

Asia week ahead: China and Korea in the limelight

China's 1Q19 GDP and Korea's central bank policy meeting are the highlights of next week. The fiscal stimulus has put the Chinese economy on course to a soft-landing but the trade war seems to be hitting other Asian economies harder, with the Bank of Korea likely moving to curtail the export-led economic slowdown with a rate cut



Source: Shutterstock

➔ China's 1Q19 report card arrives

The International Monetary Fund's upgrade to the Chinese growth outlook for 2019 this week is a validation of the soft-landing of the economy amid prevailing trade tensions. This comes as macro

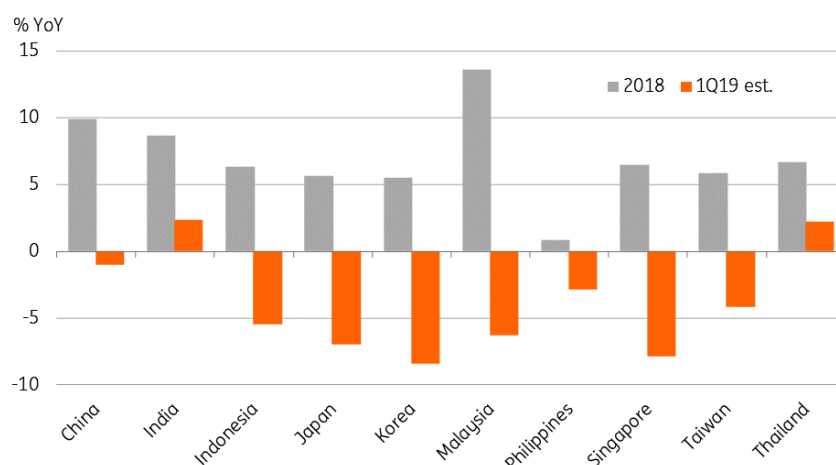
policy in China has been geared towards preventing a significant growth slowdown. China's GDP report for the first quarter of 2019 will be a testimony of this view next week.

Other economic indicators including industrial production, fixed asset investment, and retail sales, for March - also due next week - are pointing to moderate GDP growth.

However, despite the higher tariffs in 2018, Chinese exports were by far Asia's outperformer with about 10% annual growth. Against this backdrop, some negative trade growth was inevitable. But so far there isn't a whole lot negative, at least judging by the consensus trade forecast for March (data due on 12 April), which implies less than 2% contraction in both exports and imports from a year ago.

As such, we consider our forecast of 6.2% GDP growth in 1Q19 at risk of an upside surprise. The consensus estimate is 6.3%.

Asian exports growth



Source: Bloomberg, CEIC, ING

1Q19 actual data for Korea and Taiwan, ING's estimate for the other countries yet to release March figures.

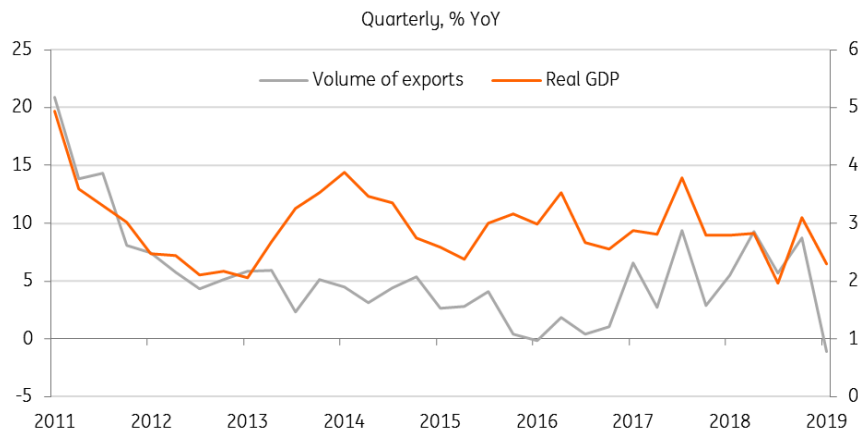
➔ Korea – Conditions are ripe for a rate cut

We may be an outlier in our forecast of a Bank of Korea policy rate cut next week, especially just months after a 25 basis point hike in November.

The factors underlying our view are accelerated export weakness depressing GDP growth and low inflation opening the doors for policy support for the economy via lower interest rates. Over 8% fall in exports in 1Q19 from a year ago was probably the worse among Asian countries. Undoubtedly, it should have caused a dent to GDP growth from 3.1% posted in 4Q18 (ING forecast is 2.3% for 1Q19, data due 25 April).

The central bank also releases its quarterly economic outlook report on the same day as the policy meeting. We anticipate yet another downgrade to the central bank's growth, and inflation forecasts – last cut in January puts GDP growth forecast at 2.6% and inflation at 1.4%. If so, it might as well cut the policy interest rate at the same time rather than waiting for the downtrend to intensify further.

Exports drag Korean GDP growth lower



Source: CEIC, ING

Quarterly data, including ING forecast for 1Q19

➔ Asia – more trade figures ahead

The week is also heavy on March trade figures from India, Indonesia Japan, and Singapore – all possibly pointing to greater downside growth risk to Asian economies.

In view of high trade deficits, data from India and Indonesia will be closely watched as these economies and their respective currencies sway. A double-whammy of slowing exports and elevated imports owing to their strong domestic demand and rising fuel import bill with the higher oil prices point to no respite in the near term. Singapore's export trends seems akin to Korea's, both dragged down by the global technology slump and depressing GDP growth.

And alongside all of this, Asia's two most populous countries – India and Indonesia head to the polls.

-12%

ING forecast of Singapore's March NODX growth

Year-on-year

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Monday 15 April					
India	0730	Mar WPI (YoY%)	3.2	-	2.9
	-	Mar Imports (YoY%)	-1.5	-	-5.4
	-	Mar Trade Deficit (US\$bn)	-12.8	-	-9.6
	-	Mar Exports (YoY%)	1.0	-	2.4
Indonesia	0500	Mar Exports (YoY%)	-2.6	-	-11.3
	0500	Mar Imports (YoY%)	-2.1	-	-14.0
	0500	Mar Trade Balance (US\$m)	502.0	-	329.5
Philippines	-	Feb OCW Remittances (YoY%)	3.5	-	4.4
Tuesday 16 April					
China	0230	Mar 70-Cities New Home Prices (MoM/YoY%)	0.6/12.1	-/-	0.5/11.1
Wednesday 17 April					
China	0300	Mar Fixed Asset Investment (YoY%, YTD)	6.5	6.3	6.1
	0300	Mar Industrial Production (YoY%)	6.2	6.0	5.7
	0300	Mar Retail Sales (YoY%)	8.9	8.4	8.2
	0300	1Q GDP (Q) (QoQ, SA/YoY%)	-/6.2	1.4/6.3	1.5/6.4
Philippines	-	Mar Balance of Payments (US\$m)	-	-	467.0
Singapore	0130	Mar Non-oil Domestic Exports (MoM, SA/YoY%)	-10.0/-	-/-	16.0/4.9
Thursday 18 April					
South Korea	2200	Mar PPI (MoM/YoY%)	-/-0.2	-/-	0.1/-0.2
	-	7-Day Repo Rate	1.50	-	1.75

Source: ING, Bloomberg, *GMT

Author

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