ASEAN Morning Bytes

Investor sentiment to remain fragile on Friday as focus turns back to the economic impact of Covid-19

EM Space: Dismal manufacturing data reminds investors of deep economic downturn ahead

- **General Asia:** Asian markets will likely be on the backfoot to close out the week with dismal PMI data reported across the globe. Investors will continue to be monitoring developments on the Covid-19 front with a setback on clinical testing for a treatment to the virus. Meanwhile, the US passed a fresh round of stimulus while oil prices continued to inch up slightly.
- **Singapore:** Today's March industrial production and first-quarter unemployment releases will signal the direction of revision to the -2.2% YoY GDP growth in the advance estimate of the last quarter. We are looking for a 7.8% YoY IP fall and 2.7% jobless rate, both on the weaker side of the consensus, -4.9% and 2.6% respectively. Surprisingly firmer non-oil domestic exports explain the resilience of manufacturing with just a 0.5% YoY fall in the advance GDP data. However, sharp declines in the manufacturing PMIs in the last two months of the quarter, led by a plunge in export orders and output, tell a more disheartening story.
- **Malaysia:** The government announced the extension of its partial lockdown by another two weeks to 12 May. The third extension imparts further downside risk to our view of over 6%

YoY GDP contraction in this quarter. With inflation slipping into negative territory in March, the central bank (BNM) is likely to ramp up easing with at least a 50 basis point rate cut at the next meeting on 5 May. The MYR should remain an Asian underperformer with the added drag from weak global oil prices on the net oil-exporting economy.

- **Philippines:** President Duterte extended the lockdown in the capital region as well as nearby provinces until 15 May. The almost 2-week extension will likely cripple 2Q GDP further as roughly 74% of the economy remains on home quarantine. Meanwhile, the fiscal rescue package has yet to be increased as the government struggles to get together funding for the planned 1.5% stimulus package. We stand by our -2.2% GDP forecast for the year as growth momentum slows further which could weigh on the Peso in the near term.

What to look out for: Covid-19 developments

- Philippines remittances and GIR (24 April)
- Singapore unemployment and industrial production (24 April)
- US durable goods orders University of Michigan sentiment (24 April)

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