

ASEAN Morning Bytes

General market tone: Wait and watch.

The consensus of a 160k rise in the US non-farm payroll and pick-up in wage growth to 3.2% would still be decent numbers keeping the debate about Fed easing alive



2.9% ING forecast of Philippines' inflation

EM Space: All eyes on the non-farm payroll report

- **General Asia:** Absent any cues from the US, Asian markets are left to find local drivers on the day crowded by inflation and foreign reserve releases as well as India's FY2020 budget. But the investors may be holding their breath for the US payroll data where the consensus of a 160k rise and pick-up in wage growth to 3.2% would still be decent numbers keeping the debate about Fed easing alive.
- **Indonesia:** President Jokowi is set to announce a big overhaul to his current cabinet with a bid to boost economic growth via investments and exports. Meanwhile, Indonesia continues to crack down on exporters who do not repatriate foreign exchange earnings as the government looks to shore up its external position and narrow its current account deficit.

The IDR came under substantial pressure in 2018 owing largely to concerns about the widening current account deficit.

- **Malaysia:** Judging from recent upside activity data surprises, the second quarter of 2019 has shaped to be a better one for GDP growth than the first when growth bottomed in our view. Our baseline view is that growth remains firm and monetary policy will remain stable over the rest of the year (see "[Malaysia's exports beat expectations, again](#)").
- **Philippines:** June CPI data is due. We expect a dip in inflation to 2.9% YoY from 3.2% in May (consensus 2.8%), which is close to the top end of the central bank's, the Bangko Sentral ng Pilipinas (BSP), 2.2-3.0% forecast range for the month. The BSP Governor Diokono has hinted at further rate cuts on the back of falling inflation. Falling inflation and persistent downside growth risks should move the BSP for another 25bp rate cut as early as August.
- **Thailand:** The University of Thai Chamber of Commerce's Consumer Confidence Index fell to 76.4 in June from 77.7 in the previous month. Nearly two-year low confidence strengthens our view of the Bank of Thailand policy rate cut in early August, while the central bank is also pondering measures to arrest excessive currency appreciation.

What to look out for: India budget and US labor report

- India FY2020 Budget (5 July)
- Indonesia forex reserves (5 July)
- Philippines inflation (5 July)
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- Taiwan inflation (5 July)
- US non-farm payroll (5 July)