

ASEAN morning bytes

General market tone: Risk-off.

Investors will likely book gains and pull back given renewed US-China trade and global growth fears.



EM Space: Wait and see as leaders opt not to meet before March

- **General Asia:** Risk-off sentiment will dominate Friday's trading after growth forecasts have been lowered in Europe given ongoing trade negotiations between major economies. Meanwhile, investors are also now growing anxious on the trade front with Trump confirming that his meeting with President Xi will not happen until after the end of trade truce on 1 March.
- **Indonesia:** Bank Indonesia reported that the fall in gross international reserves (GIR) to \$120.1 bn in January from \$120.65 bn was due to maturing external debt payments. Latest GIR level covers about 6.7 months of imports and 6.5 months of imports and debt payment, while BI assesses the economic outlook continuing to be sound.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) left the policy rate at 4.75% even as the central bank pared its inflation forecasts. It sees 2019 inflation settling at 3.07% (vs. 3.18% earlier) on expectations of lower oil prices, the base effects, and stable food supply. The BSP made no mention of the reserve requirement ratio although we continue to expect a RRR

cut this month. Meanwhile, gross international reserves continued to climb with the January reading now at \$82.1 bn, up from \$79.2bn in the previous month and worth up to 7.2 months of imports.

What to look out for: Developments on trade

- Hong Kong PMI (8 February)
- Thailand GIR (8 February)
- Indonesia current account (8 February)
- Fed Bullard speaks (8 February)

Author

Nicholas Mapa

Senior Economist, Philippines

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>.