

ASEAN Morning Bytes

Markets continue to digest Phase 1 US-China trade deal while focusing on economic data from these countries for direction



EM Space: China data dump

- **General Asia:** As investors are trying to digest the impact of the Phase 1 trade deal between the US and China, China's 4Q19 report card and manufacturing data from the US will drive the markets today.
- **Philippines:** The portfolio investments posted \$1.9bn worth of outflow in 2019, more than reversing \$1.2bn net inflow in 2018. The bulk of the outflow was traced to foreign investors pulling out from the local stock exchange in reaction to the government's recent crackdown on utility concessionaire supply contracts. With the current account deficit set to widen in 2020, the Peso is expected to face depreciation pressure unless financial flows, such as portfolio investments return.
- **Indonesia:** President Jokowi pressed his cabinet to complete the "omnibus law" proposal and submit it to Congress for approval by this week. The sweeping reform agenda will amend up to 74 laws, including legislation governing the labour code and corporate taxes. Jokowi's reform agenda will likely help to attract foreign investors and drive growth via capital formation. Meanwhile, foreign inflows would in turn help bolster the currency.
- **Thailand:** The Cabinet is considering tax benefits for firms importing machinery as authorities step up the battle to curb THB appreciation with more measures to stimulate

outward capital flow. After about 9% appreciation in 2019, the currency started trading this year on a weaker tone. With persistently big current surplus we doubt new measures will do any good beyond defending the USD/THB at 30.

- **Singapore:** December NODX growth of +2.4% was better than expected (consensus -1.0%, November -5.9%). The low base effect explains the return to positive growth for the first time since March last year. However, with monthly NODX flattish around SGD 14 billion since July there hasn't been much of actual recovery here. And, electronics persisted as the weak spot with over 20% YoY fall. We expect sluggish exports to continue to weigh down GDP growth in 2020.

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What to look out for: China GDP and US consumer sentiment

- Singapore non-oil domestic exports (17 January)
- China retail sales, GDP and industrial production (17 January)
- US industrial production and consumer sentiment (17 January)