

## ASEAN Morning Bytes

Rally picks up steam as US finally rolls out fiscal package but economic numbers suggest a long drawn out battle ahead



### EM Space: Hopes for a quick recovery boost market appetite

- **General Asia:** Investors looked past bloated jobs claims figures and took comfort in the deal struck between US lawmakers to get the fiscal package through for Trump's signature. With both fiscal and monetary authorities brandishing all the heavy artillery to combat the economic fallout from the crisis, market players decided that we may be in for a sharp economic recovery after a few months. All of this happened as the number of cases in the US has surpassed those in China so we may be in for some more volatility ahead as economic data releases will likely continue to sour in the next couple of months.
- **Indonesia:** Indonesia is mulling issuing an IDR-denominated bond to build a rescue-fund for beleaguered corporations in the near term. Authorities are seeking Presidential approval for Bank Indonesia (BI) to be granted permission to purchase these bonds from the primary market to help support the issuance as they are currently barred from doing so. Finance officials concede that the budget deficit will likely exceed 3% of GDP this year while BI Governor Warjiyo indicates that the worst of the sell-off may be behind them with the pace of foreign selling slowing down. Nonetheless, Warjiyo vowed that the central bank would continue to purchase bonds in the secondary market to support the currency and bonds, saying that the central bank was willing to do this "indefinitely".

- **Philippines:** The Bankgo Sentral ng Pilipinas (BSP) released another Php20 bn to the national government in the form of “advanced dividend” payments to help fund recovery efforts for Covid-19. This is one of the many measures the monetary authority has resorted to in the past two weeks to support the economy. We expect BSP to continue to deploy reductions to reserve requirements and cuts to the policy rate as the President was granted special powers to compel BSP to adjust monetary policy if needed.

## What to look out for: Covid-19 developments

- Philippines budget balance (27 March)
- Thailand GIR (27 March)
- US consumer sentiment (27 March)