

ASEAN Morning Bytes

General market tone: Risk-on.

Markets are seen to trend higher on Monday on reported positive developments on the US-China trade front.



EM Space: China and the US have reached “consensus in principle”

- **General Asia:** Investors sentiment will likely be boosted on Monday with trade talks apparently going well with the US and China agreeing “in principle” on main topics. Talks will resume in the coming week but for the meantime, market players will likely take this as a cue to snatch up recently beaten down shares.
- **Thailand:** Thailand's GDP data for the final quarter of 2018 is due. Underlying our view of a pick-up in growth to 3.5% year-on-year from 3.3% in 3Q18 is improved manufacturing growth even as exports continued to weaken. We don't think this will be a sufficient reason for the Bank of Thailand to reverse December's 25bp rate hike, while the currency (THB) continues to be investors' darling.
- **Philippines:** The Philippine president penned the all-important rice import bill into law late last Friday, helping ensure a stable supply of rice for the rice-dependent nation. The passage is seen to lop off up to 0.7 percentage points to inflation and this development further cements the central bank's view that inflation will slip to roughly 3% for 2019.

Easing inflation pressures may give monetary authorities some leeway to slash policy rates and cut reserve requirements further in the coming months.

What to look out for: US-China trade talks and Fed minutes

- Singapore non-oil exports (18 February)
- Thailand GDP (18 February)
- Germany ZEW confidence (19 February)
- Japan trade (20 February)
- US durable goods (21 February)
- Indonesia policy meeting (21 February)
- Fed minutes (21 February)

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