

ASEAN Morning Bytes

Asian markets to trade cautiously on Wednesday ahead of the US GDP report and Fed meeting.



EM Space: Governments continue to plan gradual reopening

- **General Asia:** Select countries in Europe continue to map out a gradual reopening of their economies even as investors continue to monitor the trends on new infections at potential new hotspots around the world. US GDP is slated for release later in the session which should continue to give investors a glimpse on the Covid-19 economic impact. Caution should continue to dominate trading on Wednesday with energy prices still depressed while the Fed and ECB meet on Thursday to discuss additional policy measures.
- **Singapore:** The Monetary Authority of Singapore warned about a “worst-ever recession” with a deeper GDP contraction this year than the -4.0% official worst-case view. The warning came as part of the central bank’s semiannual Macroeconomic Review released yesterday, which also painted a grim outlook for the labour market that today’s 1Q20 jobs data should testify to. We expect a rise in the jobless rate to 2.7% (seasonally adjusted) from 2.3% in 4Q19. An unprecedented economic slump means the jobless rate this year will not only dwarf the 3.3% peak reached during the 2009 global financial crisis but it could potentially breach the 4.8% record during the SARS pandemic in 2003.
- **Thailand:** The manufacturing data for March is due today. We expect a steeper output fall (-6.7% YoY) than the 5.2% fall in February, as weak tourism and domestic spending

outweigh firmer exports. Prime Minister, Prayuth Chan-Ocha, announced an extension of Thailand's state of emergency until the end of May. The government also announced \$4.6 billion (0.9% of GDP) of cash handouts for farmers, taking the total cash handouts so far to about 4.7% of GDP. The increasing policy support comes against a backdrop of record-low consumer and business confidence, keeping the economy on course for a deep slump this year.

- **Philippines:** President Duterte continued to hint at a gradual easing of restrictions for areas currently under lockdown as economic activity has ground to a halt. Manufacturing and service-sector activity has remained dormant for almost 2 months now which will likely push 2Q GDP into negative territory. Meanwhile, the Philippines successfully issued roughly \$2.4 bn worth of 10-year and 25-year bonds on Tuesday with the fresh inflow of Dollars from the issuance likely to help support the PHP in the near term.
- **Indonesia:** The Ministry of Finance announced it had raised up to IDR62.2 Tr (\$4bn) worth of bonds through private placements with banks to help fund the Covid-19 rescue plan. Bank Indonesia had recently relaxed reserve requirement ratios with the central bank, asking banks to buy up bonds with the liquidity freed up by the move. Finance Minister Indrawati also announced it was in talks to borrow up to \$750 mn from multilateral agencies to help build the war chest in the fight against Covid-19.

What to look out for: GDP data, central bank meetings and Covid-19 developments

- Philippines remittances and GIR (29 April)
- Singapore unemployment (29 April)
- US GDP and pending home sales (29 April)
- FOMC meeting (30 April)
- China PMI manufacturing and non-manufacturing (30 April)
- Thailand trade (30 April)
- Taiwan GDP (30 April)
- ECB meeting (30 April)
- US personal spending and core PCE (30 April)
- US ISM PMI manufacturing (1 May)