

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)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by

the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.