likely remain in holding pattern awaiting the G20 meeting for direction.



EM Space: Caution dominate amid US-Iran nuclear and US-China trade tensions

- **General Asia:** Regional markets will likely be in holding pattern with the fate of the US-China trade negotiations in the balance ahead of the G20 meeting later in the week. President Trump has also upped the ante on Iran with more tougher sanctions including the top leadership.
- **Malaysia:** Speaking at an event in Kuala Lumpur yesterday, IMF's managing director Christine Lagarde highlighted the need for a productivity boost to put Malaysia on the path to high-income status over the next decade. Meanwhile, she praised improved governance and anti-corruption policies, growing education investment, and efforts to encourage more women in the labor force. 4-5% GDP growth is our baseline for the Malaysian economy for the medium-term.
- **Indonesia:** Indonesia surprisingly posted a trade surplus of \$208 million for the month of May as a 17.7% YoY fall in imports far outweighed 9% fall in exports. Exports of non-oil products were down 8.2% as the ill effects of the trade war between the US and China bites while import weakness was across-the-board in consumer goods, raw and intermediate

materials, and capital goods. The government has guided policies towards improving the external payments situation. However, the improvement in the trade surplus may come at a cost less raw materials and capital imports for companies.

- **Thailand:** May manufacturing production data is due today. We share the consensus view that growth returned to negative territory in the last month after a one-off positive in April amid steeper export declines. Economic activity data has been supportive of our call of a 25bp BoT policy rate cut tomorrow, which is an outlier in the consensus view backing the stable policy. [Here](#) is more on why we think the BoT should ease the policy.

What to look out for: Fed speakers and G20 meeting

- US consumer confidence (25 June)
- Hong Kong trade (25 June)
- Fed Bostic, Williams, Powell and Barkin speak (25 June)
- US durable goods (26 June)
- Bank of Thailand meeting (26 June)
- Singapore industrial production (26 June)
- Malaysia inflation (26 June)
- US 1Q GDP 3rd estimate (27 June)
- Bank of Korea (27 June)
- US Michigan sentiment (28 June)