

ASEAN Morning Bytes

Asian markets may get a boost from renewed hopes for US fiscal stimulus



EM Space: Fresh hopes for US fiscal stimulus may boost Asian markets on Thursday

- **General Asia:** After talks on additional US fiscal stimulus package broke down on Wednesday, investors are now hopeful for “stand alone” fiscal measures to help bolster the US economy. Optimism on the fresh round of negotiations will likely help lift Asian markets although gains may be capped with Covid-19 new infections accelerating in both the US and Europe. Italy, France and several states in the US have reported accelerating new daily infections, prompting governments to revisit lockdown measures. The US election campaign is in full-swing with the vice presidential debate on deck while Joe Biden pulls ahead in select polls with less than a month to go before voting. Investors will be monitoring developments on the Covid-19 rescue package, the US elections and Covid-19 for further direction.
- **Singapore:** The overall jobless rate rose to 3.4% in August from 3.0% in July, led by a rise in resident unemployment to 4.5% from 4.1%. This is the highest jobless rate since the Global Financial Crisis in 2009 when the rate peaked at 3.3%, but still lower than 4.8% reached during the SARS pandemic in 2003. The authorities usually report the labour statistics on a quarterly basis but have started tracking monthly data since the Covid-19 outbreak. The rise

suggests that aggressive stimulus measures to preserve jobs have yet to bear fruit. Firmer exports and manufacturing are leading Singapore's way out of recession as the advance 3Q GDP release will show next week, 14 October (ING forecast -8.4% YoY vs. -13.2% in 2Q). But as a lagging indicator, the unemployment rate will likely get worse before it gets any better.

- **Thailand:** The Consumer Confidence Index for September is due (51.0 in August). It may follow the Business Sentiment Index higher (47.5 vs. 45.7). These data are worth watching for what it says about real GDP growth -- the average of BSI and CCI closely tracks year-on-year GDP growth. So far they are supportive of our -8.2% GDP for 3Q, up from -12.2% in 2Q. Thailand's main economic driver, tourism, will be missing in action for a long time to come, which together with rising political uncertainty means a prolonged economic slump well through 2021 or even beyond. This is also a view upheld by Bank of Thailand policymakers in the minutes of the 23 September meeting released yesterday.

What to look out for: Covid-19 developments

- 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)

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