

## 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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