

ASEAN Morning Bytes

General market tone: Wait and see.

The market players are likely to be more cautious on Tuesday, watching developments on the oil front.



EM Space: Rising crude oil on imminent lifting of waivers from US sanction to drive direction

- **General Asia:** Threats from the US to end its concession for Iranian oil imports have pushed energy prices higher. This is negative for Asian currencies and government bonds.
- **Thailand:** March trade growth -- Exports -4.9% YoY and imports -7.6% -- was much weaker and the trade surplus of \$2bn was nearly double the consensus estimates. The slowdown in import growth outpaced that in exports growth in the first quarter of the year. But a steady trade surplus suggests net trade was a significantly smaller drag on GDP growth in the last quarter than in the previous two quarters. Our view of GDP growth slowdown to 3.1% in 1Q19 from 3.7% in 4Q18 is on track.
- **Singapore:** March CPI is due with consensus looking for a pick-up in the headline inflation to 0.7% YoY and in the core to 1.7% from 0.5% and 1.5% respectively in February. Earlier this month the central bank (MAS) cut its inflation forecast range for this year by half a percentage point, taking that for the headline to 0.5-1.5% and core to 1-2%. Latest activity data suggests the balance of economic risks is tilted towards growth rather than inflation.

And so is the risk to the MAS policy is biased towards easing rather than tightening. Our baseline is stable policy this year 2019.

- **Indonesia:** Indonesia is projected to post a 5.05% growth for the 1Q of the year. Incumbent President Jokowi, who is expected to stay in power for the second term, aims to boost growth via state spending over the course of the next budget year. With a deficit in the first three months of the year amounting to only 0.63% of GDP, the target of 2% of GDP annual deficit is on track.
- **Philippines:** The PHP 58.4bn budget deficit in March brings the 1Q19 deficit to PHP 90.2bn, almost half the program for the period. The delay in passing of the spending bill caused certain government projects and expenditures to be put on hold, leading to a smaller budget deficit. However, weak public spending could also have depressed the GDP growth in the last quarter.

What to look out for: US GDP

- Singapore inflation (23 April)
- Hong Kong inflation (23 April)
- US new home sales (23 April)
- Malaysia inflation (24 April)
- South Korea GDP (25 April)
- US durable goods (25 April)
- Bank Indonesia meeting (25 April)
- Singapore industrial production (26 April)
- US GDP and core PCE (26 April)