

ASEAN Morning Bytes

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EM Space: Covid-19 continues to rule markets

General Asia: The global spread of Covid-19 remains the key driver for markets in an otherwise light data calendar today in Asia. The highlight of the day is Malaysia's stimulus package. Yesterday's manufacturing releases were a mixed bag with Thailand posting a deeper than expected fall but Singapore's data bouncing back in January. We don't pay much heed to this data as growth is poised for a bigger hit from the virus in February and the months to come.

Malaysia: Despite political upheaval earlier this week, the government is going ahead with a stimulus package to help the economy ride over the crisis brought on by the global Covid-19 outbreak. Interim Prime Minister Mahathir Mohamad met finance ministry officials yesterday in this regard and he will be making the announcement today around 4 pm local time. Already prepared before Mahathir's shocking resignation on Monday, the package is expected to include support measures for travel and tourism and also to spur domestic demand in the face of persistent export weakness ahead.

Singapore: It was a surprisingly good start for the manufacturing sector in 2020 with a 3.4% YoY and an 18.2% MoM SA surge in January. We treat the bounce as a transitory blip, rather than ongoing strength as manufacturing activity remains at the mercy of the virus and the overall

economy is at risk of a recession in the first half of 2020. We expect accelerated fiscal policy support, and possibly an easing by the Monetary Authority of Singapore in April to help the recovery in the second half.

What to look out for: Malaysia stimulus, Covid-19 developments

- Malaysia stimulus package
- Philippines budget balance (27 February)
- US GDP and durable goods orders (27 February)
- EU CPI (28 February)
- India GDP (28 February)
- Japan labor and manufacturing data (28 February)
- Korea manufacturing data (28 February)
- Thailand balance of payment (28 February)