

ASEAN Morning Bytes

Asian markets likely to see muted moves on Monday



EM Space: Sentiment to take its cue from data this week, kicked off by regional manufacturing reports

- **General Asia:** Asian markets will likely move cautiously to open the week with investors smarting from last week's upheaval. Market participants will be looking for evidence that would solidify expectations for faster growth and inflation with regional data set for release on Monday although Fed speakers will likely offload dovish commentary to calm frayed nerves. Manufacturing reports are scheduled for release in the US later on Monday with investors also monitoring developments related to the US rescue plan with Joe Biden's aggressive stimulus plan was approved by the lower house over the weekend. For the rest of the week, market participants will take their cue from manufacturing and services data with investors also eyeing the US jobs report on Friday and Covid-19 developments for further direction.
- **Singapore:** Surprisingly strong January industrial production growth of 8.6% YoY is further evidence of the export-driven recovery remaining on a strong footing. This suggests to us that year-on-year GDP growth could swing to a positive reading in the current quarter (from -2.4% YoY in 4Q20). We are revising our growth forecast for 1Q21 from -2.7% YoY to 0.2% and for full-year 2021 to 4.9% from 3.8%, putting it close to the government's 4-6% forecast range for the year. There is no change in our view of the MAS maintaining its

neutral policy throughout the year. The USD/SGD has been firm in the 1.32-1.33 trading range during the recent rout. Our end-year forecast for this pair remains at 1.30.

- **Indonesia:** Indonesia will report CPI inflation for February later today with the market consensus pointing to a 1.4% increase in prices. Inflation will likely remain below Bank Indonesia's (BI) target of 2-4% as economic activity remains subdued due to the recession with authorities looking to measures to bolster sagging growth momentum. We expect inflation to remain below target in the near term although we do not expect BI to trim borrowing costs further as IDR comes under renewed pressure.
- **Philippines:** The Philippines received 600,000 doses over the weekend donated by China as the country struggles to secure vaccines from its other prospective suppliers. President Duterte ordered the start of the vaccination drive with symbolic inoculations scheduled on Monday with prominent government officials set to take their jab in front of television cameras. The president has also indicated that he is considering lowering quarantine restrictions once the vaccination rollout is underway although current quarantine restrictions have recently been extended into March.

What to look out for: Regional manufacturing data and Covid-19 developments

- Regional PMI manufacturing (1 March)
- Philippines bank lending and money supply (1 March)
- China Caixin PMI manufacturing (1 March)
- Indonesia CPI inflation (1 March)
- US ISM manufacturing (1 March)
- Taiwan PMI manufacturing (2 March)
- Singapore PMI manufacturing (2 March)
- China Caixin PMI services (3 March)
- US ADP employment, ISM services (3 March)
- Malaysia BNM policy meeting (4 March)
- US initial jobless claims durable goods and factory orders (4 March)
- Philippines CPI inflation (5 March)
- Thailand CPI inflation (5 March)
- Singapore retail sales (5 March)
- US nonfarm payrolls (5 March)

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