

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)