

ASEAN Morning Bytes

Crude oil meltdown will continue to weigh on sentiment with investors looking past possible fresh US stimulus



EM Space: The sting from yesterday's oil crash-induced sell-off will linger today

- **General Asia:** The tone from yesterday's sell-off will likely be carried over to today with expectations for a deep and lasting economic downturn likely to dominate trading. Meanwhile, the US is one step closer to providing additional stimulus to help support small businesses. Expect economic gloom to weigh on trading sentiment today with select countries in the region tightening (Indonesia) or extending lockdown (Singapore) measures with new Covid-19 cases on the rise.
- **Singapore:** The government extended its circuit-breaker measures by four weeks until 1 June given the accelerated Covid-19 spread over the last few days. It also ramped up support measures with S\$3.8 billion of additional budget spending on job support schemes. Even so, the extended circuit breaker means a bigger dent to GDP growth in the current quarter than we earlier thought and a prolonged recovery once the pandemic ends, whenever that is. We are cutting GDP growth forecast for 2Q20 to -6.8% YoY from -4.5% and for the full-year 2020 growth to -3.7% from -2.6% earlier.
- **Malaysia:** March consumer price data is due. The sharp slump in demand due to the Covid-19 lockdown beginning in mid-March underscores the consensus view of inflation

slipping into negative territory, -0.1% YoY down from +1.3% in February. We expect food and transport prices to be the key negatives here. This brings further support to our forecast of an additional 50bp Bank Negara rate cut in this quarter.

- **Thailand:** [Trade dodged Covid-19 pain in 1Q20 with a 0.9% YoY](#) rise in exports and only a 1.9% fall in imports in the quarter. The continued large trade surplus suggests net trade contributed positively to GDP growth in the last quarter, but probably only to be outweighed by the increasing drag from weak domestic spending and stalled tourism. We consider our -2.2% YoY 1Q GDP growth view at risk of a downside miss (data due in mid-May), keeping the Bank of Thailand on course for a further 50bp rate cut in the current quarter.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor Diokno shifted his growth expectations to match the national government, indicating that growth in 2020 could stall to 1.0%. Overseas Filipino remittances which provide a steady stream of income from abroad may contract 2.5% in 2020 due to Covid-19 with 16,000 Filipinos sent back the Philippines since March. The loss of remittance support to consumption coupled with the 2-week extension to the lockdown knocks down our growth forecast for the Philippines to -0.1% in 2020.
- **Indonesia:** President Jokowi issued a local travel ban with a survey indicating that roughly 25% of the population still planned to travel for the Ramadan holiday while 7% had already left. Indonesia continues to push back on hard lockdown measures to curb Covid-19 and now has the second-highest number of confirmed cases in the region despite relatively poor testing capability. An eventual full lockdown for Indonesia will likely push growth prospects lower and we are revising our Indonesia GDP forecast to -0.5% for 2020.

What to look out for: Covid-19 developments

- Philippines remittances and GIR (22 April)
- Malaysia inflation and GIR (22 April)
- Taiwan unemployment (22 April)
- Singapore inflation (23 April)
- Taiwan industrial production (23 April)
- US initial jobless claims and new home sales (23 April)
- Singapore unemployment and industrial production (24 April)
- US durable goods orders University of Michigan sentiment (24 April)