

ASEAN Morning Bytes

General market tone: Wait and see.

The investors are expected to stay on the sidelines ahead of the G-20 Summit where Trump-Xi meeting on trade steals all the attention.



International theme: G-20 Summit, Trump-Xi meeting, FOMC

- The key highlight of the weekend G-20 Summit is the meeting of US President Trump and Chinese President Xi Jinping on the trade tensions. Hopes of a breakthrough may be misplaced, but the fact that both sides are coming to the table to discuss the issue is in itself a positive for markets for now.
- Among other things, diplomacy between the US, Russia, and Saudi Arabia will be closely watched for what it means for oil prices.
- Carrying forth a dovish tone from Chairman Powell's speech (or the other way round) the FOMC minutes signaled more flexible policy approach going into 2019. According to the ING house view, the Fed policy currently can no longer be described as 'accommodative', but it remains some way off from being restrictive.

EM Space: Investors seen on the sidelines ahead of G-20

- **General Asia:** Investors are likely to stay on the sidelines ahead of the G-20 where Trump-Xi meeting on trade steals all the attention. Any positive outcome from the Trump-Xi meeting

will be positive for markets, but that's something for Monday, after the end of G-20 Summit.

- **Indonesia:** Bank Indonesia (BI) director Hendarsah indicated that the central bank would “provide room” for the IDR to strengthen in line with market mechanisms. Emerging market currencies had reacted to dovish comments from Fed's Powell with the BI showing it would let the currency appreciate and continue to regain some lost ground for the year.
- **Philippines:** The Bangko Sentral ng Pilipinas forecasts November inflation to fall between 5.8-6.6% as the recent plunge in global crude prices have reflected substantial declines in domestic pump prices. Governor Espenilla indicates that the CPI trends show that inflation should revert to target by 2019-2020.
- **Thailand:** October balance of payments data is due. Our view of a narrowing in the current account surplus to \$2bn from \$2.4bn in September is consistent with consensus. A Bank of Thailand's policymaker Somchai Jitsuchon pointed to the US-China trade spat as being the key risk to growth going forward.

What to look out for: G-20, China PMI

- China manufacturing PMI (30 November)
- G20 meeting (30 November)
- OPEC meeting (6 December)