

ASEAN Morning Bytes

General market tone: Wait and see.

Market players will likely move sideways with an upward bias on trade deal hopes.



EM Space: US jobs numbers to be in focus as US-China trade talks continue

- **General Asia:** Expect thin market liquidity with China, Hong Kong, and Taiwan markets closed for a holiday. The main focus today will be on the US jobs report, as well as the on-going trade negotiations in Washington.
- **Thailand:** The Thai Chamber of Commerce's Consumer Confidence Index hit a three-month low of 80.6 in March. This doesn't come as surprise given the ongoing political jitters. Besides politics, worries about the slowing economy are weighing on confidence. On the flip side, low inflation should support consumer spending. The BoT Governor Veerathai Santiprabhob warned about continued vulnerability of the financial system, attributing it to interest rates being "low for too long". With prevailing economic uncertainties, we don't think the BoT will risk hiking rates again this year.
- **Malaysia:** February exports disappointed with a 5% fall in exports from a year ago. The fall in import was even steeper at 9%. Commodities have been the main drag on trade growth, while electronics exports continued to buck the global tech slump. The Jan-Feb activity data underpins our forecasts of a slowdown of GDP growth to 4.2% in 1Q19, the slowest rate of

growth in over two years following 4.7% in 4Q18, and a 25bp BNM policy rate cut at the next meeting in May.

- **Indonesia:** Keeping with the hawkish stance, Bank Indonesia (BI) Governor Warjiyo said that “monetary policy is always forward-looking and ahead of the curve”. He also pledged to deploy macroprudential measures to support growth via additional liquidity to boost consumption and investment.
- **Philippines:** The Philippines reported an upward revision to 4Q 2018 GDP figures with the latest estimate pegging growth at 6.3% from the previous estimate of 6.1%. Household spending and capital formation were both revised lower with the upward revision driven in large part by government spending and inventories build-up. Meanwhile, the Philippines will also be reporting March consumer price data with markets expecting inflation to settle at 3.5%, the second month of within-target inflation.

What to look out for: Market looks to US data for clues

- Philippines inflation (5 April)
- Malaysia GIR (5 April)
- Thailand GIR (5 April)
- Indonesia consumer confidence (5 April)
- US NFP (5 April)