

## ASEAN Morning Bytes

Risk sentiment is on the mend with investors looking past the economic impact of the virus



### EM Space: Asian markets to tiptoe higher on hopes for quick recovery

- **General Asia:** Emerging markets are set to inch higher with investors betting on a quick recovery from the virus episode. Meanwhile, disappointing growth figures from the region (Malaysia and Taiwan) could spur further stimulus call to support growth in 2020. US inflation and China's domestic liquidity reports should give investors further impetus to trade on.
- **Malaysia:** BNM Governor Shamsiah Mohd Yunus told media at the GDP release yesterday that the central bank had 'ample room' for further monetary easing as inflation continued to be subdued. We now expect two more 25bp BNM rate cuts at each of its March and May meetings. This would take the OPR down to 2.25%, just shy of the 2% low reached during the global financial crisis a decade ago ([read more here](#)).
- **Thailand:** Deputy Prime Minister Somkid Satusripitak sees GDP growth slumping below 1% in the first quarter, noting the impact of the coronavirus denting Chinese tourist arrivals. He is hopeful of spending from the delayed budget helping the recovery in the second half of the year. We expect the Bank of Thailand to cut rates by another 25bp in March, the second rate cut this year, though it could do more as inflation would remain low throughout the

year.

- **Indonesia:** Moody's affirmed the Baa2 rating with stable outlook for Indonesia, citing stable economic growth and the country's manageable debt and fiscal discipline. Meanwhile, President Jokowi plans to limit steel imports via non-tariff measures in order to help bolster the country's steel industry. The President noted the still wide current account deficit with the trade balance an integral reason for the external vulnerability.

## What to look out for: Developments on the virus and US retail sales

- US inflation and initial jobless claims (13 February)
- US retail sales and consumer sentiment (14 February)

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