

ASEAN Morning Bytes

Bargain hunting seems to be the order of the day again on Wednesday despite more confirmed cases of 2019-nCoV



EM Space: Bargain hunting even as virus cases increase

- **General Asia:** Looks like bargain hunting is going to be the order of the day again on Wednesday despite more confirmed cases of 2019-nCoV. Investors could take some direction from China services data and regional central bank meetings for the week, though gains will likely be capped with analysts still gauging the economic impact of the virus.
- **Thailand:** It's decision day for the Bank of Thailand. The consensus is split between a '25bp rate cut' and an 'on hold' policy. Just a week or so ago it was tilted towards 'on hold' decision. No guessing that a spike in the risk of the coronavirus outbreak denting tourism and the overall economic growth has caused this shift in the consensus, while the prospect of any fiscal stimulus to the economy continues to be dim. The monetary easing seems to be all that the economy could rely on for stimulus as inflation continues to be subdued. We expect a 25bp rate cut today.
- **Malaysia:** [Trade ended 2019 on a firmer note](#) with a 2.7% YoY growth beating the consensus of 2.5% fall. But 2020 is off to a weaker start. If uncontained, the spread of the coronavirus poses a significant threat to trade, tourism, and the overall growth outlook in 2020. We don't rule out more BNM rate cuts this year if the global economic situation gets worse.

- **Indonesia:** 4Q GDP report today is expected to show steady growth of about 5%. keeping the full-year growth to 5.0%, down from 2018 rate and the official target of 5.2%. Slower domestic growth and looming global headwinds will be enough to prod Bank Indonesia (BI) into easing. Meanwhile, BI Governor Warjiyo kept up is dovish rhetoric, indicating that the central bank remained open to easing monetary policy further in light of the recent 2019-nCoV episode. We expect BI to resume its easing cycle once IDR gains some stability.
- **Philippines:** January CPI data is due with inflation likely to accelerate to 2.9% YoY from 2.5% in the previous month (consensus 2.7%) on higher food prices. Crop damage due to typhoons and a volcanic eruption likely caused supply disruptions although lower utility and transport costs could offset the food price gain. Despite the faster inflation reading, we expect the central bank to follow through with another round of easing at the meeting this Thursday.

What to look out for: Developments on the virus and central bank meetings

- Philippines CPI (5 February)
- China Caixin PMI services (5 February)
- Indonesia 4Q GDP (5 February)
- Bank of Thailand (5 February)
- US trade (5 February)
- US PMI services (5 February)
- Thailand CPI (6 February)
- India RBI meeting (6 February)
- Philippines BSP meeting (6 February)
- Taiwan CPI (6 February)
- US initial jobless claims (6 February)
- Malaysia industrial production (7 February)
- Taiwan trade (7 February)
- US nonfarm payrolls (7 February)