

## ASEAN Morning Bytes 22 March 2019

General market tone: Wait and see.

Investors will likely digest the recent Fed decision while also looking forward to fresh US-China trade talks next week for direction.



### EM Space: Market players weigh slower growth and a dovish Fed on Friday

- **General Asia:** Market players will likely weight the prospects for slower economic growth as well as Trump's recent threat of keeping tariffs on China for an extended period of time before participating in the rally induced by the dovish Fed.
- **Indonesia:** Bank Indonesia opted to keep their powder dry by leaving the 7-day policy rate at 6%, a move expected by the market as the IDR has recently received an added boost from the dovish Fed dot plots. In a new slant, Governor Warjiyo has tagged the bank's push for economic growth, likely using macroprudential policies. With the Fed seen to be dovish through 2019, this given Governor Warjiyo a window to keep rates steady for longer and even consider a reversal should the IDR continue to remain stable.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) kept monetary policy rates unchanged while projecting inflation to remain right at target of 3% for 2019 and 2020. Governor Diokno, perceived to lean dovish, opted to keep the policy setting unchanged as the global domestic economic conditions remained firm although he did flag possible detrimental

effects from the prolonged budget delay in Congress. ING continues to expect a reduction in the reserve requirement ratio at a non-policy meeting in the near term.

## What to look out for: GIR data from ASEAN

- Malaysia GIR (22 March)
- Thailand GIR (22 March)