

ASEAN morning bytes

General market tone: Wait and watch.

Investors will likely turn defensive on Tuesday reacting to slowing China growth and the IMF growth outlook



EM Space: Emerging markets possibly to edge lower on IMF downgrade

- **General Asia:** Risk markets may turn defensive on Tuesday after initially shrugging off slipping Chinese growth momentum as the IMF downgraded the global growth outlook for both 2019 and 2020. Market players will also likely be watching the sustained rise in crude oil prices with Brent up again overnight on falling US rig count and rising demand from China.
- **ASEAN:** The IMF downgraded its forecast for ASEAN GDP growth for 2019 by 0.1ppt to 5.1% while leaving the 2020 forecast at 5.2% as it sees potential headwinds from the China growth slowdown.
- **Philippines:** The Senate passed the 2019 budget late on 21 January, sending the PHP 3.75tr spending plan to a bicameral session on the 22nd as the government currently operates on a re-enacted budget carried over from 2018. The bicameral session, however, may be lengthy as some members of the lower house have expressed reservations about the current spending plan. Should the budget remain unpassed, 1Q GDP numbers may take

a hit as government spending has been a recent boost to overall growth while consumption and investments have slowed.

What to look out for: Central bank meetings

- Malaysia GIR (22 January)
- US existing home sales (22 January)
- Malaysia inflation (23 January)
- Singapore inflation (23 January)
- Philippines GDP (24 January)
- Malaysia policy meeting (24 January)
- ECB policy meeting (24 January)
- South Korea policy meeting (24 January)