

ASEAN morning bytes

General market tone: Wait and watch.

Trump hammers out a temporary deal to reopen US government but investors are likely to remain cautious ahead of the Fed decision.



EM Space: Investors await the Fed, China data and US-China trade talks for direction

- **General Asia:** Despite the temporary reopening of the US government traders will likely refrain from taking aggressive bets. The focus will be on the Fed meeting and China's manufacturing data out later in the week for direction.
- **Indonesia:** Indonesia is looking for more ways to narrow their current account deficit with the government unveiling a scheme to entice export growth. The plan will allow exporters of oil, minerals, and coal to apply for tax exemption for as long as they keep their foreign exchange earnings in the country. The measure is seen to boost the export sector and help narrow the trade deficit in 2019.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) is looking to slash reserve requirements (RRR) with Governor Espenilla indicating that they "now see scope for further reductions in the RRR as we see inflation returning firmly to within target". Espenilla has vowed to slash the RRR to single digits by the end of his term and the first of two cuts may be in the offing as soon as the 1Q of 2019.

What to look out for: Fed decision, US-China trade talks

- China industrial profits (28 January)
- Hong Kong trade data (28 January)
- US wholesale inventories (29 January)
- Hong Kong retail sales (30 January)
- China PMI manufacturing and non-manufacturing (31 January)
- US Fed meeting (31 January)
- India FY2020 budget (1 February)
- US non-farm payroll (1 February)