

## ASEAN Morning Bytes

General market tone: Wait and see.

Market players may opt to stay defensive after rallying on Tuesday despite US inflation falling below expectations.



### EM Space: Investors will likely opt to wait out China retail sales later in the week

- **General Asia:** The markets took the below-expected US inflation at 1.5% to mean that the Fed may eventually reverse its pause as the economy hums along. Meanwhile, the hopes remain pinned on any sort of breakthrough on the US-China trade negotiations. But the US trade representative Lighthizer indicated that: "there still are major issues that have to be resolved".
- **Thailand:** The Consumer Confidence Index rose for the second straight month in February to 82.0% from 80.7 in the previous month, a hopeful sign of private consumption remains a key driver of GDP growth in the current quarter. Barring a significant political headwind to the economy, we expect the improvement in confidence to continue over coming months.
- **Malaysia:** The Economic Affairs Minister Datuk Seri Azmin Ali told reporters that the government was formulating a new Malays Economic Policy prioritizing growth, inclusivity, fairness, and shared prosperity. As stated out in the latest Mid-term Review of the 11th Malaysia Plan (2016-2020) unveiled by Prime Minister Mahathir in October 2018, the long-

term path for the economy will be guided by the objectives of inclusive growth with sustained development.

- **Philippines:** The Philippines reported January trade data with imports growing by 5.8% and exports continuing to be weak (-1.7%). The persistent wide trade gap, -\$3.75 bn, should continue to exert the weakening pressure on the Peso in the medium term. Meanwhile, newly-appointed Bangko Sentral ng Pilipinas (BSP) governor Diokno remained dovish on Tuesday, hinting at easing monetary policy and cutting reserve requirements every quarter. His comments caught the market off guard with the Peso down roughly 1.1% for the session.

## What to look out for: Chinese retail sales

- 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)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

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

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