

ASEAN Morning Bytes 19 March 2019

General market tone: Wait and see.

Investors are likely to keep sidelined with the Fed beginning a two day meeting.



EM Space: The FOMC meets and the market waits

- **General Asia:** Traders will likely stay defensive with the Fed going into a two-day policy meeting later on Tuesday. The markets are pricing in a dovish pause from the Fed given prevailing market conditions.
- **Malaysia:** Vehicle sales contracted by 1.8% YoY in February but production growth improved to 4.8% in the month after a steep, 19% contraction in the previous month. Data sends mixed signals about the overall manufacturing sales and output growth in the last month. Our view of a continued slowdown in GDP growth in the current quarter to 4.2% from 4.7% in 4Q18 remains on track.
- **Philippines:** The Philippines recorded a surprise January budget surplus as revenue rose steadily at 7% but expenditures before interest payments were down more than 10%. With the Congress debating the legality of the 2019 budget, the government is operating under the 2018 budget and thus spending has been curtailed, leading to the surplus. This will lead to slower growth in the first half of the year.

What to look out for: central bank super Thursday

- 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)

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