

ASEAN morning bytes

General market tone: Wait and watch.

Investors will likely focus on earnings and the China trade data for direction on Monday.



International theme: US government shutdown continues

- Trump banks on calling for a state of emergency while allies pressure him to end shutdown soon. Markets await earnings season and any developments out from the US shutdown for direction.

EM Space: Markets will likely be mixed today

- **General Asia:** China's trade and India's inflation are the key data reports for the day with investors looking for signs of the slowdown in the world's second-largest economy.
- **Thailand:** The political risk is rising as protests over further delay in the general election from the scheduled date of 24 February are gathering momentum. This will be the key headwind for gains in local financial assets and the Thai baht going forward. We expect the USD/THB rate re-testing the 33 level by end-1Q19.
- **Indonesia:** Bank of Indonesia (BI) reported that inflation remains stable and within the target, with the Deputy Governor Budi Waluyo indicating that for the first week of January it was at roughly 3.03%. The central bank did flag possible inflationary pressure from the recent rebound in oil prices but BI will likely remain more focused on IDR's

stability.

- **Philippines:** Bangko Sentral ng Pilipinas (BSP) reported October foreign direct investment (FDI) data on Friday. The net FDI inflow of \$491m for the month was 74% lower than the year ago, putting the ten-month haul at \$8.53bn. The FDI contraction moves in line with the fall in investment pledges in a major economic zone as investors are turning skittish over possible tax adjustments. With the economy registering a current account deficit, foreign funding will now rely heavily on flows in the financial account such as FDI.

What to look out for: trade numbers and Fed speakers

- China trade data (14 January)
- India inflation (14 January)
- Indonesia trade (15 January)
- Philippines OCW remittances (15 January)
- Fed Kashkari, Kaplan and George speak (16 January)
- Bank Indonesia policy meeting (17 January)
- Fed Quarles speaks (17 January)
- Thailand reserves (18 January)
- US consumer sentiment, industrial production, trade and retail sales (14-18 January pending shutdown)
- Fed Williams speaks (18 January)

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