

Asia week ahead: Gleaning the trade impact

The plummeting Chinese PMIs don't bode for well for hard activity indicators out next week. Trade figures from several Asian countries should provide a glimpse of the pain Covid-19 is inflicting. Things are likely to get worse before they get better



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China

A sharp plunge in China's manufacturing and non-manufacturing purchasing manager indexes in February means hard activity data is set to reveal the impact of Covid-19 on the economy starting with trade figures over the weekend, followed by inflation and monetary indicators over the course

of next week.

We agree with the consensus of a double-digit trade contraction in the first two months of the year in comparison to the same period last year, and inflation above 5%. Meanwhile, market expectations of a sharp slowdown in new yuan loans and aggregate financing in February stems from virtually stalled economic activity, though we're not ruling out the risk of these indicators surprising on the upside as a result of the recent monetary stimulus.

The rate of new infections is abating and factories are gradually re-opening, which is good news for the economy. However, markets are unlikely to relax just yet, as the data might show recent exceptional weakness in economic activity persists for months before it gets better.

➔ Taiwan, Korea, Malaysia and India

Trade reports also are due in Taiwan and the Philippines, while Korea releases its jobs report and Malaysia its manufacturing data – all will be under scrutiny for the Covid-19 impact. However, data may not provide a good sense of the impact as the epidemic rapidly began to spread beyond China only in the second half of February.

Lastly, India's elevated consumer price inflation above 7% will continue to be the main headwind for central bank easing amid the rising threat of the virus to GDP growth. Making matters worse is the latest acceleration currency depreciation, which saw the Indian rupee weakening above 74 against the US dollar this week.

It's going to be a challenge for Governor Shaktikanta Das as he struck a dovish chord after the Fed's surprise rate cut.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 7 March					
China	0300	Jan-Feb Exports (YoY%)	-14.1	-17	7.9
	0300	Jan-Feb Imports (YoY%)	-28.8	-15	16.5
	0300	Jan-Feb Trade Balance (US\$bn)	64.4	29.9	47.21
	0200	Feb Forex Reserves (US\$bn)	3110	3105	3115.5
India	1200	4Q19 Current account balance (US\$bn)	-	-	-6.3
Monday 9 March					
Taiwan	0800	Feb Exports (YoY%)	-	-	-7.6
	0800	Feb Imports (YoY%)	-	-	-17.7
Indonesia	1000	Feb BI consumer confidence index	119.6	-	121.7
Taiwan	1600	Feb Exports (YoY%)	-25.8	-	-7.6
	1600	Feb Imports (YoY%)	-33.8	-	-17.7
	1600	Feb Trade balance (US\$bn)	5.0	-	3.5
Tuesday 10 March					
China	0130	Feb PPI (YoY%)	-0.3	-0.3	0.1
	0130	Feb CPI (YoY%)	5.5	5.2	5.4
	0200	Feb Money supply (M2) (YoY%)	8.4	8.45	8.4
	0200	Feb Aggregate finance (Yuan bn)	5000	-	5070
	0200	Feb Financial institution loans (Yuan bn)	3400	-	3340
India	-	Holi Festival - Market holiday	-	-	-
Philippines	0100	Jan Trade balance (US\$bn)	-	-2.9	-2.5
	0100	Jan Exports (YoY%)	-	4.1	21.4
	0100	Jan Imports (YoY%)	-	-5	-7.6
South Korea	2300	Feb Unemployment rate (SA%)	-	-	4
Wednesday 11 March					
Korea	2300	Feb Unemployment Rate (SA%)	4.2	-	4.0
Thursday 12 March					
India	1200	Feb CPI (YoY%)	7.3	-	7.59
	1200	Jan Industrial production (YoY%)	-1.7	-	-0.3
	-	Feb Trade deficit (US\$bn)	-	-	-15170
	-	Feb Exports (YoY%)	-	-	-1.66
	-	Feb Imports (YoY%)	-	-	-0.75
Singapore	0500	Jan Retail sales value (MoM SA/YoY%)	-/-	-/-	-1./-3.4
Friday 13 March					
Malaysia	0400	Jan Industrial production (YoY%)	-	-	1.3
	0900	Jan Exports (YoY%)	1.4	-	21.4
	0900	Jan Imports (YoY%)	-1.2	-	-7.6
	0900	Jan Trade balance (US\$m)	3744.2	-	-2478
Philippines	-	Jan Budget balance (PHP bn)	-	-	-251.1

Source: ING, Bloomberg, *GMT

Author

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure
Katinka.Jongkind@ing.com

Marina Le Blanc
Sector Strategist, Financials
Marina.Le.Blanc@ing.com

Samuel Abettan
Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne
Senior Editor and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Leszek Kasek
Senior Economist, Poland
leszek.kasek@ing.pl

Oleksiy Soroka, CFA
Senior High Yield Credit Strategist
oleksiy.soroka@ing.com

Antoine Bouvet
Head of European Rates Strategy
antoine.bouvet@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma
Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com