

ASEAN Morning Bytes

Game of Throes: President Trump hints that a deal is close but investors need more evidence.



EM Space: Trump signals progress on trade deal

- **General Asia:** Keeping hopes for a partial trade deal before the end of the year alive, President Trump indicated that trade negotiations were in the “final throes”, though he was holding up a deal that's 'Got to Be Good'. However, the lack of follow-through evidence keeps investors on the sidelines as they watch China's industrial profits data to know where all this is taking the economy.
- **Singapore:** In a big upside surprise, industrial production (IP) bounced by 4.0% YoY and 3.4% MoM SA in October. Data points to continued upward GDP growth momentum in the current quarter, which the MAS will likely regard as sufficient reason to leave policy on hold at its next review in April 2020 ([read more here](#)).
- **Thailand:** The government yesterday rolled out additional stimulus worth \$3.3 billion (0.6% of 2018 GDP) to support growth. Almost all of it is directed toward additional support to farmers and village cooperatives. October manufacturing data today will inform about the direction of GDP growth in the current quarter. The consensus is a slightly steeper 5% YoY fall in output than September's 4.7% fall in September. We continue to look for signs of bottoming of activity. We are seeing this in exports but not yet in manufacturing, which means continued sluggish GDP growth in the current quarter. Even so, we don't think the

BoT will ease the policy again at the December meeting, more unlikely now that the government has unveiled more stimulus.

- **Malaysia:** Finance Minister Lim Guan Eng expects the economy to gain traction in the last quarter of the year after GDP growth slowed to 4.4% YoY in 3Q. He is confident of the annual growth meeting the government's projection of 4.7%. Even if the fourth quarter is a seasonally strong growth quarter, the unfavourable base effect is likely to dent the year-on-year growth further (ING forecast 4.1%), imparting the downside risk to the official growth forecast for the year. We continue to see the central bank (BNM) cutting rates at the next policy review in January.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor Diokno continued his dovish rhetoric indicating that a policy rate cut at the December meeting was a real possibility. The BSP has cut rates by a cumulative 75 bps in 2019 and Diokno pledged to remain data-dependent in his policy decisions. These dovish undertones could keep the Peso on the backfoot ahead.

What to look out for: China industrial profits and US GDP

- 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)