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Weekly Outlook

08 – 12 April 2019

SINGAPORE

Busy Week In Singapore: From Politics To MAS Monetary Policy Announcement

- Prime Minister Lee Hsien Loong will meet Malaysian Prime Minister, Dr Mahathir Mohamad, in Putrajaya for the **9th Singapore-Malaysia Leaders' Retreat (8-9 Apr)**. Discussion will likely include issues related to maritime and airspace.
- **The Monetary Authority of Singapore (MAS) will release the Monetary Policy Statement (MPS) on 12 Apr (Fri, 8am SGT) together with the advance 1Q 2019 GDP estimate.** We (and the market) expect the MAS to keep monetary policy unchanged in April as we view the current monetary policy to be appropriate given the recent economic softness and benign inflation. The easing of Feb core inflation further reinforces that view. Please see our [MAS April 2019 MPS preview](#).
- As for the advance 1Q 2019 GDP estimate, growth is expected to slow (Bloomberg median est. 1.5% y/y) from 1.9% in 4Q 2018, even though the sequential expansion pace may pick up to 2.3% q/q SAAR (Bloomberg) from 1.4% in 4Q.

KEY ASIAN-PACIFIC ECONOMIES

Possible US-China Trade Talks Extension, China's March Trade & Price Data, Thailand's Songkran Holiday

- **US-China high-level trade talks** – There is still no explicit date for the trade negotiation to conclude although President Trump (4 Apr) continued to stay positive on the US-China deal prospects, stating an agreement with China President Xi Jinping is possible within the next 4-6 weeks. Xi also publicly (5 Apr) said substantial progress is made, and called for an early conclusion for the US-China trade text. That said, with no firm date given for a Trump-Xi summit, this could suggest that both sides have yet to reach agreement on difficult issues. Our [base case](#) (at 65% probability) is still for a long process into 2019 before tariff resolution. The US and Chinese officials may announce some achievements along the way but a more comprehensive trade deal may not materialize until 2H 2019, in our view.
- **Key Asian data** will be:
 - **China's March foreign reserves data** (7 Apr) and it may stay little changed at US\$3.09trn (from US\$3.09018trn in Feb)
 - **China's Mar CPI & PPI data** (11 Apr), Taiwan's March Trade data (8 Apr), Philippine Feb trade (11 Apr),
 - **China's Mar trade data** (12 Apr) where it is expected to see a rebound in export growth to 6.4% y/y (from -20.7% in Feb) while imports are likely to continue to contract, but at a slower pace of -2.1% y/y (from -5.2% in Feb), resulting in a re-widening of the trade surplus to US\$6bn in Mar (from US\$4.12bn in Feb)
- No major Asia-Pacific monetary policy decision but Reserve Bank of Australia will release its RBA Financial Stability Review.
- **Holidays In Asia** – Tomb sweeping day in China, HK & Taiwan today (5 Apr) while **Thailand's markets will close on Mon (8Apr) in observance of Chakri Memorial day (6 Apr). Thailand will start its Songkran festival holiday from 13-16 Apr.**

US AND DEVELOPED ECONOMIES

Emergency EU Summit & ECB Decision 10 Apr, FOMC Minutes, Fed Speakers, US Earnings Focus On Banks

- **Emergency EU Summit on 10 Apr (Wed): Could this be Brexit's event horizon or another extension?** European Council President Donald Tusk, called for the 10 April emergency EU summit in the seconds after UK MPs rejected PM Theresa May's Brexit deal for the 3rd time on Fri (29 Mar). May will head to the summit with no real plan on how to proceed and we think another delay to Brexit looks to be the most likely scenario for now. **Failure to extend will mean no-deal Brexit on 12 Apr.**
- **European Central Bank's (ECB) monetary policy decision on 10 Apr too (7:45pm SGT) followed by ECB President Draghi post-decision press conference (8:30pm SGT).** The emergency EU summit on the same day will overshadow this ECB meeting. ECB is likely to stay pat with no major announcement expected.
- **FOMC minutes on Wed (10 Apr) and most of the key Fed speakers are packed into a busy Thu (11 Apr).** The packed list of Fed speakers on 11 Apr includes Governors Clarida, Quarles, Bowman and St Louis Fed Bullard, all voters in 2019 FOMC.
- **Market attention will shift from data to the US corporate earnings reporting season** with early focus likely on the major US banks reporting in the later part of the week (12 Apr onwards).
- **Key G7 economic data** include German Fed trade (8 Apr), US Feb factory orders & durable goods orders (8 Apr), US Mar CPI (10 Apr), Feb IP data for UK & France (10 Apr) & Eurozone (12 Apr), US Mar PPI (11 Apr), US preliminary University of Michigan consumer confidence survey for March (12 Apr).

ASIA WEEKLY RECAP

Country	Data/Event	UOB's View/Comment
Greater China	China PMI survey results for March shows slight improvement	<p>China's official and Caixin/Markit manufacturing PMIs returned to expansion territory in March after three preceding months of contraction. This was alongside improvements in services PMIs in the month, pointing to upturn in March economic data ahead. The March trade data is due on 12 April while other key data including 1Q19 GDP, industrial output, retail sales and others will be out on 17 April.</p> <p>Full Report: China: PMI Surveys Point To Upturn In March Economic Data</p>
Indonesia	March Inflation Slowed to Below Central Bank Target (2.48% y/y)	<p>March 2019 inflation rate slowed below central bank's target range to 2.48% y/y vs. February's 2.6%. Overall, price pressures have been steadily easing since last year amid lower fuel and food costs, bringing inflation to ease below the lower end of the central bank's 2.5% to 4.5% target band. We change our forecast inflation to average 3.2% in 2019, revising down from our previous inflation forecast at 3.8% and still slightly higher than 2018's 3.1% inflation average.</p> <p>Full Report: Indonesia: Inflation In March Slowed To Below Central Bank Target</p>
Malaysia	February external trade deteriorates	<p>Gross exports posted the steepest year-on-year drop in over two years by -5.3% in Feb. This was mainly attributed to the shorter working month, weaker global demand and unresolved US-China trade tensions. Given the steeper drop in imports (-9.4% y/y) relative to exports, the trade surplus came in at MYR11.06bn, wider than market consensus of MYR10.1bn. Weaker exports of -0.8% y/y in Jan-Feb leaves our full-year gross export estimate of 4%-5% at risk but the recent uptick in global and regional PMIs with signs of constructive US-China talks could help Malaysia's exports and industrial activity turn the corner in 2Q19.</p> <p>Full Report: Malaysia: Exports Contracted -5.3% y/y in Feb, Steepest Fall In 2 Years</p>
Philippines	March Consumer Price inflation slowed faster than expected	<p>Headline inflation slowed at a faster-than-expected pace to 3.3% y/y in Mar, bringing YTD inflation back to the BSP's 2.0%-4.0% target range at 3.8%. Mar inflation slowdown came mainly on the back of lower prices of rice and other agricultural commodities, offsetting increases in domestic oil prices and electricity rates. A low and more stable inflation is expected to be seen in 2H19 when the base effects dissipate.</p> <p>Full Report: Philippines: March Inflation Cools Further To 3.3%</p>
Singapore	March PMIs improve, pointing to stabilizing manufacturing environment	<p>Singapore's manufacturing Purchasing Managers' Index (PMI) edged higher to 50.8 in Mar, up from 50.4 in Feb, the highest PMI reading in three months and marked 31 consecutive months of expansion. The Electronics Sector PMI posted an improvement to 49.8 in Mar, up from 49.5 in Feb, albeit clocking five straight months of contraction. The Nikkei Singapore PMI, which tracks the broader economic activities including manufacturing, construction, retail and services sectors, also rose to its three-month high to 51.8 in Mar, from 49.8 in Feb.</p> <p>Full report: Singapore: Improving PMIs May Point To Stabilizing Manufacturing Environment</p>
Thailand	Mar headline inflation rose to 1.2% y/y	<p>Thailand's headline inflation rose to a four-month high of 1.24% y/y in March from 0.73% y/y in the previous month and above Bloomberg median estimate of 0.93% y/y owing to higher food, raw food and energy prices. Looking ahead, headline inflation is expected to gradually trend up and remain within the official inflation target range of 1% to 4% in 2019. We expect the BoT to keep policy rate unchanged at 1.75% for the MPC meeting in May.</p> <p>Full report: Thailand: Mar Headline Inflation Rises 1.2%, Staying In BOT Target Zone</p>
Vietnam	Retail sales increased 12% y/y in Q1	<p>According to General Statistics Office, Vietnam's retail sales rose 12% y/y in 1Q19, partly fueled by increased consumption demand during Lunar New Year holidays. Significant rises in purchasing power for consumer goods were seen in Long An, HCM city and Hanoi with growth rates ranging from 12% to 18%. Thanks to continued strength in domestic demand, we project Vietnam's economy to grow robustly at 6.7% this year.</p>

KEY DATA/EVENTS: ASIA & OCEANIA

Date		Data/Event	Mth	Prior	Date		Data/Event	Mth	Prior
05 Apr	N.A Asia	China, Hong Kong & Taiwan markets closed for Tomb Sweeping Day			10 Apr	SK	Unemployment rate SA	Mar	3.70%
		AS EA N	The 23rd ASEAN Finance Ministers Meeting concludes at Chiang Rai, Thailand today			AU	Westpac Consumer Conf Index	Apr	98.8
	PH	CPI YoY (Base year 2012=100)	Mar	3.80%		AU	Westpac Consumer Conf SA MoM	Apr	-4.80%
		Foreign Reserves for Australia, Malaysia, Thailand, Philippines and Singapore				AU	RBA's Debelle Gives Speech in Adelaide		
	ID	Consumer Confidence Index	Mar	125.1		SK	Bank Lending To Household Total	Mar	KR831.2t
06 Apr	TH	Chakri Memorial day in Thailand			NZ	REINZ House Sales YoY	Mar	-9.50%	
07 Apr	CH	Foreign Reserves	Mar	\$3090.18b	CH	Money Supply M2 YoY	Mar	8.00%	
08 Apr	TH	Thai markets are closed for Chakri Memorial holiday (obs)			CH	Aggregate Financing CNY	Mar	703.0b	
	SI/ MA	9th Singapore-Malaysia Leaders' Retreat (8-9 Apr) in Putrajaya, Malaysia			CH	New Yuan Loans CNY	Mar	885.8b	
	AU	ANZ Job Advertisements MoM	Mar	-0.90%	11 Apr	NZ	Food Prices MoM	Mar	0.40%
	TW	Exports YoY	Mar	-8.80%	AU	Consumer Inflation Expectation	Apr	4.10%	
	TW	Imports YoY	Mar	-19.70%	PH	Exports (YoY=-1.7%)	Feb	\$5279.0m	
	TW	Trade Balance	Mar	\$4.93b	PH	Imports (YoY=5.8%)	Feb	\$9034.8m	
	SI	Foreign Reserves	Mar	\$292.50b	PH	Trade Balance	Feb	-\$3760m	
	HK	Foreign Reserves	Mar	\$434.5b	CH	CPI YoY	Mar	1.50%	
	ID	Foreign Reserves	Mar	\$123.30b	CH	PPI YoY	Mar	0.10%	
	09 Apr	AU	Home Loans MoM	Feb	-1.20%	AU	RBA's Debelle Gives Speech		
	AU	Investment Lending	Feb	-4.10%	SK	Money Supply M2 SA MoM	Feb	1.10%	
	AU	Owner-Occupier Loan Value MoM	Feb	-1.30%	MA	Industrial Production YoY	Feb	3.20%	
	TW	CPI YoY (Core YoY=0.3%)	Mar	0.23%	MA	Manufacturing Sales Value YoY	Feb	7.00%	
	TW	WPI YoY	Mar	0.80%	CH	Foreign Direct Investment YoY CNY	Mar	6.60%	
					12 Apr	SI	Monetary Authority Of Singapore (MAS) releases Monetary Policy Statement (8am SGT)		
						SI	GDP YoY (QoQ SAAR=1.4%)	1Q A	1.90%
						CH	Exports YoY (CNY terms=-16.6%)	Mar	-20.70%
						CH	Imports YoY (CNY terms=-0.3%)	Mar	-5.20%
						CH	Trade Balance (CNY terms=34.46bn)	Mar	\$4.12b
						AU	RBA Financial Stability Review		
						SI	Retail Sales YoY (SA MoM=0.2%)	Feb	7.60%
						SI	Retail Sales Ex Auto YoY	Feb	5.30%
						TH	Foreign Reserves	Apr-05	--
						IN	CPI YoY	Mar	2.57%
						IN	Industrial Production YoY	Feb	1.70%
						SK	Export Price Index YoY (MoM=0.2%)	Mar	-2.40%
						SK	Import Price Index YoY (MoM=1.9%)	Mar	3.60%
						NZ	BusinessNZ Manufacturing PMI	Mar	53.7
						NZ	Card Spending Retail MoM	Mar	0.90%
						NZ	Card Spending Total MoM	Mar	0.10%
						NZ	Net Migration SA	Feb	6300
13 Apr	TH	Thailand begins its Songkran Festival holidays (13-16 Apr).							

KEY DATA/EVENTS: US AND DEVELOPED ECONOMIES

Date		Data/Event	Mth	Prior	Date		Data/Event	Mth	Prior	
05 Apr	JN	Household Spending YoY	Feb	2.00%	10 Apr	JN	BOJ Kuroda makes a speech at Trust Bank Association annual meet			
	JN	Labor Cash Earnings YoY (Real=1.1%)	Feb	1.20%		JN	PPI YoY (MoM=0.2%)	Mar	0.80%	
	US	Change in Nonfarm Payrolls	Mar	20k		JN	Core Machine Orders MoM (YoY=-2.9%)	Feb	-5.40%	
	US	Unemployment Rate	Mar	3.80%		JN	Bank Lending Incl Trusts YoY	Mar	2.30%	
	US	Avg Hourly Earnings MoM (YoY=3.4%)	Mar	0.40%		JN	BOJ Outright Bond Purchase 5-10 Years			
	US	Labor Force Participation Rate	Mar	63.20%		JN	Machine Tool Orders YoY	Mar P	29.30%	
	US	Consumer Credit	Feb	\$17.049b		FR	Ind. Production MoM (YoY=1.7%)	Feb	1.30%	
	US	Fed's Bostic Discusses Disruption and Opportunity				FR	Mfg Production MoM (YoY=0.9%)	Feb	1.00%	
08 Apr	JN	BOJ Kuroda make a short speech at Branch Managers' Meeting			IT	Ind. Production MoM (YoY=-0.8%)	Feb	1.70%		
	JN	BoP Current Account Balance	Feb	¥600.4b	UK	Trade Balance	Feb	£3825m		
	JN	Trade Balance BoP Basis	Feb P	¥964.8b	UK	Ind. Production MoM (YoY=-0.9%)	Feb	0.60%		
	JN	BoP Current Account Adjusted	Feb P	¥1833.0b	UK	Mfg Production MoM (YoY=-1.1%)	Feb	0.80%		
	JN	BOJ Outright Bond Purchase 10-25, and 25 Years			UK	Construction O/P SA MoM (YoY=1.8%)	Feb	2.80%		
	JN	Bankruptcies YoY	Mar	-4.53%	UK	GDP (MoM)	Feb	0.50%		
	JN	Consumer Confidence Index	Mar	41.5	UK	Index of Services 3M/3M	Feb	0.50%		
	GE	Trade Balance	Feb	14.5b	US	MBA Mortgage Applications	Apr-05	18.60%		
	GE	Exports SA MoM (Imports=1.5%)	Feb	0.00%	11 Apr	US	Fed's Clarida Speaks at Annual IIF Meeting in Washington			
	GE	Current Account Balance	Feb	18.3b		US	Fed Vice Chair for supervision, Fed Gov Quarles takes part in Financial Stability Roundtable on reforming major interest rates benchmarks, in Washington.			
	FR	Bank of France Ind. Sentiment	Mar	101		US	St. Louis Fed President Bullard speaks on economy and monetary policy at Mississippi.			
	EC	Sentix Investor Confidence	Apr	-2.2		US	Fed Gov Bowman speaks on community banks at the San Francisco Fed event			
	CA	Housing Starts	Mar	173.2k		US	Minneapolis Fed President, Neel Kashkari will hold a Q&A session via Twitter			
	CA	Building Permits MoM	Feb	-5.50%		US	PPI Final Demand MoM (YoY=1.9%)	Mar	0.10%	
	US	Factory Orders	Feb	0.10%		US	PPI Ex Food, Energy MoM (YoY=2.5%)	Mar	0.10%	
	US	Factory Orders Ex Trans	Feb	-0.20%		US	Initial Jobless Claims	Apr-06	--	
	US	Durable Goods Orders	Feb F	-1.60%		US	Continuing Claims	Mar-30	--	
	US	Durables Ex Transportation	Feb F	0.10%		UK	RICS House Price Balance	Mar	-28%	
	EC	ECB's Villeroy speaks in Paris				JN	Money Stock M2 YoY	Mar	2.40%	
	JN	Eco Watchers Survey Current SA	Mar	47.5		JN	Tokyo Avg Office Vacancies	Mar	1.78	
	JN	Eco Watchers Survey Outlook SA	Mar	48.9		GE	CPI YoY (MoM=0.4%)	Mar F	1.30%	
	09 Apr	US	Clarida Speaks at Fed Listens Event in Minneapolis				FR	CPI YoY (MoM=0.8%)	Mar F	1.10%
		UK	BRC Sales Like-For-Like YoY	Mar	-0.10%	CA	New Housing Price Index MoM (YoY=-0.1%)	Feb	-0.10%	
		IT	Retail Sales MoM (YoY=1.3%)	Feb	0.50%	12 Apr	JN	BOJ Outright Bond Purchase 1-3, 3-5, 10-25 and 25 Years		
		US	NFIB Small Business Optimism	Mar	101.7		EC	Ind. Production SA MoM (YoY=-1.1%)	Feb	1.40%
		US	JOLTS Job Openings	Feb	7581		EC	Industrial Production WDA YoY	Feb	-1.10%
10 Apr		EC	Emergency EU Leaders' Summit with Brexit In Focus (again)...				US	Import Price Index YoY (MoM=0.6%)	Mar	-1.30%
	EC	ECB Main Refinancing Rate	Apr-10	0.00%	US		Export Price Index YoY (MoM=0.6%)	Mar	0.30%	
	EC	ECB Marginal Lending Facility	Apr-10	0.25%	US		U. of Mich. Sentiment	Apr P	98.4	
	EC	ECB Deposit Facility Rate	Apr-10	-0.40%	US		U. of Mich. 5-10 Yr Inflation	Apr P	2.50%	
	EC	ECB's Draghi Speaks in Frankfurt After Policy Decision								
	US	CPI MoM (YoY=1.5%)	Mar	0.20%						
	US	CPI Ex Food, Energy MoM (YoY=2.1%)	Mar	0.10%						
	US	Real Avg Hourly Earning YoY (Weekly=1.6%)	Mar	1.90%						
	US	FOMC Meeting Minutes	Mar-20	--						
	US	Monthly Budget Statement	Mar	-\$234.0b						

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