

## ASEAN Morning Bytes

Asian markets could tread higher on stimulus hopes and as vaccination rollouts continue



### EM Space: Upbeat tone to continue on Monday

**General Asia:** Asian markets may edge higher with positive sentiment driven by stimulus hopes and with vaccination operations in process. Monday will feature GDP reports from Singapore and Thailand, trade numbers from Indonesia, and remittances from the Philippines but investors will be looking forward to the FOMC meeting later in the week. Several major markets will remain shuttered on Monday while investors look to developments related to Covid-19 and US fiscal stimulus for further developments.

**Thailand:** 4Q20 GDP is due today. Narrower exports and manufacturing declines underpin our view of a smaller GDP fall of -4.7% YoY compared to -6.4% in 3Q20. Rising Covid-19 cases continued to depress domestic demand in the fourth quarter and the lack of tourism kept net trade as a big source of headline GDP contraction. The significant surge in the pandemic since December and tighter movement restrictions likely stalled the recovery this quarter, subjecting our forecast of another -3.5% YoY GDP fall in 1Q21 to downside risk. The low base year effect may return growth to positive territory in 2Q21. However, without additional policy support this year the recovery is going to be painfully slow, in our view.

**Singapore:** The first of the three key things to watch out for this week is out of the way. It's the

revised GDP figure for 4Q20 released this morning. The persistent exports and manufacturing strength in December drove GDP to a much smaller contraction of -2.4% YoY than the -3.8% advance estimate. This brings the annual GDP decline in 2021 to -5.4%. The next in line is the Budget for fiscal year (FY) 2021-22 (starts in April) to be unveiled tomorrow. After a record surge last year some scaling back in government spending may be in order as GDP growth turns positive this year, though we expect the broad expansionary policy stance to prevail. Lastly, the January NODX data due on Wednesday will shed light on how 2021 is shaping up for growth. Strong gains in Korea's and Taiwan's electronics exports last month bode well for Singapore NODX.

**Indonesia:** Trade numbers for January will be released today with market expectations pointing to yet another month of trade surplus. Exports have managed to pick up substantially despite the pandemic, driven in large part by outbound shipments to China, while imports are forecast to remain in contraction as the economy remains in recession. The trade surplus should help limit the current account deficit and help lend some stability to the IDR, which will be a key factor in the timing for a possible rate reduction by Bank Indonesia in the near term.

## What to look out for: FOMC meeting and Covid-19 developments

- Singapore GDP (15 February)
- Thailand GDP (15 February)
- Indonesia trade (15 February)
- Philippines remittances (15 February)
- Euro zone GDP (16 February)
- Singapore non-oil domestic exports (16 February)
- US PPI inflation and retail sales (16 February)
- Hong Kong composite interest rate (16 February)
- FOMC meeting (17-18 February)
- Bank Indonesia policy meeting (18 February)
- US initial jobless claims and housing starts (18 February)
- US existing home sales and Markit PMI manufacturing (19 February)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

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

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.