

ASEAN Morning Bytes

Asian markets await further details of US president-elect Biden's economic proposals.



EM Space: Trump impeachment, Biden economic plan and Covid-19 in focus

- **General Asia:** Asian markets are poised to take their cue from details on US president-elect Biden's economic program. Market participants are anticipating a substantial fiscal package to help bolster the economic recovery which could also have an impact on the US fiscal picture. Meanwhile, investors are also awaiting advance retail sales and consumer sentiment, which could be affected by the recent spike in Covid-19 infections. Fed Chair Powell continued to reiterate monetary support in the near term, echoing comments from FOMC officials during the week. Investors will likely focus on the Biden economic program, any additional political developments in the US and the Covid-19 situation to close out the week.
- **Indonesia:** Indonesia will report December 2020 trade data on Friday with market participants expecting exports to sustain expansion while imports are forecast to contract for another month. The trade balance is also expected to remain in surplus, a trend that has helped push the current account balance closer to surplus and has in turn helped to provide some support for the IDR. Exports to China have been a major factor for the export sector's resilience during the pandemic and we can expect this trend to continue in 2021 as

China sustains its recovery from the 2020 downturn.

- **Philippines:** November overseas Filipino (OF) remittance data was reported late on Wednesday with inflows of cash transfers inching up by 0.3%, up for a third consecutive month. For the year, remittances are down 0.8% in a year where most analysts had expected OF cash transfers to drop by at least 10% due to the pandemic. The steady stream of OF remittances has helped support both domestic consumption and the PHP, which appreciated 5.5% in 2020, and we can expect these trends to continue in 2021.

What to look out for: Covid-19 developments

- Indonesia trade balance (15 January)
- Bank of Korea policy meeting (15 January)
- US retail sales, consumer sentiment and industrial production (15 January)
- Fed's Powell and Kaplan give speeches (15 January)