

ASEAN Morning Bytes

Investors look to stimulus from governments to support economies likely to be battered by the COVID-19 fallout



EM Space: With US markets out on a holiday, focus shifts to regional GDP

- **General Asia:** COVID-19 should remain a major trading theme for the session with investors looking out for the size and scope of stimulus from governments from developed markets and the emerging markets sphere. With the fatality count rising outside China, traders are bracing for a long drawn out battle with the virus. Regional GDP will be reported on Monday with investors awaiting FOMC minutes later in the session for guidance on the Fed's possible next move.
- **Singapore:** The final estimate confirmed the 4Q19 GDP growth of 1.0% YoY, better than 0.8% in the advance estimate and bringing the full-year growth to 0.7%, the slowest since the GFC. The Ministry of Trade and Industry downgraded its forecast for 2020 growth to -0.5% to 1.5% range from 0.5% to 2.5% earlier as the coronavirus depresses trade and tourism. However, the MAS affirmed the current monetary stance. All eyes are on the 2020 budget to be announced tomorrow. We are looking for a record deficit of about 2% of GDP as the authorities are dealing with an unprecedented crisis that calls for an unprecedented response. Not just fiscal support but we also think the MAS will contribute to damage control by easing policy in April ([read more here](#)).

- **Thailand:** 4Q GDP is due today with consensus centred on 2% YoY growth, a slowdown from 2.4% in the previous quarter. The risk remains tilted to the downside (ING forecast 1.8%). We expect growth to stay on a steady downward trend in the next few quarters as the virus depresses tourism. The Bank of Thailand resumed its easing cycle with a 25bp rate cut in January. We expect one more cut at the next policy meeting in March. Meanwhile, parliament finally passed the FY2020 Budget Bill, opening doors for fiscal support.
- **Indonesia:** Indonesia reports January trade figures later in the session with investors expecting a widening of the trade gap with export growth modest although import compression is still forecast by analysts. The trade gap will likely widen in the coming months as export growth dries up given the impending global slowdown from the fallout from COVID-19. The IDR could face renewed pressure if concerns about the current account gap re-surface with Bank Indonesia attempting to time a rate cut to cushion the economy from the COVID-19 trade slump.

What to look out for: regional growth numbers, FOMC minutes

- Singapore GDP and non-oil exports (17 February)
- Thailand GDP (17 February)
- Indonesia trade (17 February)
- Philippines OFW remittances (17 February)
- US empire manufacturing (18 February)
- US housing starts and PPI (19 February)
- Fed Bostic and Mester speeches (19 February)
- Fed Kaplan, Barkin and Kashkari speeches (20 February)
- Bank Indonesia policy (20 February)
- FOMC minutes (20 February)
- Malaysia inflation (21 February)
- US existing home sales (21 February)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

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