

ASEAN Morning Bytes

Asian markets will possibly edge lower to open December



EM Space: Investors likely cautious after recent vaccine-induced rally

- **General Asia:** Asian markets may edge lower on Tuesday with investors weighing the impact of a recent acceleration in new infections during the autumn season. Investors may also take their cue from regional PMI manufacturing data due in the morning session, while market participants will also likely be waiting for Fed Powell's testimony to congress later on Tuesday. Aside from regional manufacturing numbers and Powell's comments, investors will likely be monitoring Covid-19 developments, with an additional candidate vaccine applying for emergency use authorisation in both the US and Europe.
- **Indonesia:** Indonesia will report November inflation with price gains expected to slip below target for another month as economic activity remains subdued due to the pandemic. November will be the fifth month inflation slips below the lower-end of the central bank's target, which leaves the door open for Bank Indonesia to trim policy rates further in the near term should IDR remain on stable footing. We expect BI to continue with its current accommodative stance with a possible follow up rate cut in 1Q 2021 should IDR's recent appreciation trend continue.
- **Philippines:** President Duterte announced that Metro Manila and surrounding areas will remain under partial lockdown measures (GCQ) for the month of December in order to help

prevent a spike of cases during the holiday season. New Covid-19 cases inched up over the past week, in large part due to crowding in evacuation areas due to a string of damaging typhoons in November. Gatherings during the holiday would be limited to only 10 people, while shopping malls will be allowed to extend hours of operation granted implementation of health standards. The partial lockdown will likely dampen usual brisk consumer spending in the last month of the year, which could severely curtail 4Q GDP figures with the economy expected to remain in recession.

What to look out for: Regional PMI Covid-19 developments

- Regional PMI manufacturing (1 December)
- Indonesia CPI inflation (1 December)
- China Caixin PMI manufacturing (1 December)
- US PMI manufacturing (1 December)
- Philippines M3 and bank lending (1 December)
- Fed's Powell testimony before congress (1 December)
- US ADP employment (2 December)
- Singapore PMI (3 December)
- China Caxin PMI services (3 December)
- US initial jobless claims (3 December)
- US PMI non-manufacturing (3 December)
- Philippines CPI inflation (4 December)
- Thailand CPI inflation (4 December)
- US non-farm payrolls, trade balance, factory orders (4 December)