

ASEAN Morning Bytes

General market tone: Wait and see.

Investors may be pushing the market higher on bargain hunting although gains likely to be capped amid lingering US-China trade and the Brexit risks.



EM Space: Poor US data and hawkish Fed not enough to turn sentiment

- **General Asia:** Investors will continue to look to the US-China trade talks as well as the raft of US economic data reports at the end of the week for direction. Two Fed speakers overnight hinted at possible rate hikes still down the line should data support the view. However, the US economic releases on Tuesday were very soft with consumer sentiment and housing data both negative. The Brexit uncertainty continues to linger in the background.
- **Thailand:** February industrial production surprised on the downside with 1.6% YoY fall. Weak IP contrasts with strong export growth in the last month. Despite a mixed set of February data, GDP growth remains on track to our forecast of a further slowdown to 3.1% in the current quarter from 3.7% in 4Q18. And the THB remains resilient to intensified political noise after Sunday's general elections. Political parties opposed to the Thai junta are due to hold a joined briefing today in Bangkok.
- **Malaysia:** In a boost to consumer spending, the government is reportedly returning MYR 37bn in GST and income tax refunds to people.

- **Philippines:** The Senate president looks to break the long-standing deadlock between the upper and lower house to get the spending bill passed into law. The upper house transmitted the budget bill to the President but with strong reservations. Government spending has been bogged down in early 2019 given the budget impasse with the government operating under last year's spending plan.

What to look out for: US China trade talks in Beijing

- US trade (27 March)
- US core PCE and GDP (28 March)