

ASEAN Morning Bytes

The US data downplaying a recession risk and reports of the US and China returning to the negotiation table in October renew risk appetite.



EM Space: All seems good for now

- **General Asia:** There is little on the Asian economic calendar today to dampen the risk-appetite whetted by the US data downplaying a recession risk and reports of the US and China returning to the negotiation table in October. Yet, the investors may be sitting on the edge ahead of the most sensitive US data – the non-farm payroll.
- **Philippines:** August inflation of 1.7% YoY was below the market consensus of 1.8% and down sharply from 2.4% in the previous month. Food prices accounting for over 30% of the CPI basket remained a source of falling headline inflation, while pass-through from lower global oil price into domestic transport and utility costs also helped. The slide in inflation well below the BSP's 2-4% policy will likely prod the BSP to cut policy rates at the next meeting on 26 September.
- **Thailand:** The University of Thai Chamber of Commerce's Consumer Confidence Index dipped to a nearly 3-year low of 73.6 in August from 75.0 in July. This dampens hopes of a revival in GDP growth in the second half of the year from a 5-year low of 2.3% in 2Q19. Hopes remain pinned on the recently announced \$10 billion fiscal stimulus package to do the magic, though we believe it will still need to be supplemented by more central bank rate

cuts.

- **Indonesia:** Bank Indonesia (BI) Governor Warjiyo shared that the government is relying on manufacturing to bolster growth and lower the current account deficit amid the global trade war. He also said the central bank was looking to expand local currency settlement for international trade in support of the government's drive to boost infrastructure development and attract foreign funds into the country. The government has also pledged to slash corporate tax rate from 25% to 20% over the next few years in a bid to attract foreign players. If implemented, these measures should increase in foreign investor flows to mitigate the problem of chronic current account deficit.

What to look out for: US non-farm payroll

- Hong Kong foreign reserves (6 September)
- Indonesia foreign reserves (6 September)
- Malaysia foreign reserves (6 September)
- Philippines foreign reserves (6 September)
- Taiwan inflation (6 September)
- US Non-farm payroll (6 September)

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