

ASEAN Morning Bytes

General market tone: Risk-on.

Asian markets look to tiptoe higher with Fed rate cut hopes to bolster risk sentiment.



EM Space: Fed talks up rate cuts while ADP supports claim

- **General Asia:** Weak ADP jobs numbers coupled with the Fed's beige book and commentary from officials helped push the Fed rate cut story further. Offsetting the tone was data on the US services sector which bested market consensus to show that the economic growth momentum remained intact at least for now.
- **Thailand:** Ending the long-standing political uncertainty, new parliament elected Prayuth Chan-Ocha as prime minister. Prayuth's Palang Pracharath party, which leads a 19-party coalition, still faces stiff opposition in the lower house. However, with a strong backing of the military-dominant Senate Prayuth should be able to push ahead with his economic agenda of boosting infrastructure investment to revive the beleaguered economy.
- **Philippines:** Consumer price inflation for the month of May caught the market off guard, clocking in at 3.2% as food prices jumped higher by 3.4%. The index heavy food basket was the main driver for the upside surprise but the central bank appears unfazed by the latest print, suggesting that more rate cuts would be on the way. Bangko Sentral ng Pilipinas Governor Diokno pledged to cut rates in the coming months, indicating that the timing would remain dependent on incoming data.

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

- Fed Kaplan (6 June)
- Euro zone GDP and ECB meeting (6 June)
- US initial jobless (6 June)
- US NFP (7 June)