

ASEAN Morning Bytes

No respite from risk-aversion though some stabilization in markets seems to be in order as the US and Chinese sides return to the negotiation table. President Trump thinks a deal is still possible, while China considers retaliatory tariffs on imports from the US



5.9%

Philippines 1Q19 GDP growth

ING forecast, below consensus

EM Space: No respite from risk-off just yet

- **General Asia:** A surprising fall in China's exports in April suggests that the impact of the trade war with the US is finally coming through and it could broaden out to the rest of Asia. Asian central banks are admitting the potential downside growth risks. Joining the easing wave, New Zealand's central bank cut rates by 25bp yesterday and Philippines' is expected to follow suit today.
- **Indonesia:** Foreign exchange reserves in end-April were steady at the \$124bn a month ago. Thomas Lembong, chairman of Indonesia's Investment Coordinating Board, warned about

energy trade deficit being a persistent long-term challenge for the economy and the currency (IDR).

- **Philippines:** 1Q19 GDP data due at 10 am local time will be followed by the central bank's (BSP) policy announcement at 4 pm today. Underlying our below-consensus 5.9% GDP growth forecast, the consensus median is 6.0%, is weak government spending owing to the delayed passage of the budget for the current year. The BSP governor Diokno recently indicated that he was open to adjusting both the policy rate and the reserve requirement ratio (RRR). We expect a 25bp policy rate cut today.
- **Thailand:** No surprises from the Bank of Thailand yesterday as its monetary policy committee decided to leave the policy on hold yesterday. A growing number of central banks are now moving to ease policies. We are reviewing our view of an on-hold BoT policy this year. The GDP growth is poised to slow going forward, while persistently low inflation provides scope for the BoT to at least reverse the hike implemented in November last year, if not cut rates more than that.

What to look out for: Developments on US-China trade war

- China CPI (9 May)
- Philippines 1Q19 GDP and BSP policy meeting (9 May)
- US trade balance and PPI (9 May)
- UK 1Q19 GDP (10 May)
- US CPI (10 May)