

Article | 15 March 2019

ASIA MORNING BITES

ASEAN Morning Bytes

General market tone: Wait and see.

Market players will likely adopt a holding pattern for the time being on concerns about the US-China trade negotiations.



EM Space: Trump's admission that the negotiations would take a bit longer than expected seen to sap risk sentiment

- **General Asia:** Trump and Mnuchin downplayed earlier speculation of a summit and a deal in place by March, indicating that a deal was likely to be struck sometime in April or in 3-4 weeks' time. With the Fed lined up in the next few days, investors will likely opt to wait for any news on the FOMC's call on the reduction in its balance sheet for direction.
- **Malaysia:** January industrial production growth of 3.2% YoY was better than expected, but it was still slowdown consistent with slower export growth. Data supports our forecast of a further slowdown in GDP growth to 4.2% in the current quarter from 4.7% in 4Q18. We have revised our view of the central bank (BNM) policy from one of no change this year to one 25bp policy rate cut as early as next quarter. There are no forceful arguments for easing just yet, but a pre-emptive easing to support future growth won't hurt when there is room for such a policy change now.
- **Indonesia:** Indonesia will report trade data for the month of February with market players expecting a contraction in exports given the on-going US-China trade war. Imports will also likely be subdued given the government's efforts to curb

unnecessary imports and narrow the current account deficit. All in all the trade balance is forecasted to remain in the negative, albeit at a narrower gap, which should lend some support for the IDR.

- **Philippines:** The Philippines will be reporting overseas Filipino remittance flows with median estimates pegging growth to settle at 4% for the month of January. Remittances continue to provide a steady stream of foreign currency but have yet to break out of the 3-5% growth range they have been stuck in recent years. Weaker remittance growth may not bode well for the PHP, which is suddenly pressured in March after registering a strong performance in February.

What to look out for: US-China trade negotiations

- Indonesia trade (15 March)
- Thailand GIR (15 March)
- India trade (15 March)
- Philippines remittances (15 March)
- US JOLTS and consumer sentiment (15 March)

Author

Nicholas Mapa

Senior Economist, Philippines

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

THINK economic and financial analysis

(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 www.ing.com.