

ASEAN Morning Bytes

Asian markets to remain in holding pattern awaiting the signing of the US-China 'Phase 1' trade deal



EM Space: Economic data remains light but geopolitics remains a risk

- **General Asia:** This week's data calendar features trade data from China and inflation from the US on Tuesday while several Federal Reserve officials provide insights on Fed policy. Investors will likely tread water amid continued geopolitical risks while also awaiting the signing of the 'Phase 1' US-China trade deal on 15 January.
- **Thailand:** Parliament finally passed a THB 3.2 trillion budget for the current fiscal year (a process started in October 2019). The budget passage is seen as a vote of confidence in the ruling pro-military coalition, which holds a slim majority under Prime Minister Prayuth Chan-Ocha. However, a slew of anti-government protests over the weekend suggests that political risk is brewing in the background. From an economic perspective, all this means a slow and tepid economic recovery from the slump last year.
- **Philippines:** Financial markets will be partially closed with several towns in the southern parts of the national capital region shutdown after a volcanic eruption 60 kilometres south of Manila.
- **Indonesia:** Bank Indonesia (BI) Governor Warjiyo indicated that the recent escalation in US-Iran tension has had limited impact on the IDR so far although he did admit that BI will be

monitoring the situation alongside the US-China trade deal moving forward. Warjiyo also shared that the IDR is expected to appreciate, in-line with Indonesia's solid fundamentals and that foreign investors' confidence in the government and BI has helped the IDR rebound sharply. Despite these pronouncements, we expect the currency to remain vulnerable to any swings in risk tone all the more given that the continued risk about current account deficit in the near term.

What to look out for: US-China Phase 1 trade deal

India CPI (13 Jan)

China trade (14 Jan)

US CPI (14 Jan)

Indonesia trade (15 Jan)

Philippines remittances (15 Jan)

US-China trade deal (15 Jan)

US PPI (15 Jan)

US retail sales (16 Jan)

China GDP (17 Jan)

Korea central bank meeting (17 Jan)

Singapore NODX (17 Jan)