

ASEAN Morning Bytes

General market tone: Risk-off.

Market players will head for cover with global growth concerns taking center stage.



EM Space: Declining Treasury yields send dealers scurrying for safety

- **General Asia:** Mounting fears for a global turndown sparked broad risk-off tone with traders seeing Treasury yields slide further. US GDP numbers reported on Friday will likely see growth slow substantially after the US-China trade war continues to bite.
- **Thailand:** The BoT's Deputy Governor Mathee Supapongse told media that the central bank wasn't overly concerned about the impact of politics on the economy. He acknowledged growing external risks to the Thai economy but said the central bank would focus on domestic conditions to set interest rates. We believe the balance of risks to the BoT policy is tilted towards an easing rather than tightening this year.
- **Malaysia:** The BNM announced a relaxation of foreign exchange rules, extending the hedging period for residents' foreign currency obligations to 12 months to enable businesses to better manage their long-term foreign currency exposure. The new regulation also allows small and medium enterprises with net import obligation in the global supply chain of goods and services to receive payment in foreign currency from resident exporters. The relaxation should sustain the Malaysian ringgit (MYR) among outperformer Asian

currencies.

- **Indonesia:** Bank Indonesia forecasts inflation for the year to average slightly above 3% compared to the 2.5-4.5% target band according to Senior Deputy Governor Mirza Adityaswara. Furthermore, the central bank forecasts the current account to improve in 1Q 2019 from the previous quarter after the economy started posting trade surpluses in January on the back of import compression.
- **Philippines:** The Department of Finance warns that growth will likely slow to 6.1-6.3% given the delay in the budget for the year with members of the legislative squabbling over the allotments. Given the delay and the looming election ban, government spending has been curtailed and will unlikely be able to provide the extra boost for GDP growth.

What to look out for: US China trade talks in Beijing

- US core PCE and GDP (28 March)
- Fed George, Clarida, Quarles, Bowman and Bostic give speeches (28 March)