

ASEAN morning bytes

General market tone: Risk Off.

Investors will still likely remain defensive on Monday with market players digesting below-consensus US jobs numbers and the OPEC decision to slash production by 1.2 million barrels per day.



International theme: OPEC cuts to support oil prices and inflation but weak US jobs numbers points to dovish Fed

- Risk off sentiment should still dominate the trading scene on Monday with investors digesting last Friday's jobs numbers from the US and its impact on Fed policy in 2019. OPEC decided to cut production after consulting with Russia, taking out 1.2 million barrels per day from production for the first 6 months of 2019.

EM Space: Emerging markets seen to track the defensive tone from Wall Street

- **General Asia:** Caution will continue to be the theme to open the week with investors looking to the Fed dot plots at the next Fed meeting for direction. Poor trade data out from China also adding to the dour mood which points to slowing economic growth in the region although energy players may get a boost from the bump in oil prices after the OPEC cut.

- **Thailand:** Data on gross international reserves (GIR) for the month of November was reported showing an increase to \$203.2bn from \$202bn as central banks in the region took advantage of the regional currency rally to reload on precious foreign reserves.
- **Indonesia:** Bank Indonesia has tagged global factors as the reason behind the IDR's swoon in December, pointing to persistent trade war tension that is not only affecting Indonesia according to Senior Deputy Governor Adityaswara. The official indicated that the view that the current weakness of the IDR is temporary and that BI expects more stability from the IDR in 2019. Meanwhile, the country also saw gross international reserves pick up by \$2bn in the month of November and reserves are seen to increase further in December after an announced \$3bn bond sale for pre-funding 2019 needs.
- **Philippines:** The Philippines reported data on gross international reserves (GIR) with the November print showing a slight increase in GIR to \$74.5bn from \$74.7bn in the previous month. November saw the PHP recover roughly 2.5%, tracking the regional rally with risk sentiment returning and the BSP hiking by another 25 bps on 15 November. In terms of import cover, the latest GIR level is roughly 7 months of imports of goods and services and 5.8 times short-term external debt.