

ASEAN morning bytes

General market tone: Risk-off.

Risk aversion may dominate markets with renewed concerns on US-China trade relations.



EM Space: Traders to head for cover as US charges a Chinese telecommunications company

- **General Asia:** The US-China trade spat is starting to turn ugly with the US Department of Justice filing charges against the CFO of a Chinese teleco giant. Furthermore, the Justice Department is also filing charges against the parent teleco giant for stealing trade secrets from an American company. This leads us to expect a broader risk-off tone today.
- **Indonesia:** Bank Indonesia's Governor Warjiyo expects the IDR to remain stable with a strengthening bias as foreign investor confidence is expected to remain positive. The Governor also sees sufficient liquidity in the spot, swap, and non-deliverable forwards market. Meanwhile, BI reiterated its coordination with the national government and financial services authority to prepare policies to improve the current account balance.
- **Thailand:** The manufacturing data for December due today will help us to fine-tune our GDP growth estimate for the fourth quarter of 2018. Coming on the heels of a steeper export contraction last month, data is poised to surprise the consensus centered on a 0.6% YoY growth (prior 1%). ING forecast is -1.0%. However, the low base effect likely to have aided a slight pick-up in GDP growth to 3.5% in 4Q18 from 3.3% in the previous quarter. We are

wondering why the Bank of Thailand even bothered to tighten the policy in December. We aren't expecting any move this year.

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

- US wholesale inventories (29 January)
- Hong Kong retail sales (30 January)
- China PMIs (31 January)
- India FY2020 budget (1 February)
- US NFP (1 February)

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