

ASEAN Morning Bytes

General market tone: Wait and watch.

Investors will take their cue from manufacturing data from China today.



EM Space: Market will look to PMI from China for direction

- **General Asia:** Trump threatened fresh tariffs on Mexico if they would not slow the flow of immigrants with tariffs as high as 25% should Mexico not comply. The Asian markets will likely take their cue from China's PMI data.
- **Thailand:** April balance of payments data is due today. A sharp swing in the customs-basis trade balance to a deficit in April from a surplus in March leads us to forecast a sharp narrowing of the current account surplus to \$2.2bn from \$6.1bn over the same months. This would put the cumulative surplus in the first four months at \$16.8bn, or little changed from a year ago. Large current surplus supports THB as Asia's outperforming currency in the ongoing market rout resulted from the escalation of the US-China trade tensions.
- **Indonesia:** The protracted US-China trade war weighs on activity growth as the manufacturing PMI data is likely to show today. Market concerns about Indonesia's current account position has hounded the IDR and weaker manufacturing and exports could mean more pressure on the IDR in the near term.
- **Philippines:** The Bangko Sentral ng Pilipinas will be implementing the 100 bps reduction in the reserve requirement ratio for universal and thrift banks. These moves will result in roughly Php108 bn in fresh funds available to banks for lending, which could help boost

growth in the Philippines as well as help push interest rates lower on the short end of the curve. Meanwhile, Fitch has affirmed the Philippines' BBB sovereign rating with a stable outlook, citing sustainable growth and high level of foreign reserves.

What to look out for: China data

- 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)

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