

ASEAN Morning Bytes

Trump set to announce “new policies on China” later on Friday



EM Space: US-China tension escalating after Hong Kong legislation

- **General Asia:** Donald Trump is set to announce possible sanctions against China later on Friday which could translate to a revival of the trade war. Trump was also busy announcing possible modifications to legislation that protects social media platforms such as Twitter and Facebook. Fed Chairman Powell is set to speak later on Friday but trading direction will likely be driven more by the announcement by Trump or possible retaliation from China.
- **Thailand:** Balance of payments data for April are expected to show a sharp swing taking the current account to a deficit of about \$750 million from a \$697 million surplus in March. This swing stems from net outflows on the services side, while the trade balance continued to post a strong surplus in April (\$2.5 billion on customs basis). Despite all this, the THB has been performing strongly since April and is already back to being Asia’s top currency this month. Covid-19 is under control currently in Thailand, but the hit to the current account from weak exports and tourism remains a headwind for THB appreciation ahead.
- **Indonesia:** President Jokowi continues to ready the economy for reopening as he instructed government officials to draft guidelines to operate the tourism sector under the new normal. The tourism industry will be one of the hardest hit by the pandemic with foreign travel restricted with Jokowi indicating that tourism should focus on local consumers in the

meantime.

- **Philippines:** President Duterte will relax lockdown restrictions on 1 June in a bid to jumpstart the economy after an almost three-month lockdown. The announcement to remove restrictions comes a day after the country recorded its highest new daily infection count to date (539 new cases) with health officials citing cluster infections among migrant workers as the main reason for the recent spike. The move will help restore some economic activity but leaves the door open for a possible second wave of the virus and a potential second lockdown as well.

What to look out for: Covid-19 developments

- Thailand trade (29 May)
- US core PCE, consumer sentiment and whole sale inventories (29 May)
- Philippines bank lending (29 May)
- Fed Powell speech (29 May)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.