

ASEAN Morning Bytes

Investors wait on China trade and US jobs data for more direction



EM Space: Sentiment to remain mixed ahead of key data

- **General Asia:** Market players await US labor market data later on Friday for trading cues while also monitoring development on the fate of the planned extension of the US paycheck protection bill. Also in focus on Friday are simmering US-China tension with Trump looking to crack down on Chinese listed companies. Investors will continue to monitor Covid-19 developments and wait on economic data like China's trade figures and the US jobs data for additional direction on Friday.
- **Malaysia:** June industrial production data is due today. The consensus of a 10.4% YoY IP fall is at odds with a surprising rebound in exports in June by 8.8% YoY. The easing of the Covid-19 lockdown lifted economic activity in June. But, the base-year effect imparted more volatility to year-on-year growth rates. The base effect was favourable for exports but not so for IP. This is the last piece of data in the estimation of GDP in 2Q20, which we see plunging by 8.3% YoY. 2Q GDP data is due next Friday, 14 August.
- **Philippines:** Philippine 2Q GDP dropped 16.5%YoY, the steepest contraction to date as lockdown measures scuttled economic activity across almost all sectors. The stark drop in economic activity may prod the central bank to cut rates further although Bangko Sentral ng Pilipinas (BSP) Governor Diokno may be running out of ammunition as real policy rates go deeper into negative territory. Government officials have revised official forecasts for GDP to -5.5% in 2020 and 6.5-7.5 for 2021-2022. Meanwhile, the budget deficit is set to

widen to 9.6% in 2020, 8.5% in 2021 and 7.2% in 2022 as revenue streams remain challenged.

What to look out for: China trade data and US non-farm payrolls plus Covid-19 developments

- China and Taiwan trade data (7 August)
- Malaysia industrial production (7 August)
- US non-farm payrolls (7 August)