

ASEAN Morning Bytes

General market tone: Risk-off.

Investors will likely stay defensive ahead of the release of US 1Q GDP data later on Friday.



-4.6%

Consensus on Singapore March industrial production growth

Year-on-year

EM Space: Wall Street and crude oil pull back with US GDP in focus

- **General Asia:** The US equity markets succumbed to profit-taking after poor earnings reports from a select manufacturing firm. This sets the Asian markets for a weak start today with investors looking to 1Q19 GDP reports from the US for direction.
- **Singapore:** March industrial production due today will inform on the direction of revision to the 1.3% preliminary estimate of GDP growth in 1Q19. Exceptionally weak exports, down 12% YoY in March, imparts upside risk to the consensus of 4.6% YoY fall in IP. And therefore, GDP is prone to downside revision. 1Q19 labor report is also due today. Against a backdrop of a slowing economy, we think the consensus view of an unchanged unemployment rate

at 2.2% is optimistic.

- **Thailand:** Bloomberg quoted the Bank of Thailand's deputy governor Paiboon Kittisirikangwan saying that the monetary policy was focused on long-term economic stability rather than short-term volatility and that central bank would carefully use the limited policy space to preserve it as a tool for future volatility. Our baseline is no change to the BoT policy this year.
- **Indonesia:** Bank Indonesia (BI) kept policy rates unchanged with the 7-day reverse repo rate at 6.0% for the 5th straight meeting. With inflation now running at the lower end of BI's 2.5-4.5% policy target range, the IDR relatively more stable, and reserves replenished after the 3Q 2018 siege on EM currencies, there is room for policy easing. While Governor Warjiyo retained his hawkish rhetoric on the back of prevailing external risks, he did hint at easing in the form of liquidity infusion to support growth.
- **Philippines:** The government budget deficit in March came in at PHP 58.4bn, much lower than target as the budget passage delay hampered spending efforts while revenue collections remained on track. This brings the 1Q19 deficit to PHP 90.2bn, down from PHP 152.2bn posted in 1Q18. Delayed public spending would have been a drag on GDP growth in the last quarter.

What to look out for: US GDP

- Singapore industrial production (26 April)
- US GDP and core PCE (26 April)