

ASEAN Morning Bytes

General market tone: Wait and see.

Investors will likely digest the latest US GDP surprise while looking to the FOMC meeting later in the week. The inflation, manufacturing, and trade data crowd this week's Asian economic calendar.



EM Space: Expect some risk-off as strong US GDP data dashes expectations of Fed easing

- **General Asia:** Investors will digest the latest upside surprise from the US with traders now turning their focus to the FOMC meeting and US jobs report later in the week. Select ASEAN economies will report trade and inflation numbers while China's PMI on Tuesday may also drive trading direction.
- **Singapore:** March industrial production contracted in line with consensus by 4.8% YoY. Yet, a significant upward revision to the previous month's growth (to 2.6% from 0.7%) indicates a possible upward revision to the GDP growth in 1Q19. The central bank (MAS) released its semi-annual Macroeconomic Review on Friday in which it reaffirmed its view of GDP growth this year coming in slightly below the midpoint of its 1.5-3.5% forecast range.
- **Thailand:** In the worst reading in over two years, the tourist arrivals fell by 0.7% YoY and tourism receipts were down 1.3% in March. The slowdown in visitors from China has been a drag in recent months. Blame the increased political uncertainty surrounding the first general elections since the 2014 military coup. Data supports our view of a slowdown in GDP

growth to a two-year low of 3.1% in 1Q19 from 3.7% in 4Q18.

- **Indonesia:** Bank Indonesia (BI) expects inflation to be benign, forecasting a 2.47% increase in prices for April and full year inflation at 3.1%. The central bank also sees solid household consumption of at least 5% to boost overall GDP growth with Jokowi likely headed for another term as President.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) Governor indicated that he was open to adjusting both the policy rate and the reserve requirement ratio and that he would be monitoring the movement of oil prices and the impact of El Niño on food prices for direction. The markets continue to gauge the stance of the current Governor who has moved from dovish to hawkish from one speech to the next. The next BSP policy meeting is scheduled for 9 May.

What to look out for: US PCE, FOMC and NFP

- Hong Kong trade (29 April)
- US core PCE (29 April)
- China PMI (30 April)
- Thailand trade (30 April)
- Philippines domestic liquidity (30 April)
- Thailand inflation (1 May)
- US ADP PMI (1 May)
- China Caixin PMI (2 May)
- Hong Kong GDP (2 May)
- Indonesia inflation (2 May)
- FOMC (2 May)
- Malaysia trade (3 May)
- US NFP and PMI services (3 May)