

ASEAN morning bytes

General market tone: Risk off.

Investors will likely keep sidelined awaiting the Fed's dot plot later in the week with protracted Brexit drama and poor economic data out from China giving traders all the incentive to remain defensive.



International theme: Markets to remain sidelined ahead of the Fed meeting

- The key event for the week remains the Fed dot plot graph with investors gauging whether the FOMC will indeed formalize their more dovish slant in 2019.

EM Space: Emerging markets to keep to the sidelines awaiting the Fed's dot plot

- **General Asia:** Investors will likely remain in a holding pattern awaiting the outlook of the FOMC for rates in 2019 while geopolitical concerns and a sputtering China all seen adding to risk aversion. Energy prices slid further with traders bracing for slowing economic growth next year.
- **Singapore:** Despite a welcome bounce in electronics, Singapore's Non-Oil Domestic Exports (NODX) for November fell 2.6% from a year ago. The likely pass-through to November

industrial production suggests that Singapore is finishing the year on a soft note and further tightening of monetary policy in April 2019 looks doubtful.

- **Indonesia:** Indonesia reports November data for trade with Bloomberg forecasts showing single-digit growth in exports while imports are expected to grow by 11%. This would translate to a trade gap of roughly \$790 million, less than half of the previous month as import compression continues to kick in.
- **Philippines:** The Philippine central bank reported January-September Balance of Payment numbers showing a deficit of \$5.1bn with the current account deficit widening substantially to \$6.47bn or 2.7% of GDP. The larger than expected deficit was traced to the surge in imports of goods which surged by 43.5%. As a percent of GDP, the current account deficit is 2.7%, three times higher than forecast.

What to look out for: Fed meeting

- Singapore non-oil exports (17 December)
- Indonesia trade (17 December)
- EU inflation (17 December)
- Philippines OF remittances (17 December)
- Hong Kong unemployment (18 December)
- US housing starts (18 December)
- Japan trade (18 December)
- Malaysia inflation (19 December)
- Thailand trade (19 December)
- Fed dot plot (19 December)
- BoE meeting (20 December)
- BoJ meeting (20 December)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com