

ASEAN Morning Bytes

General market tone: Risk-on.

Market players will emerge from the woodwork on Wall Street's bounce and Brexit news.



EM Space: Markets may bargain hunt on better US economic data

- **General Asia:** Investors will likely favour risk-taking on positive Brexit news and a strong showing on Wall Street overnight. Technology and energy shares are seen to drive the rally in Asia but market players remain wary ahead of China retail sales data later in the week.
- **Thailand:** February Consumer Confidence Index is due today. The index rose in January for the first time in five months. Politics weighs on confidence and the political risk spiked in February. Meanwhile, Finance Minister Apisak Tantivorawong pointed to the lop-sided follow-up by commercial banks on the central bank (BoT) rate hike in December. He noted that banks only raised rates for retail but not for big customers on fears of the latter fleeing to other lenders. We think the economy will be pushed into the background before general elections to be held in less than two weeks and expect the THB to remain an Asian underperformer until the political risks lift.
- **Indonesia:** Bank Indonesia (BI) expects the current account deficit to narrow to 2.5% of GDP in 2019 according to Senior Deputy Governor Mirza Adityaswara even as the central bank factors in one or two rate hikes by the Fed this year. BI does recognize the challenges for

the export sector with the government looking to shore up the deficit with inflows from tourism.

- **Philippines:** January trade data is due today with analysts expecting the trade deficit to remain substantial as exports continued to contract and imports relatively flat. The trade deficit is the main reason the Philippines is now recording a current account deficit as imports outpace export growth, adding pressure on the PHP to weaken as outflows outpace traditional inflows of foreign currency such as overseas Filipino remittances.

What to look out for: US inflation and Chinese retail sales

- Philippine trade (12 March)
- Singapore retail sales (12 March)
- India inflation (12 March)
- US inflation (12 March)
- US PPI and durable goods (13 March)
- China industrial production and retail sales (14 March)
- Indonesia trade (15 March)
- Thailand GIR (15 March)
- India trade (15 March)
- Philippines remittances (15 March)

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