

## Asia week ahead: Central bank decisions and several data reports from China

The coming week features key central bank meetings as well as inflation reports and China's trade numbers



### BoK to move sans governor? China likely to cut

The Bank of Korea (BoK) will meet on Thursday for its rate decision meeting. Given Governor-nominee Mr Rhee Chang-yong's parliamentary hearing scheduled for 19 April, the Monetary Policy Committee will be held for the first time in the absence of a governor. Indeed, the absence of a governor makes it even more difficult to predict BoK's decision-making in a situation where inflationary pressures rise and concerns about the future growth outlook grow.

However, the Korean economy has shown its resilience so far with solid exports and continued recovery in consumer activities despite all the headwinds. After the 4.1% of March CPI releases, the BoK had already noted that the inflation would stay above 4% level for a while, and the governments both incoming and outgoing have declared inflation as one of the top priorities to tackle. Also, after checking the March FOMC meeting minutes, very clear guidance from the Fed minutes could erase one element of uncertainty for the BoK as well.

With a very close call, we move forward the rate hike call from May to April. Nevertheless, the question remains as to whether the BoK is enterprising enough to make such an important

decision in the absence of the governor. It is only because holding MPC without a governor itself is unprecedented. However, we think the BoK will make a data-dependent decision rather waiting for a new governor on board. If not, a couple of dissenting votes next week, then a rate hike will follow in May.

Next week also features a central bank decision from China and we expect the policy rate, the 1-year medium term lending facility, to be cut by 10 bps to 2.75%.

## China reports trade, credit and inflation figures

Trade data in March should reflect the beginning of the impact on export activities from the current Covid lockdown. We expect slower growth for both exports and imports on a yearly basis.

China will also release its credit data and we expect a stronger growth of credit in March compared to a month ago, which was a long holiday. Meanwhile, Inflation data will be published on 11 April, and will likely reflect a mild inflation environment even as Covid has pushed up food prices in some cities. PPI inflation on the other hand will continue to be high but should edge down following the global oil price.

## The rest of the field

Korean March Labour data will be released on 13th and we expect the unemployment rate to rise to 3.4%. The previous month's strong gain in employment was driven by temporary factors related to the pandemic. Also, usually in March, college graduates actively seek job opportunities thus labor participants rise faster than the actual hiring.

Indonesia's reports retail sales on 11 Aril which will likely sustain recent gains. We do expect some moderation however from the previous month's growth as faster inflation and a spike in Covid daily infections weighed on sales for the period.

Lastly, we also have 1Q GDP for Singapore will likely hit 3.6% as growth also moderating from previous quarter, given quickening inflation pressures.

## Asia Economic Calendar

| Country                   | Time | Data/event                    | ING Survey | Prev.    |
|---------------------------|------|-------------------------------|------------|----------|
| <b>Monday 11 April</b>    |      |                               |            |          |
| China                     | 0230 | Mar CPI (MoM%/YoY%)           | -/-        | 0.6/0.9  |
|                           |      | - Mar FDI (YTD)               | -          | 37.9     |
|                           |      | - Mar M2 Money Supply (YoY)   | -          | 9.2      |
| India                     | 1230 | Mar Merchandise Exports - USD | 34.1       | 34.6     |
|                           | 1230 | Mar Merchandise Imports - USD | 56.0       | 55.4     |
|                           | 1230 | Mar Fiscal Deficit - USD      | -          | 18.7     |
| Indonesia                 | 0500 | Feb Retail Sales Index (YoY)  | 5.4        | 15.2     |
| Philippines               |      | - Mar Forex Reserves USD      | 107.3      | 108.0    |
| <b>Tuesday 12 April</b>   |      |                               |            |          |
| South Korea               | 0000 | Mar Unemployment Rate         | 3.4        | 2.7      |
| Australia                 | 0230 | Mar NAB Business Conditions   | 1.9        | 8.5      |
|                           | 0230 | Mar NAB Business Confidence   | 2.1        | 12.7     |
| India                     | 1300 | Feb Industrial Output (YoY)   | 6.2        | 1.3      |
|                           | 1300 | Mar CPI Inflation (YoY%)      | 6.2        | 6.1      |
| <b>Wednesday 13 April</b> |      |                               |            |          |
| China                     | 0400 | Mar Trade Balance             | -          | 116.0    |
|                           | 0400 | Mar Imports                   | -          | 15.5     |
|                           | 0400 | Mar Exports                   | -          | 16.3     |
| <b>Thursday 14 April</b>  |      |                               |            |          |
| Australia                 | 0230 | Mar Employment Change         | 43.5       | 77.4     |
|                           | 0230 | Mar Participation Rate        | 66.6       | 66.4     |
|                           | 0230 | Mar Unemployment Rate         | 4          | 4.0      |
| India                     | 0730 | Mar WPI Inflation (YoY%)      | -          | 13.1     |
| Singapore                 | 0100 | Q1 GDP Flash (QoQ%/YoY%)      | 0.5/3.6    | 10.7/6.1 |
| South Korea               | 0200 | Apr Bank of Korea Base Rate   | 1.50       | 1.25     |

Source: Refinitiv, ING, \*GMT

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