

ASEAN Morning Bytes

General market tone: Risk-on.

Hopes for a trade deal and expectations for a dovish Fed to push risk-taking on Monday.



EM Space: Market continues to price in a dovish Fed

- **General Asia:** Investors remain hopeful for a trade deal between the US and China while turning their attention to the Fed meeting this week. Market players continue to expect dovish tones from the Fed after US data remains relatively soft.
- **Singapore:** Non-oil domestic exports bounced 4.9% YoY and 16.0% MoM SA in February, far stronger than consensus estimates and offsetting a steep decline in January. The Lunar New Year distortion masks the underlying weakness; electronics exports fell by 8% YoY (-16% in January). The 3.3% NODX fall in Jan-February is still a bad start to the year amid lingering external risks. With the wind of global central banks easing blowing, the MAS will find it hard to remain on the tightening path at the next semi-annual policy review in April.
- **Indonesia:** External trade surprisingly posted a trade surplus of \$330m in February, a positive swing from \$1.064bn deficit in January, though at the expense of a substantial import contraction while exports remained in the red. Imports plunged 14% from a downwardly revised January figure, beating the consensus estimate of a 0.3% gain, while exports fell by 11.3%, nearly triple the market forecast of a 4.4% fall.
- **Philippines:** The overseas Filipino worker remittances rose by 4.4% in January, better than the consensus forecast of a 3.8% rise. The Bangko Sentral ng Pilipinas will decide on policy

rates on Thursday with the market expecting no change to the rate policy for now. We expect a reduction in reserve requirements at a non-policy meeting and hints for a May policy rate cut given decelerating inflation.

What to look out for: central bank super Thursday

- Japan trade (18 March)
- Germany ZEW expectations (19 March)
- US factory orders and durable goods (19 March)
- Philippines BOP (19 March)
- Thailand BoT meeting (20 March)
- US FOMC meeting (20-21 March)
- Philippines BSP meeting (21 March)
- Taiwan CBC meeting (21 March)
- BoE meeting (21 March)
- US initial jobless claims (21 March)
- Indonesia BI meeting (21 March)