

ASEAN Morning Bytes

Asian markets to tiptoe higher on light volume with a number of markets out on holiday.



EM Space: Investor sentiment could remain positive after strong US jobs report

- **General Asia:** Asian markets may edge higher on Monday following the strong US jobs report last Friday although thin volume due to holidays may cap gains. Investors will continue to monitor developments related to Biden's proposed infrastructure plan while also keeping an eye on vaccination developments across the globe. Although vaccination rollout efforts have been efficient in some areas, some parts of Europe have experienced challenges, leading to renewed lockdowns in France and Italy. For the week, investors look forward to the minutes of the recent FOMC meeting as well as China's inflation report for further direction.
- **Singapore:** March PMI and February retail sales data are due today. Higher manufacturing PMIs elsewhere in the region leads us to expect the same for Singapore (50.5 in February), with the Electronics sector PMI continuing to drive the strength. Over 18% YoY plunge in new vehicles registrations in February bodes ill for retail sales growth, though the low base effects are likely to swing the year-on-year sales growth to positive territory for the first time since early 2019. The USD/SGD has moved to a new higher trading range of 1.34-1.35 in March compared to 1.32-1.33 previously. However, the S\$-NEER remains close to the mid-

point of the MAS policy band, signalling no policy change in the April statement expected sometime early next week.

- **Thailand:** March CPI inflation data is due. The market expectation that inflation swung back to positive in the last month after a year-long negative streak appears to be a bit optimistic (ING forecast -0.5% YoY vs. -1.2% in February). We believe persistently weak domestic demand, absence of tourism and plenty of excess capacity continued to dampen the price pressure. Without much policy leeway to support growth, the continued weak THB remains the Bank of Thailand's best hope in support for export and tourism recovery. The hope is finally coming true ([read more here](#)).
- **Philippines:** Covid-19 new infections hit a new record over the weekend, forcing authorities to extend hard lockdown measures in the capital and surrounding regions in a bid to slow the spread of the virus. Metro Manila and its neighbouring provinces will be on the highest level of mobility restriction for at least 7 days, which will continue to weigh on growth prospects for the economy in recession. Other areas experiencing spikes in new cases will also be on hard lockdown, most notable of which would be the Cagayan region, the source of important food items, and the region's shutdown could have implications on inflation in the near term.

What to look out for: FOMC minutes, China inflation and Covid-19 developments

- Thailand CPI inflation (5 April)
- Singapore retail sales and PMI (5 April)
- US ISM services index, factory orders and durable goods orders (5 April)
- Philippines CPI inflation (6 April)
- China Caixin PMI services (6 April)
- US JOLTS job openings (6 April)
- Malaysia GIR (7 April)
- Taiwan GIR (7 April)
- US trade balance (7 April)
- FOMC minutes (8 April)
- Philippines trade balance (8 April)
- Taiwan CPI inflation (8 April)
- US initial jobless claims (8 April)
- China CPI inflation (9 April)
- Malaysia industrial production (9 April)
- Thailand GIR (9 April)
- Taiwan trade balance (9 April)
- US PPI inflation and wholesale inventories (9 April)