

## Asian central Banks this week 0 for 2

But the Philippine Central Bank (BSP) look set to wake up the scoreboard today, and Singapore's industrial production data could show further signs of normalizing.

Philippine Central bank stamp



### BSP expected to cut 25bp today

After two "No-change" decisions yesterday (Reserve Bank of New Zealand, and the [Bank of Thailand](#)), today could see some more activity from central banks in the APAC region.

You could call today's expected cut from BSP "opportunistic easing". BSP Governor Dlokno has sounded an uninterrupted dovish note since he took office in March. But in practice, he has been a little more cautious, with rates down only 50bp this year, though bolstered by other easing policies, including Reserve Rate Requirement (RRR) cuts.

Today though, with recent inflation figures coming in at only 1.7%YoY, even a cautious governor ought to be able to find room for some more easing, given that further policy easing has been described as "data dependent". We think the overnight borrowing rate will be reduced 25bp to 4.0%.

The PHP is no real impediment to easing today either, standing at 52.25, only slightly weaker than the 200-day moving average. Bloomberg consensus is not quite unanimous, but an overwhelming majority of those surveyed are also looking for a cut today.

## In other Central Bank news

Meanwhile, over at the European Central Bank - not everyone is happy. German board member, Sabine Lautenschläger has resigned two years earlier than her scheduled departure. [Carsten Brzeski discusses whether this could have been a protest over additional ECB bond purchases](#). No reasons have been given as yet (but come on, it was the bond purchases, wasn't it?) But Lautenschläger's resignation does point to serious rifts in the ECB - something incoming Christine Lagarde will have to deal with.

## Signs of stabilisation in Singapore?

Today's August Industrial production figures from Singapore are expected to edge down from -0.4%YoY in July. Commentators tend to get hugely bogged down by tiny changes in annual figures from month to month. But to do this for this month's data, and draw downbeat conclusions would be to miss the much bigger and more positive point. Just like the export data which drive Singapore's production figures, the prevailing trend seems to have stopped deteriorating.

Sure we can pointlessly whinge about the odd tenth of a percent here or there. But the bigger and more important story is that the month on month incremental changes in production have turned slightly positive (3, 4 and 5 month moving averages) and though they may remain weak, the direction is now positive for the first time since last October 2018. We should be cheering that - albeit very quietly.

## ...and in the G-7

Aside from all the political noise on both sides of the Atlantic, there is not too much on the macro calendar. We will probably give US pending Home sales a quick look tomorrow morning to see how it performed. US housing popped higher at the end of last year, helped by declining bond yields, falling mortgage yields and a spell of refinancing.

This has undoubtedly helped to buoy the consumer sector too in the US, and offset weakness in manufacturing and corporate investment. The key question is - "does this have legs?" - especially going into 2020 and the Presidential election race, where the state of the economy could play a crucial role.

At the moment, the data looks good though, calls of an imminent US recession look wildly out of place.

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