

ASEAN Morning Bytes

General market tone: Wait and see.

The markets are likely to move sideways as players await fresh leads on trade and geopolitical concerns ebbing.



EM Space: Testimonies from key US officials mixed, China data out later in the day

- **General Asia:** Fed Chair Powell's delivered a testimony again on Wednesday with little added save for some details on their plans for the balance sheet reduction. Comments from a trade official and President Trump's former lawyer failed to move markets convincingly.
- **Thailand:** The balance of payments data for January is expected to show a sharp negative swing in the current account balance, just as what we saw from the customs-basis trade balance, which plunged to a deficit of \$4 billion in the last month from a \$1.1 billion surplus in December. Having dropped to 7.5% of GDP in 2018 from 11% in the previous year, we forecast that the current surplus will shrink further to 4.5% in 2019. Yet its remains strong support for the Thai baht, Asia's best-performer currency last year and remains so this year.
- **Singapore:** Mr. Ravi Menon, the head of Singapore's central bank (MAS), views the current MAS policy stance as "appropriate" for the economy. The economy is off to a weak start in

2019 judging from the dismal NODX and manufacturing data for January. Having tightened twice in 2018 we believe the conditions are ripe for the MAS to leave the policy on hold in April, though last year's tightening also provides wiggle room for the central bank to ease if things get really bad. "Two months is a long time, so we'll see how it looks like then", said Mr. Menon.

What to look out for: China PMI and US data dump

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