

ASEAN Morning Bytes

The market sentiment continues to be overshadowed by reports of more cases of the Wuhan virus spreading around the world



EM Space: The virus is spreading

- **General Asia:** With the data release calendar light, investors will focus on developments on the coronavirus threat with a case reported in Singapore. Investors will also be monitoring developments at Davos meeting of world leaders over the weekend.
- **Singapore:** December industrial production data is due. The consensus of -0.6% YoY IP growth is derived from -2.1% YoY 4Q19 manufacturing GDP growth in the advance estimate released earlier this month. So, the significance of today's release is limited to the direction of revision in manufacturing and total GDP growth (+0.8% YoY) it points us to. We see little market impact amid early shut down of business for the Lunar New Year eve.
- **Thailand:** In its bid to revive investment demand the government is considering tax incentive and more lending support for companies. This comes as the 2020 budget spending faces further hold up amid reports of irregularity in the passage of the budget bill earlier this month. Increasing delay in fiscal support will weigh on GDP growth, boosting the talk of more BoT policy easing this year.
- **Philippines:** GDP grew by 5.9% in 2019, slower than the official target of a 6.0-6.5% expansion. A downside growth miss and even higher growth target for 2020 suggests Bangko Sentral ng Pilipinas Governor will follow through on his recent comments

about cutting policy rates by another 25 bps in the current quarter.

- **Indonesia:** Bank Indonesia (BI) kept policy rates unchanged on Thursday with Governor Warjiyo indicating that they would ease monetary policy at some time later. Warjiyo sees growth getting some momentum in 2020 as the economy moves past the “low point” of the cycle and loan growth recovers to double digits. We expect BI to be monitoring both the IDR stability and the 4Q GDP report before easing the policy further at the February meeting.

What to look out for: EU and US PMIs

- Eurozone advance PMIs (24 January)
- Singapore industrial production (24 January)
- US advance PMIs (24 January)