ASEAN Morning Bytes

Market sentiment will remain fragile although some bargain hunting may lift battered markets on Wednesday

EM Space: Focus remains on 2019-nCov

- **General Asia:** The US Fed concludes a two-day meeting and it's widely expected to keep the policy on hold as other important forward-looking data on the US economy over the rest of the week shapes the course of future policy. Meanwhile, 2019-nCov remains as the key driver for markets in Asia.
- **Thailand:** December manufacturing data due with consensus centred on a 7% YoY fall in output. The downtrend in both export and manufacturing deepened in 4Q19, dragging the GDP growth lower. We will refine our 2% YoY 4Q19 GDP growth forecast based on today's data (2.4% in 3Q). The THB remains under weakening pressure from worries of coronavirus denting the tourism industry, while clouded growth outlook for 2020 could tip the Bank of Thailand for another rate cut as early as next week.
- **Philippines:** The Bureau of Treasury (BTr) issued its first retail treasury bond (RTB) for the year, selling a 3-year bond at 4.375% and raising Php134bn compared to the Php30bn on offer. We expect the government to accept more bids and effectively siphon off a substantial amount of liquidity in the coming days, likely taking yields higher.
- **Indonesia:** Finance minister Indrawati expects 4Q GDP to grow by 5.1% with consumption activity stagnant and government spending curtailed by a widening fiscal deficit. Indrawati

expects the full-year growth to settle at 5.1%, below the government's 5.3% aspiration. Given the growth miss, we expect Bank Indonesia (BI) to fire off another round of easing although the central bank will likely need to time the rate cut during a period of the IDR stability.

What to look out for: US GDP, FOMC and Brexit

- Thailand manufacturing (29 January)
- US wholesale inventories and pending home sales (29 January)
- Fed decision (30 January)
- Hong kong trade (30 January)
- US 4Q GDP(30 January)
- China manufacturing and services PMI (31 January)
- Thailand balance of payments (31 January)
- US core PCE (31 January)
- UK's EU exit deadline