

ASEAN Morning Bytes

General market tone: wait and see. US jobs numbers slip below estimates but the previous month's numbers revised higher. Wage growth slowed but remains well above 2%.



International theme: US jobs data mixed, market awaits fresh developments

- US economic data was mixed with the latest print falling below market expectations although previous month's numbers were bumped up substantially. Wage growth slowed although remained elevated enough to keep markets skittish.

EM Space: EM Asia digests US labor market data, looks to Fed speakers for direction

- **General Asia:** Asian markets will digest labor market data and likely await direction from China data and Fed speakers. China's RRR cut over the weekend could help boost sentiment.
- **Malaysia:** In a disappointing data, exports surprisingly contracted by 0.3% YoY in August. Imports growth remained firm at 11.2%, and trade surplus narrowed sharply to MYR 1.6bn. The 1.3% fall in foreign reserves to \$103bn in September was the fourth straight month of

reserves outflow. The clawback of the MYR's recent underperformance relative to the oil price hinges on the trajectory exports and GDP growth take going forward, though the latest trade report doesn't bode well here. We maintain our end-year USD/MYR forecast of 4.25.

- **Malaysia:** As the fiscal strings tighten under the new government, the [Star Malaysia](#) reported about authorities cutting the overall development cost of the Pan Borneo High Project in Sarawak. All eyes are on the upcoming Federal Budget for 2019 to be unveiled in early November.
- **Thailand:** Finance Minister Apisak Tantivorawong urged for continued accommodative economic policy. In an interview to [Bangkok Post](#) he said, "The Thai economic recovery is on track but is still vulnerable in some areas", and that, "The economy could lose momentum if any shocks such as political risk or interest rate hikes". We maintain our view of the BoT keeping policy on hold this year and in the most part of 2019.
- **Indonesia:** The Bank of Indonesia (BI) Governor Warjiyo pledged continued support for the IDR as the currency remains pressured by global developments. Inflation is forecasted to remain within the target in 2018, while BI indicated they would work closely with the national government to help manage the widening current account deficit.
- **Philippines:** Gross international reserves slid to \$75.16 as of end-September as the BSP looked to smoothen out volatility in the exchange market given the heightened risk of EM contagion. The current level is a 7 year low and reinforces the expectation that the government will be issuing foreign denominated debt before the year ends.
- **Philippines:** September inflation came in at 6.7%, slightly below market consensus but still accelerating from the previous month. Base effects helped limit the year-on-year gain, while the month-on-month increase was steady at 0.9%. Core inflation slowed to 4.7% in September from 4.8% in the previous month. With non-monetary measures to combat inflation underway, inflation may decelerate going into 2019, diminishing the probability that the BSP will hike by 25 bps at its November meeting.

What to look out for: Fed speakers, IMF-WB meetings

- China FDI and PMI services (8 October)
- Fed Bullard speaks (8 October)
- Fed Williams speaks (9 October)
- Fed Harker and Williams (10 October)
- PH trade balance (10 October)
- US Producer prices (10 October)
- Fed Evans and Bostic speak (11 October)
- US inflation (11 October)
- China trade balance (12 October)
- IMF-WB annual meeting in Bali (12-14 October)