

ASEAN Morning Bytes

Asian markets to edge up cautiously with an eye on upcoming data reports.



EM Space: Important data reports to help dictate direction this week

- **General Asia:** Asian markets may edge higher on hopes for global growth although inflation concerns will continue to cap any upside gains. Investors are now warily awaiting economic data reports on global manufacturing activity as well as US jobs market data on Friday while several Fed speakers are scheduled to deliver separate remarks during the week. Market participants will likely await more direction from these developments before making substantial moves.
- **Thailand:** The April manufacturing and balance of payments reports are due today. Our forecast for manufacturing is for 14% YoY growth and for the current account balance is a - \$1.4 billion deficit (4.1% YoY and -\$806 million in March) - both in line with market expectations. Firmer exports and low base effects support the acceleration of manufacturing growth, while a narrower trade surplus and continued lack of tourism receipts are behind the deteriorating current account. Weak economic fundamentals will keep the THB as one of Asia's worst-performing currencies this year; the 4.2% year-to-date depreciation against the USD is the second-weakest in Asia after the JPY's 6% decline.
- **Singapore:** Prime Minister Lee Hsien Loong is going to update the nation today on the

Covid-19 situation as community cases remain elevated albeit stabilizing in recent days. His address will shed light on the government's strategy to keep the pandemic under control and may provide hints as to what follows the Phase-2 restrictions after they end on 13 June. Meanwhile, Finance Minister Lawrence Wong last Friday announced an additional S\$800 million support package for businesses and workers. He also assured that the current tighter restrictions were having effects in reining in the spread and no further tightening was needed. This is positive news for the local markets.

- **Malaysia:** The Covid-19 outbreak shows no signs of subsiding as daily new cases surged to a fresh record of over 9000 yesterday. The government last Friday announced a total lockdown throughout the country for two weeks starting tomorrow, 1 June. The closure of everything other than essential economic and service sectors will mean a significant hit to the economy in the current quarter, prompting another revision of our 2Q21 GDP growth forecast, currently 13.9% YoY, for a further downgrade. The MYR is poised to end May as Asia's weakest currency with over 1% depreciation.

What to look out for: Covid-19 developments

- China manufacturing and non-manufacturing PMI (31 May)
- Thailand trade balance (31 May)
- Philippines bank lending and money supply (31 May)
- Regional PMI manufacturing (1 June)
- China Caixin PMI manufacturing (1 June)
- US ISM manufacturing (1 June)
- Indonesia CPI inflation and PMI manufacturing (2 June)
- Singapore PMI (2 June)
- China Caixin PMI services (3 June)
- US ADP employment, ISM services and initial jobless claims (3 June)
- Philippines CPI inflation (4 June)
- Thailand CPI inflation (4 June)
- Singapore retail sales (4 June)
- Taiwan GDP (4 June)
- US non-farm payrolls and durable goods orders (4 June)

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