

ASEAN Morning Bytes

As Covid-19 threat is gripping the US, the last bastion of the global economy, economic data from Asia is starting to reflect the damage the disease is inflicting on the region



EM space: Economic data starting to reflect Covid-19 impact

General Asia: While the Covid-19 fears continued to wreak havoc in the US markets, the economic releases this morning from Japan and Korea started to reflect the damage from the virus – all this setting the trading week in Asia for a dismal end. Due over this weekend, China's purchasing manager index and Korea's trade figures for February should provide a better reading of the impact of the virus on these economies.

Malaysia: Even as the political deadlock continues, the interim prime minister Mahathir Mohamad yesterday announced an MYR 20 billion (about 1.3% of 2019 GDP) support package for sectors affected by Covid-19. But, the implementation remains up in the air with no government in place just yet. The King was unable to decide on the majority backing for one of two camps, Mahathir's and Anwar's, vying to form the next government. The Parliament is convened on next Monday (2 March) to end the standoff. Meanwhile, the MYR continued to recover losses incurred at the height of the political drama earlier this week.

Thailand: January balance of payments data today is expected to show a sharp narrowing in the current surplus judging from the worst customs-basis trade deficit in almost a year and a slump in

tourism revenue due to Covid-19 outbreak. We estimate a current surplus of \$1.1 billion in the last month, far below \$3 billion consensus estimate. THB is re-pricing for narrowing current surplus, which we see dwindling to 3.5% of GDP in 2020 from 6.9% in 2019.

Philippines: Bangko Sentral ng Pilipinas (BSP) Governor Diokno struck a dovish tone on Thursday, hinting at additional policy easing given concerns about the economic impact from Covid-19. Diokno had previously pledged a total of 50 basis point of rate cuts but has now expressed willingness to do more policy rate cuts if needed, as well as resort to additional reductions to reserve requirements (RR). We have pencilled in a BSP rate cut in 2Q and a RR cut by 3Q.

What to look out for: China PMI and Covid-19 developments

- EU CPI (28 February)
- India GDP (28 February)
- Thailand balance of payment (28 February)
- US personal income and spending (28 February)
- China PMI (29 February)
- Korea trade (1 March)

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