

ASEAN Morning Bytes

The global market mayhem continues as official responses to the pandemic viewed as insufficient



EM Space: The market mayhem continues

- **General Asia:** Market players may be picking up the pieces after substantial losses in the previous session as Covid-19 appears to be on course to inflict substantial damage to the global economy. Stimulus packages are being readied but investors have so far not been impressed with the size and scope of those rolled out so far.
- **Malaysia:** January industrial production is due with consensus expectation of a modest growth slowdown to 0.8% YoY from 1.3% in the previous month. The Muhyiddin government will be reviewing the MYR 20 billion (1.3% of GDP) stimulus package announced by the previous administration to ensure it's sufficient while they stretch the fiscal limits amid falling oil prices. The MYR traded to a two-and-half-year low of 4.28 against the USD yesterday. We expect it to remain an Asian underperformer in the days ahead.
- **Indonesia:** The government will announce details of a much-anticipated second stimulus package that is promised to be more substantial than the first \$750 mn spending bill designed to combat Covid-19 and its impact on the economy. Finance minister Indrawati will outline tax cuts for individuals and corporations as well as a possible relaxation of import duties for six months. Despite these efforts, growth is expected to take a hit and a rise in bond issuance to cover the budget shortfall should push yields higher.

- **Philippines:** President Duterte ordered a community quarantine for the capital Manila, which will restrict entry and exit into the country's main source of economic activity for a period of 30 days beginning on Sunday, March 15. Domestic travel during this period by land, sea and air will be prohibited. Details have yet to be discussed but this opens the door for a possibly sizeable easing from the central bank next week given the likely impact on growth from such a quarantine.

What to look out for: Covid-19 developments

- Malaysia Industrial production (13 March)
- Philippines fiscal balance (13 March)
- US consumer sentiment (13 March)