

ASEAN Morning Bytes

General market tone: Risk-on

The positive US labor data and news on the US-China trade negotiations underpin risk-on market sentiment.



EM Space: Positive developments on trade front and decent NFP to boost risk taking

- **General Asia:** With US growth still supporting decent job growth and with positive developments on the trade negotiation front, market players may find a good reason to take on risk for the time being. Later in the week, investors will look to US inflation data and Chinese trade data for direction.
- **Thailand:** The Bank of Thailand is looking to expand the scope of current local currency settlement with Bank Indonesia (BI) from trade to direct investment flows between two countries. Aimed at reducing the transaction costs and exchange risks for businesses, the BoT already has such an arrangement in place with Malaysia's central bank.
- **Indonesia:** IDR ended last week on a positive note with BI Governor Warjiyo pledging to be "forward-looking and ahead of the curve" on the policy. This was in reaction to comments from former central bank chief who said that BI might consider slashing rates given the relative strength of the IDR and given a now more stable global outlook.
- **Philippines:** CPI inflation dipped further to 3.3% in March from 3.8% in the previous month.

The food prices, with the largest weight in CPI index, continues to drag the overall headline print lower, more than offsetting higher transport costs due to the steady rise in crude oil prices and domestic pump costs. The BSP indicated that they would continue to monitor price movements. However, with inflation expectations well-anchored, perhaps the central bank may begin considering slashing borrowing costs at the next meeting in May.

What to look out for: ECB meeting and Fed minutes

- Taiwan trade (8 April)
- US factory orders (8 April)
- Indonesia GIR (8 April)
- Taiwan inflation (9 April)
- ECB meeting (10 April)
- US inflation (10 April)
- Fed meeting minutes (11 April)
- Philippine trade (11 April)
- Malaysia industrial production (11 April)
- US PPI (11 April)
- Singapore GDP (12 April)
- China trade (12 April)
- US consumer sentiment (12 April)