

ASEAN Morning Bytes

General market tone: wait and see. Global markets continue to be on edge, awaiting further developments on the trade front, while oil prices remain elevated. Friday's NFP report may mirror the ADP jobs numbers showing a substantial gain in the labor market



International theme: ADP and ISM numbers in-line with strong US growth story

- US economic data continues to print on the upside with numbers on jobs and the services industry support the Fed's tightening bias. Markets will continue to monitor trade developments and oil prices for further direction.

EM Space: Good US data spells some pressure for EM Asia

- **General Asia:** Asian markets will likely continue to move sideways albeit with a downward bias after US Treasury yields climbed on robust economic data out from the United States. Trade concerns and sustained elevated levels for oil prices will also likely weigh on sentiment.
- **Thailand:** The Bank of Thailand minutes revealed that the MPC focused on the timing to begin policy normalization, which it said was data-dependent. However, MPC continued to

assess the current accommodative policy stance appropriate for the economy. The BoT maintained growth forecasts at 4.4% for 2018 and 4.2% forecast for 2019, and inflation forecast at 1.1% for both years, with the balance of risks tilted on the downside for both forecasts. We are re-considering a view of the BoT starting the policy normalization by mid-2019.

- **Indonesia:** Bank of Indonesia (BI) kept up its use of rhetoric to help stabilize the floundering currency with Governor Warjiyo indicating that although pressures on the IDR persist, he sees the IDR recovering next year as measures to provide support for the currency gain ground. He also sounded off on possible rate hikes in the near term as he vowed to stay “ahead of the curve”, hinting at possible rate action at its next meeting should IDR remain above the 15,000 level.
- **Philippines:** The much-anticipated stock issuance of San Miguel Food is “on-track” and is scheduled for November according to the CEO of the company. The planned issuance will likely attract foreign players and help bring in anywhere from \$1 to 1.5 billion inflows into the Philippines. This issuance together with the planned ROP issuance by the government could help alleviate pressure on the Peso and help it close at 53 by year-end.
- **Philippines:** The NFA has received the go signal to begin bidding out 3 contracts for 250,000 MT worth of rice after hurdling some administrative paperwork. Importations can begin as early as 18 October with imports seen to arrive as early as end-November which could help alleviate inflation pressure on the food basket. Furthermore, the initial batch of rice worth 250,000 MT arrived last 27 September, pushing up rice stocks to 5,000,000 and possibly helping lower October domestic inflation.

What to look out for: US NFP

- Argentina-IMF credit line request (on-going)
- Philippine inflation (5 October)
- Central bank meeting India (5 October)
- US non-farm payrolls (5 October)