

Asia week ahead: Central bank decisions and trade reports dominate

Asian trade reports and central bank meetings are the focus for Asia in the coming days



Central bank decisions

It's a busy week for central banks, notably the Reserve Bank of Australia (RBA) on 7 December, and the Reserve bank of India (RBI) on 8 December.

We don't expect either central bank to change policy at these meetings, and the Omicron variant provides some fresh cover for dovish central banks to hide behind. That said, it is always worth looking out for changes in nuance in accompanying statements that might hint at changes next year. The RBI for example may nod in the direction of recent higher than desirable inflation figures and could flag the possibility of a small increase in rates early next year. The consensus expects the first hike in the Indian cycle to be a token 5bp or so, though its market impact could be greater.

The RBA has been back-pedalling a bit from its insistence that rates will not rise until 2024, and it at least now acknowledges that a 2023 hike is a possibility. But there has been nothing recently to

require them to make further shifts, or to stake out a new approach to asset purchases when the current policy is reviewed before mid-February. Recent Australian 3Q21 GDP data was less bad than had been expected, but doesn't shed much light on the correct policy stance and has had little impact on market expectations. More relevant will be the 3Q21 house price data released on the same day as the rate decision. Annual house price inflation in 2Q was 16.8% year-on-year. That is high by any standard, so any additional increase will put pressure on the central bank to respond, though until the labour market and wages data fall into line, we believe the RBA will stick to the current playbook.

China's trade report one of many in the coming week

Meanwhile, next week's data calendar features several trade reports. China's trade data should show a year-on-year slowdown although the growth rate will still be in the double digits. Exports are expected to slow given that most orders for western holiday demand have been fulfilled. Some last-minute urgent orders however may still be placed but these may show up in the December report.

Taiwan will also report trade data next week. Given the strong demand for semiconductors, year-on-year growth should edge higher but face a slight month-on-month contraction as production bottlenecks transmit to a similar situation in exports.

Lastly, Philippine trade numbers come out on 10 December with recent trends expected to hold. Both exports and imports will expand but import growth is forecast to outpace exports. The overall trade balance will likely remain in deep deficit at roughly \$3.8b, which should be enough to nudge the overall current account balance into deficit.

And the rest...

The Asian data release calendar also covers a good number of inflation reports in the coming days. China and Taiwan will release producer prices with the PPI expected to be high for both due to elevated import commodity prices. On the other hand, CPI inflation is expected to be rather flat for both economies.

Philippine inflation is also scheduled next week with headline inflation set to slide to 3.7% as improved weather and pork imports help address previously tight food supply chains. This is however only the first-time inflation has fallen below 4% this year.

Rounding out the data reports for next week, Japan releases its Business Survey Index for 3Q21 from the Ministry of Finance on 9 December. This isn't widely watched, though it can be viewed as a dress-rehearsal for the more widely tracked Tankan survey from the Bank of Japan out on 13 December.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 6 December				
Japan	2330	Oct All Household Spending (MoM%/YoY%)	-	5.0/-1.9
Taiwan	0820	Nov Foreign Exchange Reserve	548.9	546.7
South Korea	2300	Oct Current Account Bal NSA	11.4	10.07
Tuesday 7 December				
Japan	2350	Oct Current Account NSA	-	1033.7
	2350	Q3 GDP Revised (QoQ%)	-0.8	-0.8
Australia	0330	Dec RBA Cash Rate	0.1	0.1
China	0800	Nov FX Reserves (Monthly) \$bn	3237.5	3218
		- Nov Exports	19.97	27.1
		- Nov Imports	19.1	20.6
		- Nov Trade Balance	90.74	84.54
Philippines	0100	Nov CPI (MoM%/YoY%)	0.15/3.7	0.2/4.6
	0100	Nov Core CPI (YoY%)	3.2	3.4
Singapore	0900	Nov Foreign Reserves USD	-	419
Taiwan	0800	Nov CPI (YoY%)	2.23	2.58
	800	Nov WPI (YoY%)	17.16	14.78
	0800	Nov Exports	24.85	24.6
	0800	Nov Imports	31.06	37.2
	0800	Nov Trade Balance	4.92	6.12
Wednesday 8 December				
Japan	2350	Nov M2 Money Supply (YoY%)	3.7	4.2
India	0430	Repo Rate	4	4
	0430	Reverse Repo Rate	3.35	3.35
	0430	Cash Reserve Ratio	4	4
Thursday 9 December				
China	0130	Nov CPI (YoY%)	1.8	1.5
	130	Nov PPI (YoY%)	13.3	-
Friday 10 December				
China		- Nov M2 Money Supply (YoY)	-	8.7
		Nov Aggregate Finance (CNY bn)	2490	1589.9
		Nov New Yuan Loan (CNY bn)	1607	826.2
India	1200	Oct Industrial Output (YoY%)	1.1	3.1
Indonesia	0400	Oct Retail Sales Index (YoY%)	-	-2.2
Philippines	0100	Oct Exports (YoY%)	8.1	6.3
	0100	Oct Imports (YoY%)	22.3	24.8
	0100	Oct Trade Balance	-3831	-3995

Source: Refinitiv, ING, *GMT

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