

ASEAN Morning Bytes

Reports of a possible oil deal may help sentiment somewhat to close out the week.



EM Space: Trump tweet sparks possible end to Saudi-Russo price war

- **General Asia:** The week comes to a close with US President Trump indicating that Russia and Saudi Arabia would come to terms in the next few days and cut oil production to end the price war. Economic data showed even more Americans out of work with initial jobless claims doubling up on expectations ahead of the official non-farm payrolls number. For now, investors will latch on to the possible oil deal but economic data, like China Caixin services later in the session, may continue to remind market players from time to time that any sort of recovery is at least months away.
- **Singapore:** Purchasing Manager Index for March and retail sales data for February will inform on the Covid-19 impact on the economy. The consensus for the PMI is 47.0 and for retail sales growth, it is -8.4% YoY, both weaker than the previous month. The risk is clearly on the downside for both data points.
- **Thailand:** The Prime Minister has called a special Cabinet meeting today to discuss ways to combat the Covid-19 outbreak as the central bank earlier this week warned against the steepest GDP contraction in the current quarter on the back of a slump in tourism. We see over a 7% GDP fall in 2Q20 and over a 4% fall over the entire year. The government is

considering a third stimulus package worth THB 500 billion, which might get the nod at today's Cabinet meeting.

- **Indonesia:** Bank Indonesia (BI) remains confident that economic growth will remain in expansion as they hold on to the upper end of the government's official forecast of 2.3%. BI officials indicate that they believe the IDR will return to 15,000 by year-end despite government officials assuming the IDR reaches up to 20,000 in a worst-case scenario and we believe the central bank will continue to sustain triple intervention to support the currency in the near term. Gross international reserves dropped from \$130 bn in February to \$121 bn in March, showing the size of intervention carried out by authorities and we expect pressure on the IDR to continue in the near term as BI is unable to resort to hiking rates to support the currency for now.

What to look out for: China Caixin services, US NFP and Covid-19 developments

- Philippines bank lending (3 April)
- Hong Kong PMI (3 April)
- China Caixin PMI services (3 April)
- Singapore retail sales (3 April)
- US non-farm payrolls (3 April)