

ASEAN Morning Bytes

General market tone: Wait and watch.

Investors will likely stay defensive on Tuesday, awaiting fresh developments on the US-China trade front.



EM Space: Trump indicates he'd still like to meet China's leader before March

- **General Asia:** Traders will still likely tread water as trade talks moved over to Beijing on Monday. Given the lack of clarity, investors will likely look for local data and Fed speakers for direction although any announcement of trade talks going either ways could give some impetus to trade again.
- **Malaysia:** December industrial production surprised on the upside with 3.4% growth. Manufacturing sales and employment growth eased, yet wage growth accelerated which together with low inflation suggests that private consumption remained the main driver of GDP growth in the last quarter. We believe that the central bank (BNM) considers the economic risks to be fairly balanced between growth and inflation and that it will keep monetary policy on hold this year.
- **Thailand:** The THB recovered some of the sell-off last Friday even as the political muddle continues to dampen market sentiments. The Election Commission formally disqualified Princess Ubolratana's candidacy for election to be the next prime minister. The Commission

announced the list of 69 prime ministerial candidates contesting in the elections on 24 March. We expect politics to overshadow the economy and markets in the coming months.

- **Indonesia:** Bank Indonesia's (BI) Deputy Governor Dody Waluyo doused cold water on hopes for a policy rate cut as the central bank remains "cautious" and champions economic stability over the headline growth numbers. These comments come on the heels of data showing a wider current account deficit for 4Q 2018.
- **Philippines:** The Philippines reports trade numbers for the month of December with the country liked to have posted yet another wide trade gap given still robust imports and anaemic export sector. The widening trade gap continues to be the main reason for the country's current account woes as imports of raw materials and capital good have been piling up as the economy gears for more investment-led growth. Meanwhile, foreign direct investment for November 2018 contracted by 45.9%, dragging the year to date numbers to post 3.2% contraction on the year. Most of the weakness could be traced to fewer placements in debt instruments and equity although companies still saw slight growth in the reinvestment of earnings.

What to look out for: Heavy data calendar and Fed speakers

- Philippine trade data (12 February)
- Singapore retail sales (12 February)
- Malaysia GIR (12 February)
- Taiwan inflation (12 February)
- Fed Mester speech (13 February)
- Fed Bostic speech (13 February)
- Taiwan GDP (13 February)
- US inflation (13 February)
- Japan GDP (13 February)
- Malaysia GDP (14 February)
- Fed Harker speech (14 February)
- EZ GDP (14 February)
- US retail sales (14 February)
- China trade (14 February)
- Singapore GDP (15 February)
- China inflation (15 February)
- Indonesia trade (15 February)
- Thailand GIR (15 February)
- Taiwan trade (15 February)
- US industrial production and consumer sentiment (15 February)
- Philippines remittances (15 February)