

## ASEAN Morning Bytes

Hopes of the partial US-China trade deal are likely to lift the investor sentiment amid a heavy data calendar in the region this week.



### EM Space: Growing optimism on US-China trade deal

- **General Asia:** Positive data out from the US will likely slow calls for additional easing but risk sentiment will remain buoyed on Monday with US officials pointing to a possible “phase one” deal by the end of the month. Meanwhile, Fed speakers will return to the podium with investors keen on gauging their sentiment after the recent cut.
- **Malaysia:** September trade figures are due today. The consensus is looking for a wider trade surplus of MYR 14.2 billion than MYR 10.9 billion in August coming off flat exports and a +1.4% YoY import growth. The Bank Negara Malaysia begins its two-day policy meeting today. The electronic export vigour observed earlier in the year appears to be fading. And with continued external headwinds, the downside growth risks are rising. This is why we buck the consensus of stable BNM policy. We expect a 25bp BNM rate cut tomorrow.
- **Thailand:** All eyes this week are on the Bank of Thailand's policy announcement on Wednesday (6 November). The consensus has finally come around to our view of one more 25bp policy rate cut to 1.25% this year. The inflation continued its drift toward a zero rate in October, while there are no signs of recovery in the GDP growth from a five-year low of 2.3% reached in 2Q19. Threatening the recovery further is rapid currency appreciation. A rate cut may not be a sure-fix for all these woes but it will be a policy move in the right direction.

- **Indonesia:** October inflation of 3.1% was a downside miss (consensus 3.3% expectation), which leaves the door open for further Bank Indonesia policy easing. We believe the tipping point for any further easing would be 3Q GDP data to be released tomorrow (5 November). A weak print will prompting Governor Warjiyo to cut again before the end of the year.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor indicated he was done with policy easing the year after three policy rate reductions and a slew of cuts to the reserve requirement ratio (RRR). We believe the BSP may pause for the rest of the year, lingering growth weakness and continued benign inflation may prod it to cut rates again in early 2020. Look out for the October inflation data tomorrow and 3Q GDP on Thursday with consensus forecasts of 0.8% while 6.0% rise respectively.

## What to look out for: regional growth and central bank data

- Malaysia trade (4 November)
- Singapore PMI (4 November)
- US durable goods orders and factory orders (4 November)
- Philippines inflation (5 November)
- China Caixin PMI Services (5 November)
- Indonesia GDP (5 November)
- Malaysia BNM meeting (5 November)
- US trade (5 November)
- ISM services PMI (5 November)
- Philippines trade (6 November)
- Thailand BoT meeting (6 November)
- Taiwan inflation (6 November)
- Philippines GDP (7 November)
- Indonesia GIR (7 November)
- Malaysia GIR (7 November)
- Thailand consumer confidence (7 November)

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