

ASEAN morning bytes

General market tone: Slight risk-off.

Investors will likely remain defensive as concerns about slowing global growth remain.



EM Space: Positive earnings on Wall Street may lift mood slightly but gains to be capped still

- **General Asia:** Risk sentiment may carry over from a decent performance on Wall Street overnight but too many uncertainties remain as the US Senate votes on legislation to end the government shutdown. Meanwhile, global leaders at Davos sound off on expectations for slowing growth, which in turn hit the oil market overnight. Central bank meetings in Korea and Malaysia are today's highlights.
- **Malaysia:** Coming ahead of the BNM's policy announcement today (3 pm local time) is CPI data for December (12 pm). Inflation averaged at 0.5% YoY since the GST elimination in June. The GST impact will continue to be felt until mid-2019, beyond which we expect inflation to pick-up to about 2% for a full-year 2019 average of 1.6%, still well below the 2.5-3.5% government's forecast for this year. We expect the BNM to leave the policy on hold throughout this year.
- **Singapore:** December CPI inflation surprised on the upside with headline rising to 0.5% YoY from 0.3% in November and core to 1.9% from 1.7%. A sharp rise in the recreation components in the festive month stood out, though this is transitory. We don't think data to

cause any jitters about the MAS policy, which after two tightening moves in 2018 will likely be left unchanged this year as risks to growth intensify.

- **Thailand:** The Election Commission announced March 24 the date for the general election after the Royal decree issued yesterday formally called for polls in 2019. The markets cheered the news and the baht strengthened to 31.67 against the USD, the level not seen since May last year. Underlying our view of the USD/THB rising past 33 level within three months is intensified political risk.
- **Philippines:** The Philippines will report 4Q 2018 GDP numbers in the morning with market consensus at 6.3% with the government forecasting growth to have settled in the “neighborhood of 7%” with state spending and consumption the likely drivers. Meanwhile, 3Q 2018 GDP growth was revised lower from 6.1% to 6.0% slower growth in manufacturing, retail trade, and financial services than previously estimated.

What to look out for: Central bank meetings

- Philippines GDP (24 January)
- Malaysia policy meeting (24 January)
- ECB policy meeting (24 January)
- South Korea policy meeting (24 January)