

ASEAN Morning Bytes

Market players may take comfort in comments by Xi Jinping that “positive changes” have been witnessed in combating Covid-19



EM Space: FOMC minutes point to Fed on hold for now

- **General Asia:** Minutes from the most recent FOMC meeting point to the Fed staying neutral as they indicated that the Covid-19 episode was in its early stages back during the meeting. Meanwhile, bargain hunting may lift markets as the number of new cases declined, although this may have also been influenced by a new adjustment to the way China records cases. Data calendar remains light with investors likely still taking cues from the Covid episode.
- **Thailand:** Released yesterday, the minutes of the Bank of Thailand's last policy meeting on 5 February painted a gloomy outlook as the outbreak of Covid-19 is keeping the economy on a downward path this year. The minutes noted that “extra accommodative monetary policy at this juncture would be appropriate”, keeping our view of a 25bp BoT rate cut in the March meeting on track, the second cut this year.
- **Indonesia:** Bank Indonesia (BI) meets later on Thursday to discuss monetary policy with the market pricing in a rate cut to cushion the economy from the impending economic slowdown induced by Covid. BI Governor Warjiyo had previously indicated he was likely to ease monetary policy to bolster economic growth and we expect him to do so later with inflation still well-within target and after 4Q 2019 GDP disappointed.

- **Philippines:** The Philippines posted a balance of payments (BoP) deficit of \$1.36 bn, the widest shortfall experienced since September 2018 with the government drawing down on reserves to pay off debt. Meanwhile, financial account flows were also negative as foreign portfolio outflows outpaced inflows given concerns about the US-Iran tensions, a volcanic eruption and the Covid-19. Despite the shortfall in January, flows may have reversed in February with the Peso outperforming peers as the Philippines is viewed to be least affected by Covid-19 in the region.

What to look out for: COVID developments

- Bank Indonesia policy (20 February)
- Malaysia inflation (21 February)
- US existing home sales (21 February)