

Asia week ahead: Bank Indonesia to keep its powder dry

Given the recent wobbles experienced by the Indonesia rupiah, we expect the central bank to stay put next week, but China's central bank might cut its revamped loan prime rate



People's Bank of China could go more accomodative

The People's Bank of China will announce the revamped loan prime rate (LPR) on Sunday, 20 October. Though the medium-term lending facility interest rate remains unchanged, there is still a chance that the central bank will cut the one-year lending facility by 5 basis points to 4.15% to support the flagging economy.

Bank Indonesia to stay put... for now

Indonesia's central bank will meet on 24 October against a backdrop of slowing growth. The central bank governor forecasts growth to dip to 5.1%, citing the headwinds from the trade war for this expectation.

With inflation within target and decelerating, the central bank has some room to trim borrowing costs further. Governor Warjiyo has slashed borrowing costs for three straight meetings in a bid to provide a boost to sagging GDP growth momentum, but the central bank may opt to keep its powder dry given the recent wobble experienced by the IDR. That being said, we expect BI to stay on hold with the possibility for a rate cut at the November meeting if inflation resumes its downward trend and growth numbers warrant further stimulus.

Barrage of data

China's industrial profit growth should shrink less than previous months as infrastructure projects have created businesses to manufacturers.

Orders and deliveries of smartphones will provide some support to Taiwan export orders and industrial production as well as Hong Kong exports and imports, but the support should not be enough to change a yearly negative growth trend to positive growth.

The Philippines will report the budget balance for the month of September with spending figures and the budget balance now increasingly of importance given the recent slowdown in GDP growth due to the budget delay. Government officials have vowed a swift catch-up in spending with a substantial budget deficit seen to rekindle hopes for a rebound in growth for the 3Q.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 20 October					
China	03300	Loan prime rate		4.15	4.20
Monday 21 October					
Taiwan	0900	Sep Export orders (YoY%)	-	-10.1	-8.3
Thailand	0430	Sep Exports (Cust est, YoY%)	-	-	-4.0
	0430	Sep Imports (Cust est, YoY%)	-	-	-14.6
	0430	Sep Trade balance (Cust est, US\$m)	1903	-	2053
South Korea	2200	Sep PPI (YoY%)	-	-	-0.6
China	0230	Sep 70-cities New home prices (MoM/YoY%)	-/-	-/-	0.6/9.1
Japan	0050	Sep Exports (YoY%)	-7.6	-	-8.2
	0050	Sep Imports (YoY%)	-0.1	-	-12.0
	0050	Sep Adjusted trade balance (¥ bn)	-271.0	-	-130.8
	0530	Aug All industry activity index (MoM%)	0.7	-	0.2
Tuesday 22 October					
Malaysia	0800	Oct 15 Forex reserves- Month end (US\$bn)	-	-	103
Philippines	-	Sep Budget balance (PHP bn)	-86.4	-	-2.5
Hong Kong	0915	Sep Composite (YoY%)	-	-	3.5
Japan	-	Imperial Enthronement Day Holiday			
Korea	0000	Sep PPI (YoY%)	-0.7	-	-0.6
Wednesday 23 October					
Malaysia	0500	Sep CPI (YoY%)	1.3	-	1.5
Singapore	0600	Sep CPI (YoY%)	-	-	0.5
	0600	Sep CPI core (YoY%)	-	-	0.8
Taiwan	0900	Sep Industrial production (YoY%)	5.1	-	2.3
Thursday 24 October					
Hong Kong	0930	Sep Exports (YoY%)	-3.8	-	-6.3
	0930	Sep Imports (YoY%)	-8.7	-	-11.1
	0930	Sep Trade balance (HK\$ bn)	-25.5	-	-28.0
Indonesia	-	BI policy decision (7-day reverse repo, %)	5.25	-	5.25
Taiwan	0920	Sep Money supply (M2) (YoY%)	-	-	3.4
South Korea	0000	3Q P GDP (SA QoQ/YoY%)	0.6/2.2	-/-	1.0/2.0
	2200	Oct BOK Consumer Sentiment Index	-	-	96.9
Friday 25 October					
Singapore	0330	3Q Jobless rate (Q) (%), SA)	-	-	2.2
	0600	Sep Industrial production (MoM/YoY%)	-/-	-/-	-7.5/-8

Source: ING, Bloomberg, *GMT+1

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