

ASEAN Morning Bytes

General market tone: Risk off.

Concerns that US-China trade talks had hit a snag forced dealers to the sidelines with the Fed meeting in the background.



EM Space: One dot can tip the risk scales

- **General Asia:** Hopes for a trade deal between China and the US was one key support to the recent rally but with reports indicating that talks had bogged down, investors retreated. Reports showed that China had balked at some US demands although fresh talks will resume next week in Beijing for a final push to seal the deal. Meanwhile, the Fed began its two-day meeting with market hopeful for a dovish dot plot although we flag potential risk that one dot can tip the scales in favor of risk off.
- **Indonesia:** Indonesian finance minister Sri Mulyani Indrawati indicated that the aggressive borrowing binge in the first three months accounted for 67% of their total requirements for the year, allowing the government more flexibility in borrowing later in the year. The government has also announced it would like to tap its diaspora for a foreign currency bond issuance as well as EUR or JPY bonds in the near term.
- **Philippines:** Crop damage from the onset of the El Niño dry spell has hit Php1.33 bn according to the department of agriculture with both corn and rice production slowed by the harsh weather conditions. This could put yet another dampener on first-half growth for the Philippines and likely also take some momentum out from the current decelerating

inflation trend. The government however now has the ability to import the all-important staple of rice, which should help augment supply and prevent inflation episodes like 2018.

What to look out for: central bank super Thursday

- 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)