

ASEAN Morning Bytes

General market tone: Wait and watch.

Softening economic data is likely to weigh on investors' sentiment as they look to central bank stimulus efforts and trade negotiations for direction.



EM Space: Softer data warrants greater policy accommodation

- **General Asia:** Weakening economic data reinforces the need for stimulus by major central banks -- Fed's Powell pledging to act if needed, the People's Bank of China (PBOC) trimmed RRR after trade figures disappointed, and the ECB is likely to follow on the easing path at its meeting this week. There is plenty of economic data from Asia to keep markets busy this week, though the key highlight of the week will be Bank Negara Malaysia's policy decision, which is too close to call.
- **Philippines:** The gross international reserves (GIR) hit a record high of \$85.6bn in August as the Bangko Sentral ng Pilipinas (BSP) is building its stock of foreign currency amidst swirling headwinds from the trade war. Meanwhile, the minutes of the most recent BSP policy meeting pointed to a benign inflation outlook given base effects and improved supply chains but it also warned of risks from the global slowdown. We expect another round of BSP rate cuts in September and a reserve requirement reduction in the fourth quarter.
- **Indonesia:** Bank Indonesia's Deputy Governor Destry Damayanti downplayed the risk of capital outflows as yields continue to be attractive to foreign investors. She also highlighted the economy's strong fundamentals reflected by rising foreign reserves to \$126.4 billion in

August, or equivalent to 7.1 months of imports and short-term debt, as the central bank stockpiles to fend off speculative attacks on the currency.

What to look out for: China inflation and ECB meeting

- Taiwan trade (9 September)
- Philippines trade (10 September)
- China inflation (10 September)
- Malaysia industrial production (11 September)
- US PPI and wholesale inventories (11 September)
- Singapore retail sales (12 September)
- India inflation and trade (12 September)
- ECB meeting (12 September)
- Malaysia central bank meeting (12 September)
- Thailand GIR (13 September)