

ASEAN morning bytes

General market tone: Slight risk-on.

Hopes for a positive outcome to US-China trade talks are expected to boost bargain hunting on Wednesday.



EM Space: Kudlow says Trump is “moderately optimistic” about trade, boosts risk appetite

- **General Asia:** Positive comments from US officials on trade talks with China will likely boost confidence on Wednesday with a major US telco giant also signaling that China’s projected slowdown may not be as severe as earlier predicted. The Fed concludes a two-day policy meeting early on Thursday with the markets all but expecting a dovish pause.
- **Malaysia:** Trade likely to have ended 2018 on a stronger note with pick up in both export and import growth. December data is due today. Our estimate of 14% annual growth in USD-denominated exports in 2018 is the best performance among Asian countries. While global electronics demand weighs on export performance this year, firmer global oil prices should support petroleum exports.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor Espenilla is back in the office after an extended leave, preaching “prudence” and “cautious optimism” while also vowing that policy moves would be “data dependent”. Previously, the Governor had indicated that conditions were “ripe for a reserve requirement (RRR)” cuts while also pledging to remain on

guard to ward off any build up in price pressures. The BSP meets for the first time on 7 February with an outside chance for the central bank to reduce the RRR as part of the governor's market reform agenda.

What to look out for: Fed decision, US-China trade talks

- Hong Kong retail sales (30 January)
- Malaysia trade (30 January)
- China PMI manufacturing and non-manufacturing (31 January)
- India FY2020 budget (1 February)
- US NFP (1 February)