

ASEAN Morning Bytes

General market tone: Risk-on.

Regional markets are likely to take their cue from Wall Street, while Brexit uncertainty continues to weigh on sentiment.



EM Space: Weak US price data supports a Fed-delay, seen to boost risk taking in Asia

- **General Asia:** Slow growth in producer prices in the US feeds into the Fed delay theme, boosting risk appetite in Asia on Thursday. Among other things, Brexit and US-China trade talk remain the key drivers for markets. President Trump has indicated that he wasn't in any rush to get a deal with China in place.
- **Malaysia:** January industrial production data is due today. The surprisingly strong export growth subject consensus estimate of 2.3% IP growth to upside risk (ING forecast 3.0%, prior 3.4%). Data will provide a sense about GDP growth in the current quarter, which on our forecast bottoms at 4.2%. The return of deflation and high real interest rates make the case for the central bank (BNM) easing to support growth. We are reviewing our forecast of an on-hold BNM policy this year.
- **Philippines:** The government has scaled back its growth expectations to 6-7% in 2019 and 6.5-7.5% in 2020 from 7-8% target for both years. Meanwhile, it continues to target a budget deficit of 3.2% of GDP in 2019 (Php631.5 bn) and 3.0% of GDP in 2020 to

2022. Lowered growth targets coincide with forecasts for slower growth from 4.2-4.9% should the ongoing budget delay continues.

What to look out for: Chinese retail sales

- 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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