

## ASEAN Morning Bytes

Reports suggesting the US and China moving closer to a trade deal bode well for market sentiment today.



### EM Space: Some positive trade news

- **General Asia:** A tabloid report from China suggested that a trade deal was now closer to signing, supporting a positive market sentiment amid still weak activity growth as maybe reinforced by manufacturing and trade figures from the region today.
- **Singapore:** Today's industrial production data for October will serve as an initial guide to GDP growth in the last quarter of the year. Continued weak non-oil domestic exports with a 12.3% YoY fall in October suggests -1.4% YoY consensus on IP a bit optimistic. However, significant seasonality and volatility in this data mask the underlying trend, which seems to be rather improving. The six-month annualised growth of NODX and IP has been moving up, which the central bank (MAS) will likely regard as sufficient reason to leave policy on hold at its next review in April 2020.
- **Thailand:** The Bank of Thailand (BoT) Governor Veerathai Santiprabhob flagged more central bank policy easing "if needed". However, he ruled out taking the policy rate, which currently sits at the record low of 1.25%, below zero, noting the structural problems this could cause. The GDP growth has bottomed out and so is the BoT policy rate, in our view ([read more here](#)).
- **Philippines:** The government budget was in PHP 49.3 billion deficit in October as the

government accelerated pent-up spending. The cumulative deficit of PHP 348 billion in the 10 months of the year accounts for 80% of the full-year target. We expect government spending to accelerate in the last two months of the year as the nation hosts the Southeast Asian games, which should complement other growth sectors to push GDP growth past the 6% handle in this quarter. Meanwhile, Bangko Sentral ng Pilipinas (BSP) Governor Diokno struck a dovish tone overnight, indicating that a rate cut before the year-end was still a possibility with inflation staying well below their target.

## What to look out for: US data

- Singapore industrial production (26 November)
- Hong Kong trade (26 November)
- US consumer confidence, trade and new home sales (26 November)
- Fed Powell speech (26 November)
- China industrial profits (27 November)
- Thailand manufacturing (27 November)
- US 3Q GDP, durable goods orders and core PCE (27 November)
- Fed Brainard speech (28 November)
- Fed beige book (28 November)

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