

ASEAN Morning Bytes

General market tone: Risk-off.

Markets pulled back in the United States as poor housing data and uninspiring earnings hit risk sentiment



International theme: Investors wait on ECB and US GDP print for direction

Disappointing new home sales data out from the US coupled with slowing PMI numbers out from the Eurozone sapped risk sentiment from the market. Investors now look to the ECB meeting and 3Q GDP print from the US for direction.

EM Space: Asian markets likely to move sideways with downward bias

- **General Asia:** Asian markets are likely to move sideways with a downward bias after the poor showing on Wall Street while poor Korean 3Q GDP is likely also seen to drag on risk appetite.
- **ASEAN:** Strengthening bi-lateral economic ties towards an “enhanced strategic economic partnership” status, Malaysia and Thailand have agreed to open up their borders for 24-hour cross-border trading. Malaysia’s Prime Minister Mahathir is on a two-day visit to

Thailand.

- **Philippines:** Negotiations for wage petitions are on-going with employers offering a Php20 pay hike, much lower than the request for a Php344 increase in minimum wage. The Php20 increase in wages will be in-line with BSP's recent assumption wage adjustments, which is currently factored into their forecast for 2018 and 2019 inflation.
- **Philippines:** The government is looking to import 203,000 MT of rice via government-to-government deals after its recent auction only attracted private companies to supply 43,000 MT of the allocation of 250,000 MT. If done quickly, this will help augment supply in the coming months going into December with the recent data showing rice prices have continued to trend lower, down 0.5% week-on-week for regular-milled rice.

What to look out for: 3Q US GDP and ECB meeting

- ECB meeting (25 October)
- Fed Bostic and Fed Mester (25 October)
- US durable goods orders (25 October)
- US 3Q GDP and core PCE (26 October)
- Fed Clardia (26 October)