

ASEAN Morning Bytes

General market tone: Wait and watch.

Asian markets may steady on bargain hunting as investors hope for the Fed policy easing.



EM Space: Disappointing US manufacturing data sparks calls for Fed cut

- **General Asia:** Poor manufacturing data out from the US coupled with a dovish Fed official pushed some speculation that the Fed could cut rates sooner. Oil markets dipped in reaction to global growth fears, but supportive comments from Saudi Arabia kept oil from falling further.
- **Malaysia:** Painting a mixed picture of GDP growth in the current quarter, the trade growth returned to positive territory in April (read more here) but manufacturing slump deepened in May. Absent underlying drivers, our forecast of a slight pick-up in GDP growth in 2Q19 (to 4.6% from 4.5% in 1Q) relies on a favourable base effect. We forecast no more BNM policy easing this year.
- **Thailand:** Released this morning, manufacturing PMI fell to 50.7 in May from 51.0 in April. Although still in positive territory, a contrast with most Asian countries reporting sub-50 reading, we expect weak manufacturing continue to weighing down GDP growth in the current quarter. And with the inflation on a receding trend, the BoT has more room to ease the policy to support growth. Look out for CPI data for May later today.

- **Philippines:** The Philippine Senate approved a tax on so-called sin products, levying higher taxes on tobacco and electronic cigarette products. The new measure is seen to bring PHP 31bn in fresh revenue for the government and will be used to partially fund the President's hallmark universal healthcare bill.

What to look out for: Trade war developments, Fed speakers, US NFP

- South Korea GDP and inflation (4 June)
- Thailand inflation (4 June)
- Euro zone inflation (4 June)
- US factory orders (4 June)
- Fed Williams speaks (4 June)
- Philippine inflation (5 June)
- Australia GDP (5 June)
- China Caixin PMI services (5 June)
- Taiwan inflation (5 June)
- US ADP employment (5 June)
- Fed Clarida, Bowman, Bostic (5 June)
- Euro zone GDP and ECB meeting (6 June)
- US initial jobless (6 June)
- US NFP (7 June)