

ASEAN Morning Bytes

General market tone: Wait and watch.

Market players continue to tread water and await further cues on the trade front as President Trump downplays the likelihood of a deal with China anytime soon



EM Space: Trump says he's "not ready" for a trade deal with China

- **General Asia:** Trump indicated that he was not ready for a trade deal with China although he did say that both sides were making progress in talks. Crude oil prices jumped on Middle East tension and the sustained cuts by the OPEC.
- **Thailand:** April industrial production is due. The Songkran (Thai New Year) holiday typically dents economic activity in April. The added whammy this year is weak exports, imparting downside risk to the consensus of -0.9% YoY industrial production growth (ING forecast -1.5%). Data sustaining GDP growth on the weakening path strengthens our view of a 25bp central bank policy rate cut at the next meeting in June. On the political front, Bhum Jai Thai, one of two swing parties, has thrown in its support for the pro-junta alliance led by Palang Pracharat Party, bringing it close to forming the government. The Democrat party hasn't yet accepted the invitation to join the alliance.
- **Indonesia:** Bank Indonesia officials shared that the central bank would like to help support the growth objective on top of providing financial market stability. Senior Deputy Governor

Mirza Adityaswara indicated that they would continue to monitor the current account deficit while also ensuring enough liquidity in the market.

- **Philippines:** The Philippines is looking to sell up to \$1 bn worth of JPY-denominated bonds sometime in the third quarter with the government setting a non-deal roadshow sometime in June to gauge demand. The Philippines has been quite active in the foreign currency bond market albeit thin volume given the government's preference for local debt.

What to look out for: US and China data

- US consumer confidence (28 May)
- US GDP (30 May)
- Fed Potter (30 May)
- China PMI manufacturing and services (31 May)
- Thailand GIR and trade (31 May)
- Bank of Korea meeting (31 May)
- Indonesia money supply (31 May)
- Philippines money supply (31 May)
- Fed Clarida and Bostic (31 May)
- South Korea trade (1 June)

-1.5% ING forecast of Thai IP growth in April