

ASEAN morning bytes

General market tone: Slight risk-on.

After the euphoria about the truce between China and the US over the weekend, investors are now digesting the 90-day reprieve with details apparently being elusive. This could cause some investors to hold off on taking substantial bets while clarifying the details and with the OPEC meeting looming on the 6th.



International theme: The details on the US-China deal are proving to be elusive as euphoria fades

- Global markets rallied on Monday but the initial rally may be tempered on Tuesday with investors now seeing conflicting reports on the details of the 90-day truce between China and the US. Market players will likely trade cautiously ahead of the OPEC meeting and until after details of the agreement between Washington and Beijing are ironed out.

EM Space: Risk markets to tread cautiously while looking to OPEC meeting and details for US-China truce

- **General Asia:** Emerging markets will tread cautiously and look for details on the 90-day truce, including when the actual truce would begin amid conflicting news reports on about the agreement. Meanwhile, oil has inched higher ahead of the OPEC meeting, which should

provide another flavor to trading for the week after Russia pledged to slash output over the weekend.

- **Thailand:** [Inflation returned to sub 1% territory](#) in November as a sharp dip in transport inflation more than offset higher food inflation. It seems recent sharp plunge in oil price is coming through domestic fuel prices. Lower inflation coupled with slowing GDP growth provide more reasons for the Bank of Thailand to leave the monetary policy on hold in December.
- **Indonesia:** November CPI inflation of 3.2% YoY was in-line with expectations. Core inflation inched up to 3.0% from 2.9%. The inflation reading remains well-within Bank Indonesia's policy target but Governor Warjiyo retained his hawkish stance recently and will be looking more to IDR movements for direction on policy rates.
- **Philippines:** Price pressures appear to be abating in the Philippines with fuel rollbacks, leading to adjustments in public transport fares of PHP1 for *jeepneys*, signaling the worst may be over for now. With inflation seen to decelerate in the coming months, a planned excise tax on fuel of PHP2.00, however, was reinstated, but recent developments on food and energy inflation may still help the BSP to hold off on hiking rates at least for the December meeting.

What to look out for: PMI figures, OPEC meeting and inflation

- Fed Kaplan speech (4 December)
- Taiwan inflation (5 December)
- India RBI meeting (5 December)
- Philippines inflation (5 December)
- US ISM PMI non-manufacturing (5 December)
- OPEC meeting (6 December)

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