

ASEAN Morning Bytes

Asian markets likely to react to renewed hope for additional US fiscal stimulus



EM Space: Trump's return to White House to spark renewed push for US fiscal plan

General Asia: Asian markets will likely trend higher on hopes that the US would soon pass a fresh round of stimulus after President Trump returned to the White House. US manufacturing activity remained in expansion ahead of data reports on trade and the JOLTS job openings set for release on Tuesday. Covid-19 new infections, however, remain on an uptrend, especially in the US Midwest with the election less than 30 days away. Investors will look to developments on the US fiscal package and comments from Fed Chair Powell later on Tuesday for further direction.

Indonesia: Indonesia passed controversial new legislation that revamps labour laws and simplifies foreign investment. The so-called "omnibus law" was pushed hard by President Jokowi at the beginning of his second term although it was delayed due to the ongoing pandemic. Passage of the law will shore up some investor sentiment in the near term with Jokowi hoping to jumpstart economic activity after GDP contracted in 2Q. IDR rebounded on the development late on Monday and we expect modest support for the currency in the near term on optimism over the new law.

Philippines: The Philippines will report CPI inflation today with market analysts expecting price gains to settle at 2.4% for September. Bangko Sentral ng Pilipinas (BSP) Governor Diokno indicated

previously he could be on hold for the balance of the year despite recent inflation trends and we expect him to keep policy rates untouched for at least the next two quarters. Benign inflation should keep the bond market well-supported in the near term although subdued inflation prints continue to reflect slowing economic growth momentum.

What to look out for: Powell comments and Covid-19 developments

- Philippines CPI inflation (6 October)
- US JOLTS jobs openings and trade balance (6 October)
- Fed Chair Powell speech (6 October)
- Taiwan trade balance (7 October)
- US MBA mortgage application (7 October)
- US FOMC minutes (8 October)
- China Caixin PMI services (8 October)
- Thailand consumer confidence (8 October)
- Taiwan CPI inflation (8 October)
- US initial jobless claims (8 October)
- Philippines trade balance (9 October)
- US wholesale inventories (9 October)