ASEAN Morning Bytes

General market tone: Risk-on.

Markets are likely to breathe a sigh of relief on positive news flow from China.

EM Space: Positive news flow from China and elsewhere

- **General Asia:** Bargain hunting may return today with strong economic data coupled with improving geopolitical developments likely supporting the risk appetite ahead of the US jobs data on Friday conditioning expectations about the Fed policy.
- **Philippines:** August inflation data is due with consensus expecting inflation to slide below the 2% handle on base effects. Food inflation is expected to weigh heavily on the headline print as rice stocks remain healthy due to new legislation that allows the unimpeded import of the staple. The declining trend in prices will likely give the BSP enough leeway to cut policy rates again at the next September meeting.
- **Thailand:** The pressure on the authorities to curb the Thai baht appreciation has been rising. Yesterday, the Joint Standing Committee on Commerce, Industry, and Banking urged the Bank of Thailand and the Finance Ministry for additional measures including a withholding tax, promotion of outbound investment, and cutting the bond supply. We expect the BoT to cut the policy rate by another 25bp at the next meeting on 25 September.
- **Malaysia:** The economy continues to defy the global slump with positive export growth of 1.7% in July and sustained strong trade surplus foreshadowing a steady GDP growth in the second half of 2019. However, external headwinds to growth continue to rise. Yesterday,

India raised duty on its refined palm oil imports from Malaysia by 5% to 50%. As such, we believe the Bank Negara will see through the present economic strength and cut rates again, as early as next week.

- **Indonesia:** Bank Indonesia (BI) remains open to further rate cuts, according to Deputy Governor Budi Waluyo, as they “are aimed at fueling growth” in key sectors of the economy. Waluyo highlighted the ongoing global headwinds as one of the reasons for BI's dovish stance.

What to look out for: US NFP

- Philippines inflation (5 September)
- India current account (5 September)
- US durable goods (5 September)
- Fed Bowman, Kashkari, Evans and Bullard (5 September)
- Hong Kong GIR (6 September)
- Malaysia GIR (6 September)
- Taiwan inflation (6 September)
- US NFP (6 September)

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