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Mixed trends in ASEAN PMIs, global PMI stays at 50**Economic Update****Global manufacturing sector remains weak in May**

The JP Morgan and Markit global manufacturing Purchasing Manager Index (PMI) slowed slightly to 50 in May, as compared with 50.1 in April, where components such as production, new orders, input prices, and output prices remained above 50, but was dragged down by new exports and employment during the month. As manufacturers remained cautious on international trade outlook, dampened partly by weaker global economic conditions, Markit noted that global manufacturers are still working to realign stocks with demand.

**ASEAN Weekly
Wrap**

Similarly, the Asean PMIs were quite mixed in May. In Indonesia, the country's PMI for the manufacturing sector slowed from 50.9 in April to 50.6 in May, staying above the expansion borderline of 50 for third consecutive month since February. New orders placed with Indonesian manufacturers were at a softer pace in May, but new business from abroad also decreased for twelve consecutive month due to the weak global demand. This was consistent with Indonesia's exports, which has posted a sharp decline of 12.6% yoy in April, from -13.4% in March (-7.1% in February). The manufacturing PMI in Vietnam rose from 52.3 in April to 52.7 in May, expanding above the 50 mark since November 2015, led by higher new orders and expansion of manufacturing production. However, Malaysia's manufacturing PMI rose marginally to 47.2 in May (47.1 in April) but remaining below sub-50 for fourteen consecutive month. Despite a slight improvement in May's reading, the country's PMI averaged at 47.8 in the first five months of 2016, reflecting continued weakness in production and new orders. Despite some weakness in the country's PMI, we are maintaining Malaysia's real GDP growth to expand by 4.5% in 2016 (5% in 2015), with healthy domestic demand conditions, especially from both private consumption and private investment.

Separately, Indonesia's inflation improved from 3.6% yoy in April to 3.3% in May, in line with market expectations, but the lowest level since December 2015. In particular, food prices, with a weight of about 20% from the CPI basket, continued to improve from 8.9% yoy to 7.7% during the same period. With the country's inflation rate averaging around 4% yoy in Jan-May 2015, which is within Bank Indonesia's (BI) annual inflation target range of 3-5% for 2016, we believe the country's monetary policy will remain accommodative throughout 2016. In Thailand, the country's inflation rose from 0.1% yoy in April to 0.5% in May, due to higher food and transport prices. We expect Thailand's headline inflation to likely average around 0.5% in 2016, higher than -0.9% in 2015.

Economic Research
(603) 2146 7540
alan.tan@affinhwang.com
yeeping.lim@affinhwang.com

Fig 1: ASEAN economic releases (27 May – 2 June 2016)

	AUG 2015	SEP 2015	OCT 2015	NOV 2015	DEC 2015	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	GENERAL CONSENSUS
MALAYSIA											
Nikkei PMI	47.2	48.3	48.1	47.0	48.0	48.6	47.8	48.4	47.1	47.2	-
INDONESIA											
CPI (%yoy)	7.2	6.8	6.2	4.9	3.4	4.1	4.4	4.4	3.6	3.3	3.3
Core CPI (%yoy)	4.9	5.1	5.0	4.8	4.0	3.6	3.6	3.5	3.4	3.4	3.4
Nikkei PMI	48.4	47.4	47.8	46.9	47.8	48.9	48.7	50.6	50.9	50.6	-
THAILAND											
CPI (%yoy)	-1.2	-1.1	-0.8	-1.0	-0.9	-0.5	-0.5	-0.5	0.1	0.5	0.3
Core CPI (%yoy)	0.9	1.0	1.0	0.9	0.7	0.6	0.7	0.7	0.8	0.8	0.8
IPI (%yoy)	0.5	-0.3	-0.8	0.3	1.4	-3.5	-1.7	2.2	1.5	-	0.5

Source: All data from CEIC, consensus from Bloomberg

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(Formerly known as HwangDBS Investment Bank Bhd)

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Appendix I: ASEAN economic charts (27 May – 2 June 2016)

Chart 1: Global PMI vs Global IPI

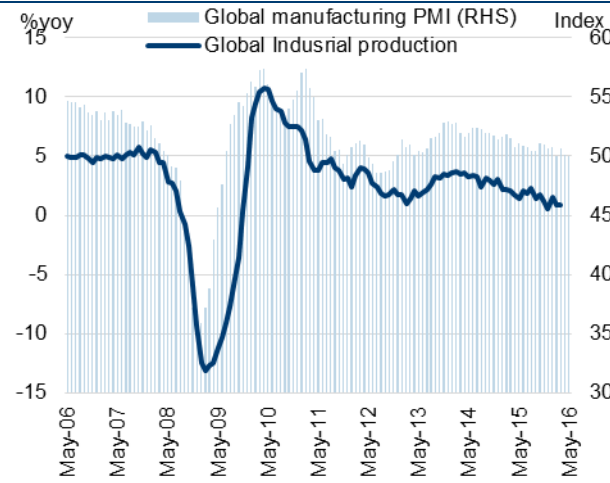


Chart 2: Malaysia's PMI

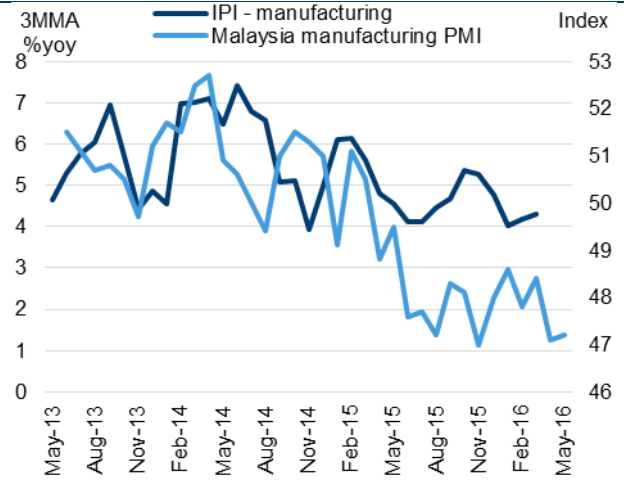


Chart 3: Indonesia's PMI

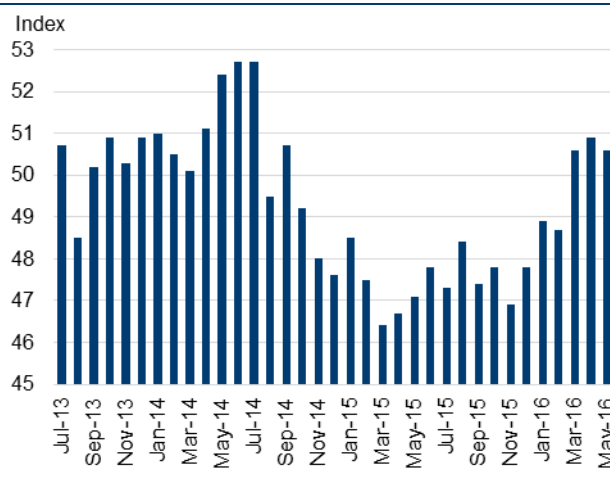


Chart 4: Indonesia's inflation by main components

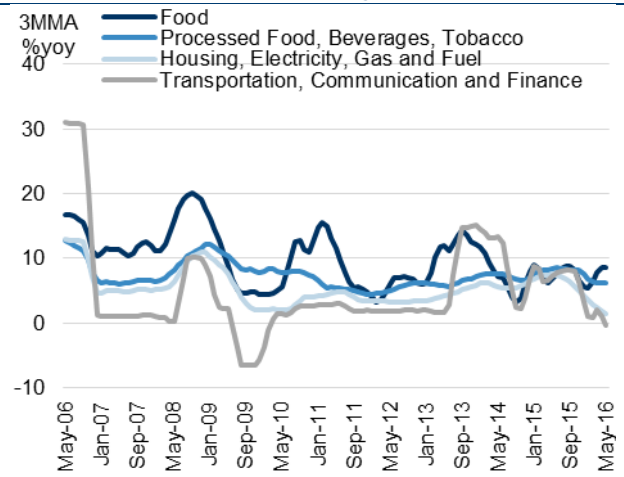


Chart 5: Thailand's production

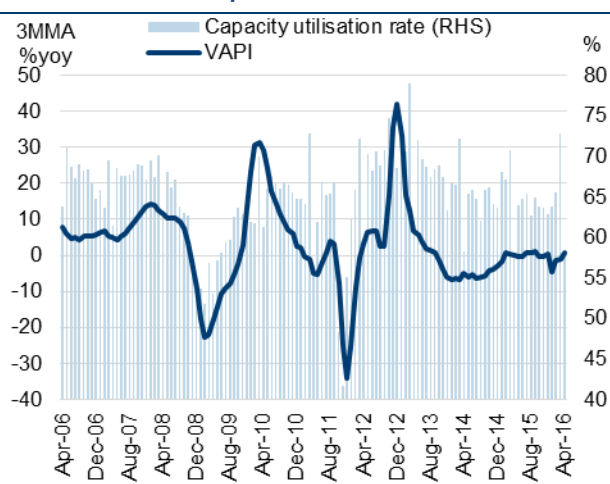
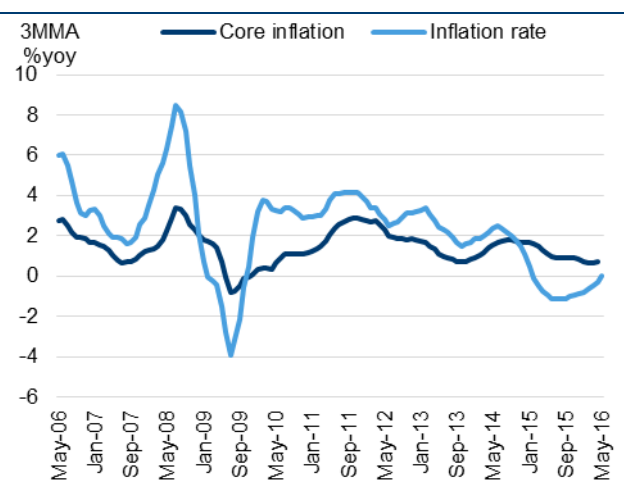


Chart 6: Thailand's inflation



Source: All data for charts sourced from CEIC and Bloomberg

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Appendix II: Upcoming ASEAN economic releases charts

Chart 7: Malaysia's trade

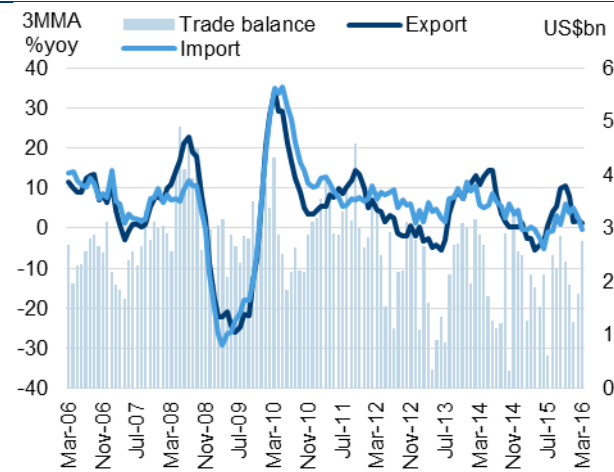


Chart 8: Philippines' inflation

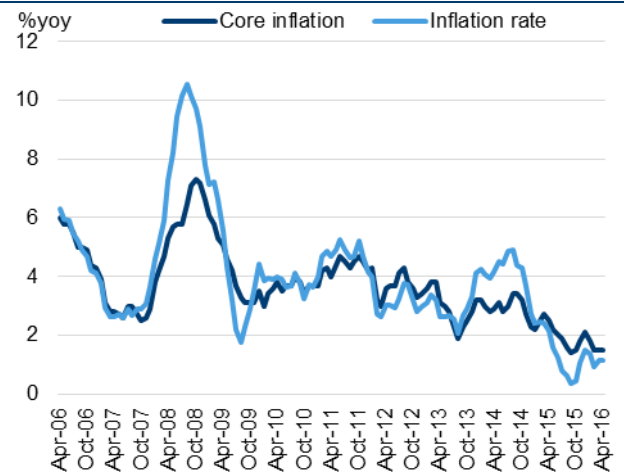


Chart 9: Indonesia's reserves

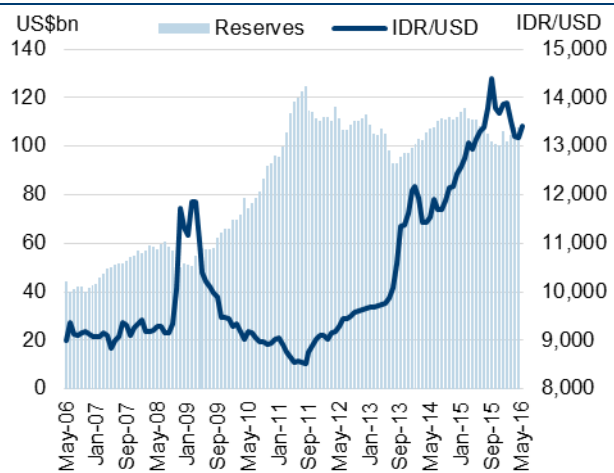


Chart 10: Singapore's PMI

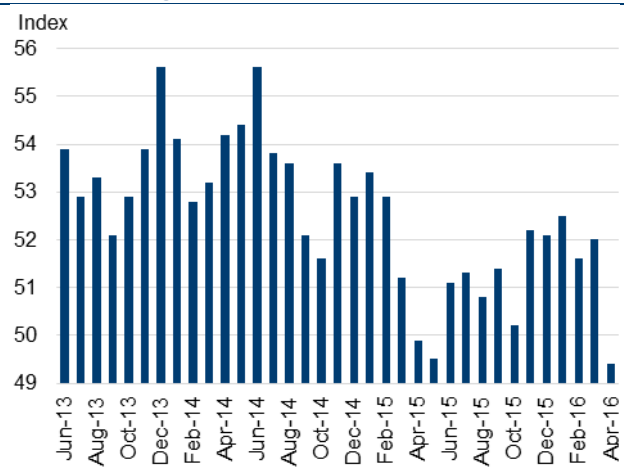


Chart 11: Thailand's consumer confidence

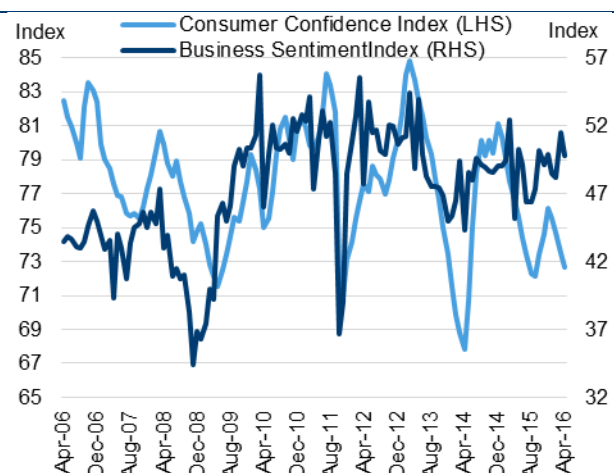
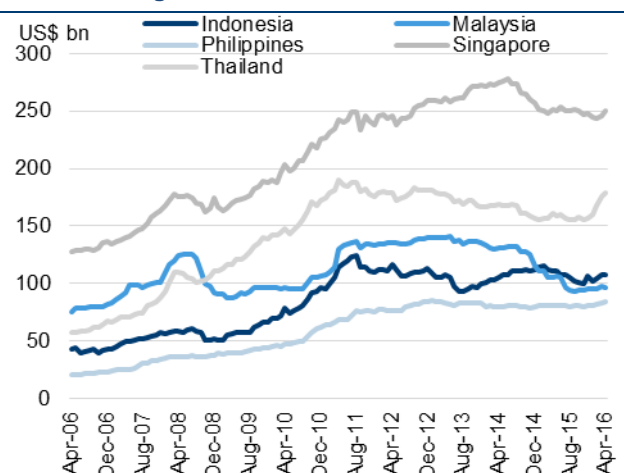


Chart 12: Regional reserves



Source: All data for charts sourced from CEIC and Bloomberg

Appendix III: Monthly ASEAN economic data trend

	JUN 2015	JUL 2015	AUG 2015	SEP 2015	OCT 2015	NOV 2015	DEC 2015	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016
MALAYSIA												
CPI (%yoy)	2.5	3.3	3.1	2.6	2.5	2.6	2.7	3.5	4.2	2.6	2.1	-
Core CPI (%yoy)	2.1	3.1	2.5	1.8	1.6	1.8	1.8	3.3	3.9	1.5	1.2	-
IPI (%yoy)	4.4	6.1	2.3	5.1	4.2	1.9	2.7	3.3	3.9	2.8	-	-
Exports (%yoy)	5.0	3.5	4.1	8.8	16.7	6.3	1.4	-2.8	6.7	0.2	-	-
Imports (%yoy)	-1.5	5.9	-6.1	9.6	-0.4	9.1	2.7	3.3	1.6	-5.5	-	-
Trade balance (US\$bn)	2.1	0.6	2.5	2.2	2.9	2.4	1.9	1.2	1.8	2.8	-	-
Foreign reserves (US\$bn)	105.5	96.7	94.7	93.3	94.0	94.6	95.3	95.5	95.6	97.0	97.0	-
INDONESIA												
CPI (%yoy)	7.3	7.3	7.2	6.8	6.2	4.9	3.4	4.1	4.4	4.4	3.6	3.3
Core CPI (%yoy)	5.0	4.9	4.9	5.1	5.0	4.8	4.0	3.6	3.6	3.5	3.4	3.4
IPI (%yoy)	5.0	4.4	5.7	2.0	6.2	6.6	1.5	1.5	6.8	4.1	-	-
Exports (%yoy)	-12.4	-18.8	-12.1	-17.6	-20.7	-18.0	-17.5	-20.9	-7.1	-13.4	-12.6	-
Imports (%yoy)	-17.3	-28.4	-16.2	-25.6	-27.5	-18.0	-16.3	-17.0	-11.6	-10.4	-14.6	-
Trade balance (US\$bn)	0.5	1.4	0.3	1.0	1.0	-0.4	-0.2	0.0	1.1	0.5	0.7	-
Foreign reserves (US\$bn)	108.0	107.6	105.3	101.7	100.7	100.2	105.9	102.1	104.5	107.5	107.7	-
PHILIPPINES												
CPI (%yoy)	1.2	0.8	0.6	0.4	0.4	1.1	1.5	1.3	0.9	1.1	-	-
Core CPI (%yoy)	2.0	1.9	1.6	1.4	1.5	1.8	2.1	1.8	1.5	1.5	-	-
IPI (%yoy)	-7.9	-6.6	-5.8	-5.4	-6.3	-2.2	-3.1	25.8	5.6	1.9	-	-
Exports (%yoy)	-1.8	-1.8	-6.3	-15.5	-10.8	-1.1	-3.0	-3.9	-4.5	-15.1	-	-
Imports (%yoy)	22.6	23.0	5.7	8.2	16.9	10.1	-25.8	20.5	-5.6	11.7	-	-
Trade balance (US\$bn)	-0.6	-1.5	-1.0	-1.3	-1.9	-1.0	0.6	-2.6	-1.1	-1.7	-	-
Foreign reserves (US\$bn)	80.6	80.3	80.2	80.5	81.1	80.2	80.7	80.7	81.9	83.0	83.7	-
SINGAPORE												
CPI (%yoy)	-0.3	-0.4	-0.8	-0.6	-0.8	-0.8	-0.6	-0.6	-0.8	-1.0	-0.5	-
IPI (%yoy)	-2.7	-6.1	-4.7	-6.3	-3.3	-2.8	-11.9	0.1	-3.7	0.1	2.9	-
Non oil domestic exports (%yoy)	3.4	1.4	-9.8	2.1	0.0	-3.4	-7.2	-10.1	2.0	-15.7	-7.9	-
Electronic exports	7.6	2.5	-2.7	5.7	-3.2	0.6	-0.3	-0.6	0.7	-9.1	-7.4	-
Imports (%yoy)	-4.5	-9.2	-6.9	-11.0	-12.7	-5.8	-10.6	-13.7	2.2	-9.0	-12.0	-
Trade balance (US\$bn)	3.2	4.1	2.9	3.9	5.3	3.5	3.7	4.2	1.9	3.6	4.6	-
Foreign reserves (US\$bn)	253.3	250.1	250.4	251.6	249.8	247.1	247.7	244.9	244.0	246.2	250.4	-
THAILAND												
CPI (%yoy)	-1.1	-1.0	-1.2	-1.1	-0.8	-1.0	-0.9	-0.5	-0.5	-0.5	-0.5	0.1
Core CPI (%yoy)	0.9	0.9	0.9	1.0	1.0	0.9	0.7	0.6	0.7	0.7	0.7	0.8
IPI (%yoy)	-0.6	2.7	0.5	-0.3	-0.8	0.3	1.4	-3.5	-1.7	2.2	1.5	-
Exports (%yoy)	-7.9	-3.6	-6.7	-5.5	-8.1	-7.4	-8.7	-8.9	10.3	1.3	-8.0	-
Imports (%yoy)	-0.3	-12.7	-4.8	-26.2	-18.2	-9.5	-9.2	-12.4	-16.8	-6.9	-14.9	-
Trade balance (US\$bn)	0.2	0.8	0.7	2.8	2.1	0.3	1.5	0.2	5.0	3.0	0.7	-
Foreign reserves (US\$bn)	160.3	156.9	155.8	155.5	158.3	155.7	156.5	160.1	168.0	175.1	178.6	-
REAL GDP (%yoy)	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
MALAYSIA	4.6	4.9	5.0	6.3	6.5	5.6	5.7	5.6	4.9	4.7	4.5	4.2
INDONESIA	5.6	5.5	5.6	5.1	5.0	5.0	5.0	4.7	4.7	4.7	5.0	4.9
PHILIPPINES	7.9	6.8	6.1	5.6	6.7	5.5	6.6	5.0	5.8	6.1	6.3	6.9
SINGAPORE	4.4	5.7	5.6	4.6	2.6	3.1	2.8	2.7	1.7	1.8	1.8	1.8
THAILAND	2.6	2.5	0.5	-0.5	0.8	0.9	2.1	3.0	2.7	2.9	2.8	3.2

Source: Bloomberg, CEIC

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Appendix IV: ASEAN Economic Calendar for June 2016

June 2016				
Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
		TH May CPI		MY Apr. Trade
		ID May Nikkei PMI		TH May 27 Reserves
		ID May CPI		SG May Nikkei PMI
		MY May Nikkei PMI		
6	7	8	9	10
ID May reserves	SG May Reserves	ID May consumer confidence	TH May consumer confidence	TH June 3 Reserves
	MY May 31 Reserves			MY Apr. IPI
	PH May CPI			MY Apr. Manufacturing sales
	PH May Reserves			PH Apr. Exports
13	14	15	16	17
		ID May trade	ID MPC Meeting	TH June 10 Reserves
		SG Apr. Retail sales		SG May NODX
		MY May CPI		
20	21	22	23	24
	MY June 15 Reserves	TH MPC Meeting	SG May CPI	TH June 17 Reserves
			PH MPC Meeting	TH May Trade
				SG May IPI
				PH Apr. Trade
27	28	29	30	
TH May Manufacturing production			TH June 24 Reserves	
			SG May Money supply	
TH May Capacity utilization			MY May Money supply	
			PH May Money supply	

ID=Indonesia, MY=Malaysia, PH=Philippines, SG=Singapore, TH=Thailand
 Dates for indicators are subject to change
 Source: Bloomberg

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BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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 (formerly known as HwangDBS Investment Bank Berhad)
 A Participating Organisation of Bursa Malaysia Securities Bhd
 Chulan Tower Branch,
 3rd Floor, Chulan Tower,
 No 3, Jalan Conlay,
 50450 Kuala Lumpur.
www.affinhwang.com
 Email : research@affinhwang.com
 Tel : + 603 2143 8668
 Fax : + 603 2145 3005