Asia week ahead: Australian and Indian central bank meetings

As two central bank meetings are likely to pass as non-events, the markets will be left to ponder a flood of economic activity data from around the region

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Central bank meetings

The Reserve Bank of Australia (RBA) reviews policy next week, Tuesday, 1 December. The central bank is missing important data though on which to base its policy decision – the country's 3Q20 GDP figure which will be out just a day later than the policy meeting. Whatever the 3Q GDP outcome (ING forecasts +2.5% quarter-on-quarter vs. -7% in 2Q), it's still history and doesn't reflect current trends. And, having cut the Cash Rate by 15 basis points to 0.10% at the November meeting, it's hard to see the RBA moving the policy rate again in less than a month. Reinforcing this view further is the latest labour report for October with a 179,000-strong surge in employment, hinting at a faster economic recovery in the current quarter.

The Reserve Bank of India (RBI) meets on Friday, 4 December. The persistently weak growth and accelerating inflation dynamics have put this central bank in a jam, in our view. As covered in this space a week ago, India's 3Q GDP data out this Friday (27 November) will underscore the need for more policy support (ING's 3Q GDP forecast is -12% YoY). But the counter-argument is still-high CPI inflation. Inflation has stayed above the RBI's 6% policy limit in all but one month in the year through October (7.6% in October). As these divergent growth-inflation trends are likely to be stretched well into 2021, stable RBI rate policy throughout the next year seems to be the safest wager for now.

Busy data pipeline

A typical market focus around the turn of the month is the Purchasing Manager Indices. China's PMIs are more market-sensitive than most other countries'. So, we will have November China PMI releases on Monday setting the tone for regional and global markets.

We think the recent pattern of services outperforming manufacturing activity in China was intact in November as weak global demand due to the second Covid-19 outbreak weighed on exports. Korea's November trade figures, the first in the region for this month, will bring more information about global demand, especially the electronics cycle, given some signs of tapering in the electronics upcycle lately.

Meanwhile, Korea and Japan's October manufacturing data will shape expectations for their GDP performance in the fourth quarter. And the October retail sales from Hong Kong and Singapore, together with a raft of November CPI inflation releases elsewhere, will inform about the private consumption recovery. The downside risk to regional economies has increased, however, with the recent surge in Covid-19 cases around the globe.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Sunday 29 November			
South Korea	2300	Oct Industrial Output (MoM/YoY%)	0.4/3.3		5.4/8.0
		Monday 30 November			
China	0100	Nov NBS Non-Manufacturing PMI	55.7		56.2
	0100	Nov NBS Manufacturing PMI	51.5		51.4
	0100	Nov Composite PMI	-		55.3
India	1200	Q2 GDP Quarterly (YoY%)	-		-23.9
Malaysia	0400	Oct Exports (%YoY)	-4.5		13.6
	0400	Oct Imports (%YoY)	-9.5		-3.6
	0400	Oct Trade balance (RM bn)	20.4		22.0
Thailand	0730	Oct Current Account (US$bn)	1.1		1.31
South Korea	2300	Q3 GDP Growth (QoQ/YoY%)	-/-	-	1.9/-1.3
		Tuesday 1 December			
China	0145	Nov Caixin Manufacturing PMI Final	53.7		53.6
India	0500	Nov IHS Markit Manufacturing PMI	-		58.9
Hong Kong	0830	Oct Retail Sales (YoY%)	-9.9		-12.9
Malaysia	0030	Nov IHS Markit Manufacturing PMI	-		48.5
Indonesia	0030	Nov IHS Markit PMI	-		47.8
	-	Nov Inflation (YoY%)	1.5	-	1.44
Philippines	0030	Nov Manufacturing PMI SA	49.1		48.5
Taiwan	0030	Nov IHS Markit Manufacturing PMI	54		55.1
Thailand	0030	Nov Manufacturing PMI SA	-		50.8
South Korea	0000	Nov Exports (YoY%)	10.5		-3.8
	0000	Nov Imports (YoY%)	0.5		-5.6
	0000	Nov Trade Balance (US$bn)	7.6		5.8
	0030	Nov IHS Markit Manufacturing PMI	51.5		51.2
	2300	Nov CPI (% YoY)	0.2		0.1
	2300	Nov CPI core (% YoY)	0.0		0.1
		Wednesday 2 December			
		Thursday 3 December			
China	0145	Nov Caixin Services PMI	-		56.8
India	0500	Nov IHS Markit Services PMI	-		54.1
Singapore	1300	Nov Manufacturing PMI	-		50.5
Thailand	0300	Nov Consumer Confidence Idx	-		50.9
South Korea	2300	Oct Current Account Bal NSA	7.6		10.21
		Friday 4 December			
India	0615	Cash Reserve Ratio	3.00		3.00
	0615	Repo Rate	4.00		4.00
	0615	Reverse Repo Rate	3.35		3.35
Philippines	0100	Nov CPI (YoY%)	2.7	-	2.5
Singapore	0500	Oct Retail Sales (MoM/YoY%)	1.0/-8.3	-	-4.5/-10.8
Taiwan	0820	Nov Foreign Exchange Reserve	501.5		501.2
Thailand	-	Nov CPI Inflation (YoY%)	-0.4		-0.5
	-	Nov CPI Core Inflation (YoY%)	-		0.19

Source: ING, Refinitiv, *GMT