

ASEAN Morning Bytes

Asian markets may track upbeat sentiment from US gains on Friday



EM Space: Bargain hunting could dominate Friday's session but little else to drive direction

- **General Asia:** Asian markets are likely to track the gains on Wall Street overnight with bargain hunting dominating trading on Friday. US GDP came in slightly below expectations while initial jobless claims remained elevated but beat market estimates. Data later in the session focuses on GDP and trade figures from regional economies while the US is scheduled to release data on personal spending. Investors will also likely focus on Covid-19 developments with the new strains of the virus surfacing across the globe giving rise to concerns about the prospects for a recovery even as vaccine distribution is underway.
- **Thailand:** December current account data is due today. We estimate that the full-year 2020 current surplus was \$17 billion, a sharp narrowing from \$38 billion in 2019 as Covid-induced net service outflows outweighed the merchandise trade surplus. This was the main headwind to THB appreciation last year. The Bank of Thailand remains poised to curb currency appreciation.
- **Malaysia:** The December trade report arrives today. Year-on-year export growth in the majority of Asian economies surprised on the upside in December. We imagine a similar risk to our 4% YoY growth forecast for Malaysia's exports (4.3% in November). Electronics should remain as a key export driver, thanks to the positive global semiconductor cycle. But fuel

exports have yet to catch up with rising global oil prices.

What to look out for: Covid-19 developments

- Malaysia trade (29 January)
- Thailand trade (29 January)
- Taiwan GDP (29 January)
- US personal spending and core PCE, consumer sentiment (29 January)