

ASEAN Morning Bytes

Vaccine deployment efforts have helped boost optimism for the economic recovery



EM Space: Investors bet on the economic recovery as vaccine rollout continues

- **General Asia:** Asian markets may tiptoe higher again on Tuesday with hopes for a recovery driven by positive developments on the Covid-19 vaccine rollouts. Gains will still likely be capped as investors remain wary of newer strains of the variant, which may be more resilient to existing vaccines.
- **Thailand:** Prime Minister Prayuth Chan-Ocha faces yet another no-confidence motion this week, the second motion in as many years and he is expected to survive it too given the dominance of the military in the upper house of parliament. This time it's about the government's handling of the Covid-19 pandemic as well as the pro-democracy uprising. The vote is expected on Saturday (20 February). Politics will continue to weigh on the economic recovery this year, while key drivers of exports and tourism remain missing in action. Released yesterday, GDP posted a moderate contraction in 4Q20 by -4.2% YoY than -6.4% in 3Q ([read more here](#)).
- **Singapore:** It's Budget Day. And this year, it's called, "Emerging Stronger Together". Budget 2021 will aim at keeping the economy on a path to steady recovery from the record Covid-induced slump last year. Our main focus in today's Budget, however, will be on the

initiatives towards the sustainable and environment-friendly future for the economy on the lines of the “Green Plan 2030” announced last week. Indeed, it's going to be a gradual path, though the opportunity to sufficiently address the climate issue via a huge Covid-19 stimulus last year has already been missed. We also expect some efforts towards consolidating public finances from the largest ever deficit spending equivalent to over 15% of GDP. We forecast 4.3% of GDP fiscal deficit for FY2021.

- **Philippines:** December remittances reversed into losses, bringing the full-year remittance haul total to \$29.9 bn which was 0.8% lower than the previous year. Despite posting the first drop in almost 19 years, the 0.8% contraction was less severe than expectations for a double-digit drop forecast at the beginning of the pandemic. Bangko Sentral ng Pilipinas (BSP) is expecting remittance flows to grow by 4% but with more than 430,000 former Overseas Filipinos (OFs) repatriated after job losses in their host countries, we forecast remittances to be flat in 2021.
- **Indonesia:** Trade numbers for January showed exports sustaining their upward trajectory while imports remained in contraction, weighed by another month of negative growth for capital goods. With the ongoing trends, the trade balance posted yet another month of surplus at \$1.96 bn, which will be supportive of IDR in the near term. Attention shifts to the Bank Indonesia (BI) meeting with Governor Warjiyo likely considering a rate cut on Thursday but only if IDR should remain stable.

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

- Euro zone GDP (16 February)
- Singapore non-oil domestic exports (17 February)
- US retail sales advance and industrial production (17 February)
- FOMC meeting minutes (18 February)
- Bank Indonesia policy meeting (18 February)
- US initial jobless claims and housing starts (18 February)
- Thailand GIR (19 February)
- US existing home sales and Markit PMI manufacturing (19 February)