

Asia week ahead: Central banks frenzy

Asian central bank meetings dominate the agenda next week, and while all four are likely to pass without any policy changes, we'll be looking for clues if Asia's aggressive duo in 2018 – Indonesia and the Philippines – continue to defy easing over currency stability



Source: Shutterstock

➔ Four central bank meetings, but only two matter

Asian central banks in Indonesia, Philippines, Taiwan, and Thailand all have monetary policy meetings next week.

We think the market is interested in what Indonesia and the Philippines central bank's will do and look for any signs of easing after their aggressive policy hikes in 2018. The inflation argument for easing is getting stronger in both countries, and the argument for currency stability doesn't seem

to hold much ground anymore in an increasingly dovish G3 central bank environment. But the key resistance to currency appreciation in these countries is the wide current account deficit. We think the central banks will look over the inflation data and remain on hold next week.

In Taiwan, the central bank has been on hold since the last rate cut to 1.375% in June 2016. We don't think it will do anything this year despite falling exports dragging GDP growth lower in the recent quarter. The trend is likely to continue ahead while inflation is almost non-existent. And given that the Bank of Thailand tightened policy in December, it has been flagging a stable policy ahead even though economic data has shown increased downside growth risk. But look out for February export figures from Taiwan and Thailand next week.

➔ Malaysia's central bank likely to get ahead of the curve

Malaysia's consumer price data for February will be interesting to watch after the deflation surprise in January, which we believe was largely a transitory phenomenon due to administrative cut in fuel prices. Factors underlying our forecast of 0.5% year-on-year inflation, which is a reversal from -0.7% in January, are the Lunar New Year-related rise in the food component and narrowing negatives in the fuel-related transport component.

We don't think inflation will be a policy problem for the central bank in 2019, as risks remain tilted toward growth. Nor are there any strong arguments for central bank policy easing just yet, but a pre-emptive move to support growth won't hurt when there is room. We see the central bank moving to cut rates at the next meeting in early May 2019 - a shift from our previous forecast of no change in 2019.

[Malaysia: The doors open for central bank policy easing](#)

➔ Singapore NODX data will help shape central bank

In Singapore, the non-oil domestic exports is the critical data release for next week, signalling the possible course the central bank could take at the next semi-annual meeting in April. 2019 started with weak export and manufacturing performance, and both indicators posted sharp year-on-year declines in January. The Lunar New Year effect is likely to have sustained the weakness in February and if so; quarterly GDP growth is poised to slow further in 1Q19 from 1.9% YoY in 4Q18 - which was already the slowest in two years.

Having tightened policy twice in 2018, a stable Monetary Authority of Singapore policy in April seems to be the safest forecast for now. But we're not ruling out the central bank joining the potential easing bandwagon led by G3 central banks just yet.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Monday 18 March					
Philippines	-	Jan Budget Balance (PHP bn)	-	-	-81.0
Singapore	0030	Feb Non-oil Domestic Exports (MoM/YoY%)	2.4/-6.1	-/-	-5.7/-10.1
Tuesday 19 March					
Philippines	0845	Feb Balance of Payments (US\$m)	500.0	-	2704.0
South Korea	2100	Feb PPI (YoY%)	0.0	-	0.2
Wednesday 20 March					
Malaysia	0400	Feb CPI (YoY%)	0.5	-	-0.7
Taiwan	0800	Feb Export Orders (YoY%)	-5.0	-	-6.0
Thailand	0705	Benchmark Interest Rate	1.75	-	1.75
Thursday 21 March					
Hong Kong	0815	Feb CPI (YoY%)	2.0	-	2.4
Indonesia	-	Mar Policy Decision, 7-day Reverse Repo (%)	6.0	6.0	6.0
Philippines	0800	Overnight Borrowing Rate	4.75	-	4.75
Taiwan	-	Benchmark Interest Rate	1.38	-	1.38
-	-	Feb M2 Money Supply (YoY%)	-	-	3.1
Thailand	-	Feb Exports (Cust est, YoY%)	-1.0	-	-5.7
-	-	Feb Imports (Cust est, YoY%)	8.0	-	14.0
-	-	Feb Trade Balance (Cust est, US\$m)	-883.0	-	-4032.0
Friday 22 March					
Malaysia	0700	Mar Forex reserves, Month-end (US\$bn)	-	-	102.4
Taiwan	0800	Unemployment Rate (%)	3.8	-	3.7

Source: ING, Bloomberg, *GMT

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Senior Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne
Senior Editor and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Leszek Kasek
Senior Economist, Poland
leszek.kasek@ing.pl

Oleksiy Soroka, CFA
Senior High Yield Credit Strategist
oleksiy.soroka@ing.com

Antoine Bouvet
Head of European Rates Strategy
antoine.bouvet@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma
Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole
FX Strategist
francesco.pesole@ing.com

Rico Luman
Senior Sector Economist, Transport and Logistics
Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist
jurjen.witteveen@ing.com

Dmitry Dolgin
Chief Economist, CIS
dmitry.dolgin@ing.de

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Egor Fedorov
Senior Credit Analyst
egor.fedorov@ing.com

Sebastian Franke
Consumer Economist
sebastian.franke@ing.de

Gerben Hieminga
Senior Sector Economist, Energy
gerben.hieminga@ing.com

Nadège Tillier
Head of Corporates Sector Strategy
nadege.tillier@ing.com

Charlotte de Montpellier
Senior Economist, France and Switzerland
charlotte.de.montpellier@ing.com

Laura Straeter
Behavioural Scientist
+31(0)611172684
laura.Straeter@ing.com

Valentin Tataru
Chief Economist, Romania
valentin.tataru@ing.com

James Smith
Developed Markets Economist, UK
james.smith@ing.com

Suvi Platerink Kosonen
Senior Sector Strategist, Financials
suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com