

ASEAN morning bytes

General market tone: Slight risk-on.

Dovish Fed minutes and positive developments out from the US-China trade talks will likely keep the risk rally going although some market players may opt to book gains and to wait for fresh leads.



International theme: Fed minutes confirm dovish leaning

- With the market now expecting a dovish Fed, investors will likely turn their attention to rising oil prices, which continued their ascent overnight with scant data reports elsewhere.

EM Space: Investors seem to be looking for a new story line to trade on

- **General Asia:** Banking and inflation data out from China will likely be watched given the relatively light data calendar for the rest of the week. Technology and energy-related players will benefit again on Thursday.
- **Thailand:** Agriculture Minister Grisada Boonrach expressed concerns about the growing risk to the country's farm exports from the US-China trade war given that China is the biggest market for Thai rubber and wood exports. This follows warning earlier this week by Deputy Prime Minister Somkid about a "gloomy" economic outlook for 2019 for the export-

dependent nation. Agriculture accounts for about 9% of Thailand's exports and GDP. We believe even greater hit to growth will likely be from automobile and electronics exports, each accounting for about 15% of total exports.

- **Indonesia:** Bank Indonesia (BI) reported that it was present in the NDF market to limit the IDR's volatility on Wednesday. The central bank is clearly targeting stability for the IDR. Executive director Nanang Hendarsah reported that BI looked to ensure liquidity in the DNDF market and stepped in at the 14215 level. We expect the central bank to continue to maintain its presence in the NDF market in the near term with investors eyeing speeches from Fed officials for more direction.
- **Philippines:** The Philippines will report trade data later in the session with consensus centered on yet another substantial deficit on the back of a sustained double-digit imports growth and anemic export growth. The widening of the trade gap has been a key source of wider current account deficit and thereby depreciation pressure on the PHP. A persistently wide trade deficit will sustain a weakening bias on the PHP.

What to look out for: Fed chatter

- Philippines trade (10 January)
- Fed Powell speaks (11 January)
- Fed Bullard, Evans and Clarida speak (11 January)