

ASEAN Morning Bytes

General market tone: Wait and see.

With no fresh reports on trade talks between the US and China, risk sentiment ebbed as the US trade balance swelled.



EM Space: No news on the trade front while the ECB meets on Thursday

- **General Asia:** Markets will remain in holding pattern on Thursday with no fresh reports on the US-China trade negotiations save for rumors of President Trump pushing hard for the deal to boost the equity market and seal a reelection bid in 2020. The ECB meets later in the session with most players still focused on Friday's US jobs numbers.
- **Thailand:** The Constitutional Court today announces its ruling on the Thai Raksa Chart Party, the party linked to former Prime Minister Thaksin Shinawatra, for posing Thai Princess as its prime ministerial candidate for the 24 March elections. A possible dissolution of the party could be a trigger for public protests. With just two more weeks for elections, the political risks will increasingly weigh on local financial markets. In a sharp reversal of fortune, the Thai baht shifted from Asia's best-performer this year until February to worst-performer in March, swapping the place with the Indian rupee. We now see upside risk to our end-1Q19 Our USD/THB forecast of 32.00.
- **Indonesia:** The financial markets are closed today for the Saka New Year holiday. The

government is targeting growth of 5.3% - 5.5% for 2020, some pick-up from 5.3% forecast for 2019, as inflation is likely to remain subdued. The higher growth target was announced a few weeks ahead of Jokowi's reelection bid as the incumbent holds a commanding lead in the polls.

- **Philippines:** Newly appointed Bangko Sentral ng Pilipinas governor Diokno indicated he would like to "expedite" the pace of reserve requirement ratio cuts to carry on the agenda of his predecessor. Diokno went as far as to mention a possible timing for the cut, hinting that a reduction may happen as early as May. The new governor also indicated that he would be more circumspect when speaking about inflation and the Peso.

What to look out for: US jobs data and China trade

- Australia retail sales and trade (7 March)
- Malaysia GIR (7 March)
- EZ GDP and ECB meeting (7 March)
- Fed Williams and Mester speech (7 March)
- Japan GDP (8 March)
- Taiwan trade and inflation (8 March)
- US NFP employment (8 March)
- China trade (8 March)