

## ASEAN Morning Bytes

Investor sentiment continues to bounce back despite the continued spread of the 2019-nCoV. We are sceptical this will sustain



### EM Space: Asian central banks are moving to support growth

- **General Asia:** Reports of “breakthroughs” in unlocking a possible vaccine for the virus sprouted on Wednesday, fueling hopes for a quick cure and only a marginal impact on global growth. While this may have supported risk-taking, we don't see much substance in these reports just yet and we are sceptical the risk rally will continue. The Asian central banks are easing to cushion the impact of the virus with the Philippines BSP likely to join the flow today.
- **Thailand:** The Bank of Thailand (BoT) followed up counterparts in China and Malaysia in cutting policy rates to curb the economic risks stemming from the coronavirus outbreak and its impact on tourism. We believe the central bank will want to remain ahead of the curve in its policy response to the evolving situation. If so, another cut at the next meeting in March makes sense as a timely, and probably more effective, boost to the economy ([read more here](#)).
- **Singapore:** The Monetary Authority of Singapore in a statement yesterday downplayed any policy easing. The statement noted there was sufficient room within the policy band to accommodate easing of S\$NEER in line with weakening economic conditions due to the outbreak of 2019-nCoV. The number of infections in Singapore rose to 28 yesterday,

overtaking Thailand (25) to take third place after China and Japan. The MAS' view of a modest recovery in growth this year (compared to 0.7% in 2019) remains at risk. We don't rule out an easing if things continue to deteriorate. We will certainly know how things stand before the next meeting in April.

- **Indonesia:** Indonesia posted a 5.0% expansion in 4Q19, translating to a similar growth reading for the full year, missing forecasts and the official government target. The disappointing growth print will likely prod Bank Indonesia (BI) to cut policy rates at their next policy meeting with the easing more likely given the ongoing hit to sentiment from the global virus episode.
- **Philippines:** Bangko Sentral ng Pilipinas (BSP) holds its first policy meeting for the year today, with investors pricing in a likely rate cut by the central bank. Dovish comments from Governor Diokno point to a 25 bps rate cut today despite inflation jumping to 2.9% in January. Expect the Peso to come under pressure temporarily after the rate cut.

## What to look out for: Developments on the virus, US jobs report

- 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)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security

discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.