

ASEAN Morning Bytes

Hopeful trends emerge on the Covid-19 front but growth data later in the week should remind investors of the downturn ahead.



EM Space: Central bank meetings and GDP data to give cues for trading

- **General Asia:** Investor sentiment will take its cue from economic data reports from major markets in the coming week even as previous virus hotspots rollout plans to gradually reopen their economies. GDP data and meetings of key central banks will be the focus for the coming days while hopeful trends on the virus front will likely be countered by rounds of expectedly poor economic data and the continued rise in new Covid-19 cases in other jurisdictions.
- **Thailand:** The Thai government is planning to extend its state of emergency by a month until 31 May. Meanwhile, the country's tourism authority has dashed hopes of a near-term economic recovery as it expects a 60% plunge in tourist arrivals this year with this, in turn, denting tourism income by at least half. All this adds to the downside risk to our view of a 7.7% YoY GDP fall in 2Q20 and full-year contraction of 4.3%. We expect an additional 50 basis point central bank (BoT) rate cut this quarter, taking rates to a record low of 0.25%, fueling the need for unconventional easing after that.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) predicts GDP growth to slip to -0.2% in 2020 as Governor Diokno pledged additional stimulus to help stave off an impending economic

downturn. Diokno indicated that he was open to cutting rates further and reducing reserve requirements but we believe he may be running out of conventional policy space after committing several rounds of rate cuts to date. Meanwhile, the Treasury announced a fresh round of Dollar-denominated borrowing with the Philippines set to issue \$1bn worth of bonds likely split between the 10-year and 25-year tenors. The issuance should help bolster the PHP in the near term but reports that up to 90,000 migrant Filipinos are now unemployed should limit the Peso's gains.

What to look out for: GDP data, central bank meetings and Covid-19 developments

- Philippines remittances and GIR (28 April)
- US wholesale inventories and consumer expectations (28 April)
- Singapore unemployment (29 April)
- US GDP and pending home sales (29 April)
- FOMC meeting (30 April)
- China PMI manufacturing and non-manufacturing (30 April)
- Thailand trade (30 April)
- Taiwan GDP (30 April)
- ECB meeting (30 April)
- US personal spending and core PCE (30 April)
- US ISM PMI manufacturing (1 May)