

ASEAN Morning Bytes

General market tone: Wait and see.

The investors are likely to remain in the holding pattern, awaiting some news on the US-China trade talks as well as the Fed policy decision tomorrow.



EM Space: Markets play the Fed waiting game

- **General Asia:** The investors will continue to tread water awaiting news on the ongoing US-China trade talks as well as the US Fed's policy decision tomorrow, while the Bank of Japan's policy statement today may have some forward guidance with the central bank on the cusp of easing.
- **Indonesia:** Indonesia is looking for creative ways to source funding with the finance ministry floating the possibility of a diaspora bond and panda bond issuances in the near term. In particular, the finance ministry is looking into diaspora bonds given the exposure of the Indonesian bond market to foreign holdings. Indonesia continues to run a current account deficit and has been relying on the financial account but given the substantial amount of foreign holdings, both the bond and currency markets remain susceptible to sharp swings should sentiment swing.
- **Thailand:** We will be reviewing our 3.0% GDP growth forecast for the second quarter of the year in light of the June manufacturing data to be released today. Exports declines deepened in 2Q and so did manufacturing decline, dragging GDP growth lower. On the flip side, a low base effect may help in some pick up of GDP growth from a four-year low 2.8%

in 1Q. With the Bank of Thailand's 3.3% GDP growth forecast for 2019 (revised recently from 3.8%) subject to asymmetric downside risk, the case for a policy rate cut at the 7 August meeting remains strong.

- **Malaysia:** The Malaysian Institute of Economic Research, a local think-tank, revised its 2019 growth forecast upward to 4.6% from 4.5% previously. However, the Institute downplayed the optimism on future growth noting global headwinds. The economy is holding up relatively well and is thus bucking the growth forecast downgrade trend observed elsewhere in the region. We await 2Q GDP data in mid-August before revising our 4.6% full-year growth forecast higher.

What to look out for: Trade talks and Fed

- Thailand manufacturing production (30 July)
- BoJ policy balance rate (30 July)
- US personal income(30 July)
- US pending home sales (30 July)
- Korea industrial production (31 July)
- China PMI non-manufacturing (31 July)
- Australian inflation (31 July)
- Thailand trade (31 July)
- Taiwan GDP (31 July)
- Fed meeting (31-July 1 August)
- Korea inflation (1 August)
- Korea trade (1 August)
- Taiwan PMI manufacturing (1 August)
- China Caixin PMI manufacturing (1 August)
- Thailand inflation (1 August)
- Hong Kong retail sales (1 August)
- Indonesia inflation (1 August)
- Malaysia trade (2 August)

-3.5%

ING forecast of Thailand's June manufacturing growth

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