

South East Asia Updates

(June 2020 - Issue 3)



MALAYSIA

SE Asia Stock-Most erase early gain to halt rally; Malaysia rises¹

Most Southeast Asian markets erased early gains to close lower on 9 June which puts an end to multi-session rallies. Malaysian stocks gained after the country decided to restart economic activity after a months-long lockdown. Malaysia shares which open after an extended weekend hit their highest close since 22 January after the government announced the reopening of almost all economic activity and interstate travel on 7 June. The Philippine benchmark hit its highest close since early March, with communication services stocks among the top percentage gainers on the index.

Singapore and Thailand indices before pausing had posted their longest winning streak in around a year, adding around 10% and 8% respectively over six days. Thailand was leading the fall where its shares closed 2.1% lower with a drop in oil prices pushing the country's prominent energy sector sharply lower. Sector heavyweight PTT Pcl and PTT Exploration and Production Pcl lost over 4% each. Singapore shares lost 0.1 % with conglomerate Jardine Cycle & Carriage Ltd shedding 3.3% to become one of the top percentage losers. Indonesia benchmark was 0.7% lower with losses in communication service and Telekomunikasi Indonesia declined by 2.8%. Vietnam shares snapped a four-day rally, with financials leading losses, even as the government said it plans to allow a resumption of flights to and from countries that have had no cases of coronavirus for 30 days

SINGAPORE

Asia Minute: Singapore's Plan for Voting During a Pandemic²

As businesses reopen, the questions of Covid-19 impacting other activities emerge and this includes voting. In one particular democracy in Asia, despite uncertainty brought about by the pandemic, Singapore is having plans for the next election. The Prime Minister have plans to call for election but his lips are sealed. Singapore's parliamentary democracy is due for a general election. The Constitution said that it needs to be held by next April but speculation in the local political press is that it is likely to be expedited to probably in July. The voting will coincide with another stage of loosening of restrictions to control the pandemic.

The Singapore's Election Department announced a series of changes at polling places and allocated the early hours for older voters. All voters are required to wear mask and undergo temperature checks at the entrance to polling stations. The distributed paper ballots will not be contaminated as voters receive hand sanitiser and disposable gloves before receiving the ballots. Voters are allowed to bring their own pens. There will be about 25% more voting stations than usual - roughly 1,1000 to allow people to spread out while exercising their democratic rights.

¹ SE Asia Stock-Most erase early gain to halt rally; Malaysia rises, Reuters, dated 9 June 2020, <https://www.reuters.com/article/southeast-asia-stocks/se-asia-stocks-most-erase-early-gains-to-halt-rally-malaysia-rises-idUSL4N2DM1CI>

² Asia Minute: Singapore's Plan for Voting During a Pandemic, Hawaii Public Radio, dated 10 June 2020, <https://www.hawaiipublicradio.org/post/asia-minute-singapore-s-plan-voting-during-pandemic#stream/0>



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This is not the first national election held during the pandemic. In Mid-April, South Korea had its highest voter turnout in 30 years when the ruling party won by a landslide. South Korea also allowed mail-in ballots — a step that Singapore is not willing to take.

MYANMAR

Myanmar leaders to run in November polls³

The ruling National League for Democracy (NLD) announced that both State Counsellor Daw Aung San Suu Kyi and its President U Win Myint will contest in this year's elections set to be held in November, where the vote will be seen as a referendum on the NLD's performance in the past five years. Monywa Aung Shin, NLD's Information Committee however said that the party has yet to decide where both NLD leaders will run. The 2015 elections witness NLD victory by a landslide with U Win Myint captured Tarmwe township and Daw Aung San Suu Kyi captured Kawhmu township, both located in the Yangon Region.

The polls of the upcoming election are expected to test the ability of the State Counsellor to lead the party to another convincing victory in the midst of heavy criticism by the international community over her handling of the humanitarian crisis in northern Rakhine state involving the Rohingya. Some foreign and local observers opined that NLD would be dragged down by its poor handling of the country's economy. The 2015 elections were the first free election in Myanmar after more than half a century rule by military junta.

CAMBODIA

Cambodia-China FTA to be signed by end this year⁴

According to a statement issued by the Ministry of Commerce, the free trade agreement between Cambodia and China has completely solved all the remaining issues in the agreement text and approved in principal with regard to market access on goods and services. The ten technical working groups of Cambodia-China will seek approval from respective government leaders regarding the agreement content and the request for opening market access along with other chapters in order to close the deal and arrive to an agreement by the end of the year.

The third round negotiation of the FTA deal focus on market access for goods, service, investment and economic and technical collaboration and regulation which will be pushing the export of goods from Cambodia and attract more investments from China. If both country's leader approve on the agreement text and the market access mechanism which was requested by the ten technical working group from both nations, the exports from Cambodia is expected to increase by 20% annually and investments will increase gradually which are the main source and create jobs for the people.

³ Myanmar leaders to run in November polls, Myanmar Times, dated 9 June 2020, <https://www.mmtimes.com/news/myanmar-leaders-run-november-polls.html>

⁴ Cambodia-China FTA to be signed by end this year, Khmer Times, dated 10 June 2020, <https://www.khmertimeskh.com/50732088/cambodia-china-fta-to-be-signed-by-end-this-year/>





PHILIPPINES

Philippine-Japan trade fell by more than half in April amid pandemic⁵

The Philippines and Japan trade relationship has been walloped by the Covid-19 pandemic as indicated by the government figures where both exports and imports falling by more than half in April compared with the previous year. The Philippine Statistic Authority data shows the value of exports to Japan dropped by 54% last month for which figures are available from RM 3.3 billion (US\$ 789.4 million) to RM 1.5 billion (US\$ 363.4 million), year-on-year. Similarly, imports from Japan in the same month declined by 60.1%, from RM 3.8 billion (US\$897 million) to RM 1.5 billion (US\$357.5 million).

The exports to Japan saw a noticeable drop in industry-critical commodities such as wiring sets (91.1%), iron and steel (85.6%), metal components (78.2%) and non-metallic mineral manufactures (66.4%). Agricultural and fishery exports to Japan suffer significant losses including tuna shipment (26.5%), lumber (66%), coconut oil (96.3%), and fruits and vegetables (55.8%). Takashi Ishihara, Executive Director of JETRO Manila, the local branch of the Japan External Trade Organisation opined that the decline was caused by the global supply chain's disruption and the world economic slowdown due to the pandemic. Nobuo Fujii, executive director of the Japanese Chamber of Commerce and Industry in the Philippines, attributed the export decline to business disruptions caused by the pandemic that caused a lull in manufacturing activities.

According to JETRO, Japan's imports from the Philippines last year totaled RM 45 billion (US\$10.63 billion), while its exports to the country totaled RM 43 billion (US\$10.13 billion). According to Japanese Finance Ministry statistics, the Philippines' was Japan's 16th largest export partner and 18th largest import partner in 2018.

INDONESIA

Asia Today: Indonesian capital partly reopens after lockdown⁶

Jakarta being the world's fourth most populous nation gradually reopens its economy as restriction was partly relaxed after two months of lockdown. The capital is home to 11 million people was under large-scale social restrictions since 10 April. Public transportations was allowed to resume meanwhile offices, restaurants and grocery stores reopened with only 50% of their employees and customers. Meanwhile, all worship facilities were allowed to reopen at half-capacity complying with social distancing requirement.

Schools will remain closed during this month while some shopping centers, zoos and beaches will reopen next week. Social media captured long lines of travellers at railway stations waiting to board trains back to Jakarta and ignoring distancing rules. Jakarta has recorded more than 8,000 cases of the coronavirus, including 529 deaths.

⁵ Philippine-Japan trade fell by more than half in April amid pandemic, The Mainichi, dated 11 June 2020, <https://mainichi.jp/english/articles/20200611/p2g/00m/0bu/010000c>

⁶ Asia Today : Indonesian capital partly reopens after lockdown, The Asahi Shimbun, dated 9 June 2020, <http://www.asahi.com/ajw/articles/13442821>



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VIETNAM

Vietnam targets more foreign investors⁷

Vietnam is positioning its economy to grow in the aftermath of the pandemic by attracting more inflows into foreign stocks, bonds, private equity, and venture capital. Andy Ho, chief investment officer of investment fund VinaCapital, said the pandemic had hit a lot of economies, and central banks around the world were likely to print RM 25 trillion (US\$6 trillion) worth of money for so-called “quantitative easing” programmes to support their economies.

Ho believed that investors in developed markets are still very attracted to Vietnam because the country provides returns that are not available to them in their respective markets. He said returns in Vietnam are tremendous, with dividend yields of 3-4%, bond yields of 3-4%, and term deposits interest rates of 6-7%.

THAILAND

Thailand approves \$300 mln aid for drought-stricken sugarcane farmers⁸

Thailand approved RM 1.3 billion (US\$319 million) in aid on Tuesday for its sugarcane farmers, whose output has been hit by drought. It is the world’s second-largest sugar exporter, behind Brazil, but its production plunged by more than 40% in the December-April season from a year earlier, as it crushed the lowest volume of sugar cane in a decade as a prolonged drought undermined yield.

Ratchada Thanadirek, a deputy government spokeswoman said that the government expects that around 300,000 sugarcane farmers would receive the financial aid. Sugarcane farmers were severely impacted by drought this year and bore higher costs of production per tonne.

The Office of the Cane and Sugar Fund has forecasted the country’s cane production next season is expected to further decline by around 20% as drought continued while farmers planted new crops in April and early May. With the pandemic impacting the global economy, demand for sugar also reduced. However, the drought has now eased.

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Compiled by Kevin Lai

⁷ Vietnam targets more foreign investors, Asia First, dated 10 June 2020, <https://www.asia-first.com/newsletter/vietnam-targets-more-foreign-investors.html>

⁸ Thailand approves \$300 mln aid for drought-stricken sugarcane farmers, Financial Post, dated 9 June 2020, <https://business.financialpost.com/pmn/business-pmn/thailand-approves-300-mln-aid-for-drought-stricken-sugarcane-farmers>

