

Asia week ahead: The calm returns

Reduced trade noise should bring some calm to the markets, while liquidity gets thin and economic data gets overshadowed ahead of the Lunar New Year holiday. There are few central bank meetings, but we don't expect them to disturb the calm



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➔ Japan, Indonesia and Malaysia – the trio should remain put

Three Asian central bank – Bank of Japan (BoJ), Bank Indonesia (BI), and Bank Negara Malaysia (BNM) – are meeting next week. We don't anticipate any policy moves by either of them. Left with no policy ammunition, Japan's central bank is probably banking on \$120 billion of fiscal stimulus announced in December to soften the impact of the recent consumption tax hike.

In Indonesia, subdued inflation and the strengthening currency have opened doors for more BI

easing to promote President Jokowi's investment drive, though we don't think that central bank will rush to cut rates next week (it cut by 100bp last year). And for Malaysia, a stable policy is our baseline for this year as growth gets some lift from recovery in electronics demand while inflation remains low.

➔ A mixed bag of 4Q19 GDP reports

Korea and the Philippines will release GDP number for 4Q19. In Korea, weak exports and the high base effect underpin our forecast of slower GDP growth of 1.6% YoY than 2.0% in 3Q. We think we are at a low point in the current downturn. The easing of global trade tension and recovery in the tech sector should drive GDP growth up this year.

In the Philippines, we expect GDP growth to accelerate to 6.6% from 6.2% in 3Q as pent-up budget spending and significant central bank easing probably spurred domestic demand. If so, this would be Asia's fastest-growing economy, the status it is likely to hold in 2020.

➔ And, rest of the calendar

Elsewhere, Australia's labour market should have received some heat from the bushfires crisis, leading to slower jobs growth in December. This could tip the consensus for additional Reserve Bank of Australia easing ahead; we have pencilled in a 25basis point rate cut in the current quarter.

December manufacturing releases from Taiwan and Singapore will help to fine-tune estimates of 4Q19 GDP growth of these economies. But, Taiwan's export orders in December seem to be more interesting as a guide to growth coming into 2020.

Lastly, December trade figures from Thailand are expected to show trade balance swinging to the deficit from the surplus in the previous month, which should be a relief for the authorities battling to curb currency appreciation.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|---|----------|--------|-----------|
| Monday 20 January | | | | | |
| Taiwan | 0800 | Dec Export orders (YoY%) | -4.3 | - | -6.6 |
| South Korea | 2100 | Dec PPI (MoM%) | - | - | -0.1 |
| Tuesday 21 January | | | | | |
| Hong Kong | 0800 | Dec Composite CPI (YoY%) | 2.9 | - | 3.0 |
| South Korea | 2300 | 4Q P GDP (YoY%) | 1.6 | - | 2.0 |
| Wednesday 22 January | | | | | |
| Malaysia | 0400 | Dec CPI (YoY%) | 1.0 | - | 0.9 |
| | 0700 | Jan 15 Forex reserves- Month end (US\$bn) | - | - | 103.6 |
| | 0700 | Overnight Policy Rate | 3.0 | - | 3.0 |
| Taiwan | 0800 | Dec Industrial production (YoY%) | 3.9 | - | 2.2 |
| | 0820 | Dec Money supply (M2) (YoY%) | 3.6 | - | 4.1 |
| Thailand | 0330 | Dec Exports (Cust est, YoY%) | -1.5 | - | -7.4 |
| | 0330 | Dec Imports (Cust est, YoY%) | 7.0 | - | -13.8 |
| | 0330 | Dec Trade balance (Cust est, \$m) | -255 | - | 549 |
| Thursday 23 January | | | | | |
| Indonesia | 0720 | Jan 23 BI policy decision (7-day reverse repo, %) | 5.0 | - | 5.0 |
| Philippines | 0200 | 4Q GDP (YoY%) | 6.6 | - | 6.2 |
| Singapore | 0500 | Dec CPI (YoY%) | 0.7 | - | 0.6 |
| | 0500 | Dec CPI core (YoY%) | 0.5 | - | 0.6 |
| Friday 24 January | | | | | |
| Singapore | 0500 | Dec Industrial production (MoM/YoY%) | 3.6/-1.0 | -/- | -9.4/-9.3 |

Source: ING, Bloomberg, *GMT

