

## ASEAN Morning Bytes

With tension in the Middle East fading somewhat, investors will be focusing on economic data reports out from the region on top of the US jobs report on Friday for cues. We expect the relief rally in risky assets to continue today



### EM Space: A relief rally goes on

**General Asia:** Markets were relieved yesterday following a marked reduction in the US-Iran tension, though the issue will continue its slow burn in the background with allegations of Iranian missile downing the Ukrainian plane adding fuel to fire. In the economic space, all eyes are today on the US labour data with consensus looking for another month of a strong gain in non-farm payroll of 160k in December. Meanwhile, markets in Asia will be taking cues from a slew of regional activity data, including monetary indicators from China.

**Malaysia:** November industrial production is due. The consensus of a pick-up in IP growth to 1.1% YoY from 0.3% supports a view that GDP growth has bottomed. If so, the Bank Negara Malaysia is also done with its brief monetary easing cycle. We have revised our view of one more 25bp BNM rate cut this year to no cut. This together with surging foreign portfolio inflows in the local bond market are positive for the MYR.

**Philippines:** The Philippines will be reporting trade numbers on Friday with investors expecting imports to remain in contraction while exports are forecast to bounce slightly. The trade balance

should remain substantial and we expect the gap to widen in 2020 as the government passed its 2020 budget on time. A resumption of the widening of the trade deficit should translate to a mild depreciation bias for the Peso this year, all the more if Bangko Sentral ng Pilipinas Governor remains dovish even in the face of accelerating inflation.

## What to look out for today: US jobs report

- China monetary indicators
- India industrial production
- Malaysia industrial production
- Philippines trade
- Singapore retail sales
- US non-farm payrolls