

ASEAN Morning Bytes

Economic data continues to point to a probable recession with inflation the highlight for the week.



EM Space: Job markets pummeled while inflation is on deck to show signs of recession.

- **General Asia:** The Covid-19 outbreak obliterated jobs in the United States as Trump warned of a likely increase in the number of fatalities in the next two weeks. Elsewhere, the rate of infection in some hard-hit European countries appears to be slowing although symptoms of economic recession continue to surface with inflation reports slated for the coming week. Oil prices remained weaker despite the much-anticipated deal between Russia and Saudi Arabia although a meeting is scheduled later in the week. Poor economic data coupled with the sustained rise in infections will likely ensure risk sentiment remains depressed again in the coming week.
- **Singapore:** Covid-19 is tightening its grip on the country with the highest daily increase in infections on Sunday. On Friday, the government announced a further tightening of restrictions on movement, starting Tuesday (7 April). Finance Minister Heng Swee Keat is due to announce the third stimulus package today. Coming less than two weeks after the second package of S\$48 billion, the new package will enhance the existing job support program. Despite increasing policy support, the month-long social distancing and movement restricting “circuit-breaker” means a significant dent to GDP growth in the

current quarter, probably more than our -4.5% YoY forecast.

- **Thailand:** Deputy Prime Minister Somkid Jatusripitak has signalled additional stimulus worth THB 1.68 trillion (10% of GDP) to be tabled for Cabinet approval on Tuesday (7 April). The package will be funded with fresh borrowing and reallocation of the existing budget. It also includes executive decrees for the Bank of Thailand to implement the stimulus, empowering the central bank to directly extend soft loans to SMEs and purchase corporate debt that's being rolled over. We continue to expect an additional 50bp of rate cuts from the BoT in the current quarter.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) Governor Diokno continued to flag scope to ease monetary policy further pointing to possible policy rate cuts and reductions to reserve requirement (RR) ratios. BSP had previously slashed policy rates, reduced RR, entered into a Php300 bn repurchase agreement and tuned in dividends to the national government. Given the proactive stance of the central bank in lieu of fiscal spending, the Peso remains stable and we expect it to remain one of the better-performing currencies as import demand fades in the coming months given the lack of construction activity.

What to look out for: Regional inflation Covid-19 developments

- Philippines budget balance and bank lending (6 April)
- Indonesia consumer confidence (6 April)
- Thailand inflation (7 April)
- Philippines inflation (7 April)
- Malaysia GIR (7 April)
- US JOLTS job openings (7 April)
- Philippines trade (8 April)
- Taiwan trade and inflation (8 April)
- Fed minutes (8 April)
- Korea BoK meeting (9 April)
- US consumer sentiment (9 April)
- China inflation (10 April)
- US inflation (10 April)

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