

ASEAN Morning Bytes

Asian markets may bounce back on Tuesday as sentiment improved slightly overnight on signs the virus may be peaking in Europe



EM Space: Asia to take its cue from rebound in US as experts rush to produce vaccine

- **General Asia:** Tuesdays' highlight will be China's PMI report with analysts' expectations varying substantially with a low of 38.0 versus a high of 59.1. Sentiment on Tuesday, however, may take its cue from abroad with investors gaining some confidence from reports of improved case numbers from Europe. Other economic reports for today are Thailand's trade and Hong Kong retail sales which could continue to show signs of how badly the Covid-19 outbreak is hurting respective economies.
- **Indonesia:** President Jokowi has called for even stricter measures to curb the movement of citizens as the number of infections continues to rise in Indonesia. Jokowi has continued to resist placing Indonesia under full lockdown with the central bank admitting that growth will likely take a substantial hit. Growth projections for Indonesia have been scaled down given likely weaker export performance and depressed household spending due to the strict regulations to restrict movement and a full lockdown will push the economy closer to the zero growth projection by Finance Minister Indrawati. Until sentiment improves, we expect IDR to remain pressured with the central bank busy supporting both the bond and spot market.

- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor Diokno shared that he is open to upsizing the budget for the planned repurchase arrangement to Php500 bn with the Bureau of the Treasury (BTr). Previously the BSP had announced a Php300 bn bond purchase scheme to help the national government fund a recovery bill while keeping a lid on rising bond yields. Diokno has reiterated his commitment to wielding the full might of the BSP with a likely increase in the repurchase plan to be carried out in the near term as the BTr struggles to secure funding with the T-bill failing for a 3rd straight week as investors demand higher yields.
- **Thailand:** Following a three-week partial lockdown in Bangkok (started last week), Phuket island is now shut for the entire month of April. The government is planning a third stimulus package worth THB 500 billion in April to soften the impact of the Covid-19 virus on the economy. This will be in addition to two packages totalling THB 517 billion announced earlier this month, bringing total stimulus to worth about 6% of GDP. However, with the virus likely to keep tourists at bay for much of the year, the economic contraction this year seems inevitable.

What to look out for: China PMI and Covid-19 developments

- China manufacturing and non-manufacturing PMI (31 March)
- Thailand trade (31 March)
- Hong Kong retail sales (31 March)
- Philippines bank lending (31 March)
- US consumer confidence (31 March)
- Japan Tankan survey (1 April)
- Regional PMI (1 April)
- US ADP employment and ISM PMI manufacturing (1 April)
- US trade and factory orders (2 April)
- Hong Kong PMI (3 April)
- China Caixin PMI services (3 April)
- Singapore retail sales (3 April)
- US non-farm payrolls (3 April)