

ASEAN Morning Bytes

General market tone: Risk-off.

Trade concerns continue to fester and will likely weigh on sentiment on Wednesday.



EM Space: No news means bad news for risk sentiment as dealers likely to pull back

- **General Asia:** With scant developments on the trade front, market players will likely focus on the sustained dip in US Treasuries yields. Fears of a full-blown trade war will likely grip markets again on Wednesday. Crude oil prices inched higher with supply disruptions feared in the US market.
- **Thailand:** A surprising rebound in manufacturing in April bodes well for GDP growth in the current quarter, though we don't think the worst is over just yet and maintain our call of a central bank policy rate cut in June. Highlighting the lack of fiscal support for the economy, finance ministry yesterday announced a delay in the budget for fiscal 2020 (Oct 2019-Sep 2020) by three months due to the transition to a new government. During the transition period, outlays would be capped at 50% of that budgeted for current fiscal 2019. Weak government spending boosts the case for a June rate cut in our view.
- **Philippines:** The Philippines improved in terms of global competitiveness, according to the Institute for Management Development (IMD), nudging higher to 46th out of 63 from the previous ranking of 50th as economic growth remained robust and labor market

developments were positive. Despite the improved, the Philippines lagged the rest of the region, placing 13th among 14 Asia Pacific countries.

- **Singapore:** Singapore displaced the US as the world's most competitive economy, reclaiming the top spot it last had in 2010.

What to look out for: US and China data

- 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)