ASEAN Morning Bytes

General market tone: Risk-off.

Risk sentiment may take a hit on disappointing economic data as global growth prospects dim.

EM Space: With trade talks ongoing investors continue to worry about global growth

- **Indonesia:** Bank Indonesia (BI) kept policy rates unchanged as expected with Governor Warjiyo pointing to macroprudential measures to boost growth in the meantime. With the IDR seeing some gains to start the year, BI opted to refrain from hiking but also appears averse to slashing rates any time soon as they preach stability. Unless we see a stark improvement in the current account position, BI may keep rates at current levels to help the IDR maintain some measure of strength.
- **Philippines:** Unofficial reports show that the Philippines posted a budget deficit of Php558.259 bn, much higher than the previous year's level of Php350.6 bn in 2017 as spending was brisk towards the end of 2018. This would mean the budget deficit was 3.17% of GDP, higher than the target of 3% for the year as government expenditures helped offset slowing growth momentum in the second half of the year.
- **Malaysia:** January CPI data is due today. Inflation hasn't been a problem since the GST removal in June last year and it's unlikely to be one at least until the middle of this year. A Bloomberg story quoted Finance Minister Lim Guan Eng saying that the government met

the 3.7% of GDP fiscal deficit target in 2018, has completed the review of public projects, and is on its way to normalize state spending going forward. He added that the revival of the $20bn East Coast Rail Link project is on the cards.
- **Thailand:** January trade data due today is likely to show a steeper export contraction swinging the trade balance to a deficit from a surplus in December.

What to look out for: US-China trade talks and Draghi speech

- ECB Draghi speech (22 February)
- Malaysia GIR (22 February)
- Thailand GIR (22 February)
- Hong Kong inflation (22 February)
- Singapore inflation (25 February)
- Taiwan industrial production (26 February)
- Hong Kong trade (26 February)
- US GDP (28 February)
- Bank of Korea (28 February)
- Thailand inflation (1 March)
- Indonesia inflation (1 March)
- US core PCE (1 March)
- US PMI (1 March)

Author

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com