

ASEAN Morning Bytes

Asian markets will likely trend higher as market participants look forward to Biden's planned fiscal stimulus package.



EM Space: Focus will be on Biden's stimulus plan and vaccination effort

- **General Asia:** Asian markets likely to track gains overnight, boosted in large part by hopes for a substantial fiscal stimulus from US president Biden who was sworn in on Wednesday. Investors may also be upbeat with Biden pushing for a more aggressive stance to combat the virus to speed up vaccination by utilizing the defense production act. Meanwhile, Thursday features several central bank decisions (BoJ, ECB and Bank Indonesia) as well as US initial jobless claims and housing starts.
- **Indonesia:** Bank Indonesia (BI) holds its first policy meeting for the year with the central bank widely expected to keep rates unchanged at 3.75% as IDR came under some depreciation pressure to open the year. BI Governor Warjiyo will likely retain the central bank's accommodative stance, signalling possible rate action in the near term should the currency stabilize and if inflation remains benign. We expect BI to be open to additional easing in the coming months to help drive the economic recovery, which may fall short of expectations after a spike in virus infections forced Java and Bali to return to stricter partial lockdown measures.
- **Philippines:** December trade data is scheduled for release Friday with investors expecting

exports to nudge higher while imports are forecast to sustain double digit contraction. Exports may post another month of modest expansion, driven in large part by outbound shipments to China but imports will likely contract for a 20th straight month as weak domestic activity saps import demand. The sharp drop off in imports during the ongoing lockdowns have helped pushed the current account into surplus and bolster PHP, with the current expected to enjoy short term appreciation pressure with import demand predicted to remain soft in the coming months.

What to look out for: Central bank meetings and Biden presidency

- Philippines trade (21 January)
- Bank of Japan meeting (21 January)
- ECB policy meeting (21 January)
- US initial jobless claims and housing starts (21 January)
- Bank Indonesia policy meeting (21 January)
- Thailand trade (22 January)
- Malaysia CPI inflation (22 January)
- US existing home sales and PMI manufacturing (22 January)

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