

ASEAN Morning Bytes

General market tone: Wait and see.

The market calm has returned after two sessions of heavy losses but the caution prevails.



EM Space: Calm after storm

- **General Asia:** The market calm has returned after two sessions of heavy losses. Still, the caution prevails as investors digest recent turns in the trade and currency war, while more Asian central banks review monetary policies in light of the latest developments.
- **Thailand:** We retain our contrarian view of the BoT starting to cut the policy rate today, whereas the consensus is solidly behind no change to the 1.75% policy rate. Increasingly weak activity data recently has strengthened our conviction in our view that the economy needs easier policies. Even if the talk of the fiscal stimulus has been on the rise lately possible delay for the weak coalition government to implement it suggests the BoT will need to do all the heavy-lifting before the economy gets worse. Moreover, the rate cut will also help to arrest the runaway THB appreciation as the latest measures to this end are proving to be ineffective.
- **Philippines:** June trade figures are due today with exports likely posting a slight increase while imports remain in contraction on the back of weak capital goods and raw material imports. Sluggish imports have been attributed to the delay in the passage of the government budget as well as to weak corporate investment due to aggressive BSP policy tightening in 2018. The trade balance will likely remain in deficit, which will likely figure in a

lackluster 2Q GDP print tomorrow.

What to look out for: China trade data

- Philippines trade (7 August)
- RBI meeting (7 August)
- Taiwan trade (7 August)
- Philippines GDP (8 August)
- BSP meeting (8 August)
- Singapore retail sales (8 August)
- China trade balance (8 August)
- US wholesale inventories (8 August)
- Japan GDP (9 August)
- China inflation (9 August)
- US producer prices (9 August)