

## ASEAN Morning Bytes

Rally capped as size and scope of promised US stimulus remains uncertain



### EM Space: Markets to remain in holding pattern awaiting US stimulus package

- **General Asia:** After promising to announce a substantial economic stimulus package, President Trump opted to study potential measures to combat the fallout from the virus as confirmed cases rose in the United States. The economic calendar remains rather light with only US inflation slated for release on Wednesday with market players likely to monitor the movement of crude oil and developments related to Covid-19 infections for direction.
- **Malaysia:** The new cabinet of Prime Minister Muhyiddin was sworn in with former economy minister Azmin Ali taking over the ministry of international trade and industry, and former banker Zafrul Azis becoming the Finance Minister. The immediate focus of the new government is to start the implementation of the MYR 20 billion (1.3% of GDP) stimulus package announced by Mahathir. The latest crash in global oil prices complicates the task as it strains an already weak fiscal situation further by dampening petroleum revenue inflows. As expected, the MYR has been Asia's worst-performing currency since the oil-related rout. A 1.6% loss against the USD in the last two days pushed it above 4.23, the highest in two-and-a-half years. We anticipate further weakening to 4.26 over coming months.
- **Thailand:** The Thai cabinet approved THB 400 billion (about 2.4% of GDP) stimulus for the

economy bracing for a significant hit from the Covid-19 outbreak. Four times bigger than the initial talk of THB 100 billion, the package includes tax cuts and soft loans for businesses. We expect the Bank of Thailand to follow suit with more monetary easing and cut rates by another 25bp at the next meeting on 25 March.

- **Philippines:** The Philippines announced a Php1.6bn covid spending package to help bolster the capability of the local health authorities to combat the virus with cases recently escalating to 33 from just 3. The government will be unveiling further measures to offset the negative impact of Covid with Finance Secretary Dominguez indicating that the deficit-to-GDP target will likely hit 3.5%, above their initial target of 3.2% for 2020.

## What to look out for: Covid-19 developments

- China money supply (11-15 March)
- US inflation (11 March)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.