

## Asia week ahead: China back in limelight

The key question of the week will be whether the forthcoming round of US-China trade negotiations bears out President Trump's recent positive rhetoric on a trade deal



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### Next round of China-US trade talks

The Chinese markets will be back from the 'Golden Week' Lunar New Year holiday, though players are likely to tread a cautious path, taking cues from the January economic data and progress on the US-China trade talks.

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*Will the forthcoming round of the US-China trade negotiations*

## *bear out President Trump's recent positive rhetoric on a trade deal?*

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The delegation led by US Treasury Secretary Steven Mnuchin and Trade Representative Robert Lighthizer will hold trade negotiations with their counterparts in Beijing next week. As in the last high-level meeting in late January (attended by China's Vice Premier Liu He), we may hear about some more trade concessions from the Chinese side, though the most contentious issue about technology theft and intellectual property rights will continue to linger. Moreover, any major announcements, positive or negative, might well be withheld until after the Trump-Xi meeting in Vietnam at the end of the month.

Meanwhile, China's January data calendar is shortened as the National Bureau of Statistics holds back the release of some indicators (industrial production, fixed asset investment, retail sales) deemed to be distorted by the timing of the Lunar New Year holiday, which either falls in January or in February. So far, signals have been mixed – the manufacturing economy continues to be weak while services are holding up. We will be watching the trade and monetary data to see the impact of the trade war and for signs of stimulus.

### **More trade releases elsewhere**

India, Indonesia, the Philippines and Taiwan also report their trade figures next week. All will be scrutinised for clues about the impact of the trade war. But it's not just the trade war. The ongoing downturn in global electronics demand has already started to depress regional exports. A steeper decline in Korea's exports in January suggests we can expect the same from Taiwan.

India, Indonesia, and the Philippines are all suffering from a rising trade deficit, a trend that's likely to continue due to strong domestic demand and firmer oil prices, while exports continue to be subdued.

On the other end of the spectrum are countries like Malaysia, where electronics exports are still holding up. This, together with the recent strengthening of global oil prices, has supported exports and the trade surplus. Malaysia's current account and GDP data for the fourth quarter of 2018 are due next week and we estimate a wider current surplus and pick up in GDP growth. Both are positive for the Malaysian ringgit.

India's consumer price inflation data will be viewed in the context of the Reserve Bank of India's latest move to cut interest rates by 25 basis points. Inflation is unlikely to hit the RBI's 4% policy mid-point anytime soon but we expect the underlying pressure to remain upward. As such, we consider the decision to [cut interest rates premature](#).

[India: RBI's surprise rate cut appears premature](#)

## Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
<b>Monday 11 February</b>					
China	-	Jan Forex Reserves (US\$bn)	3082.0	3081.85	3072.7
Malaysia	0400	Dec Industrial Production (YoY%)	3.5	-	-0.5
<b>Tuesday 12 February</b>					
China	-	Jan Aggregate Finance (Yuan bn)	2989.0	-	1589.8
	-	Jan Financial Institution Loans (Yuan bn)	2030.0	-	1080.0
	-	Jan Money Supply (M2) (%YoY)	8.1	-	8.1
India	1200	Jan CPI (YoY%)	2.4	-	2.2
	1200	Dec Industrial Production (YoY%)	2.1	-	0.5
Malaysia	0700	Jan Forex reserves, Month-end (US\$bn)	-	-	101.7
Philippines	0100	Dec Imports (YoY%)	4.9	-	6.8
	0100	Dec Trade Balance (US\$mn)	-4055.4	-	-3901.0
	0100	Dec Exports (YoY%)	3.3	-	-0.3
Singapore	0500	Dec Retail Sales Value (MoM/YoY%)	-0.1/-3.5	-/-	0.2/-3.0
Taiwan	0800	Jan CPI (YoY%)	2.0	-	-0.1
	0800	Jan WPI (YoY%)	-2.0	-	0.8
South Korea	2300	Jan Unemployment Rate (% SA)	3.8	-	3.8
<b>Wednesday 13 February</b>					
Taiwan	0800	4Q F GDP (YoY%)	-	-	1.8
<b>Thursday 14 February</b>					
China	-	Jan Imports (YoY%)	-6.5	-11.0	-7.6
	-	Jan Exports (YoY%)	-4.1	-2.7	-4.4
	-	Jan Trade Balance (US\$bn)	22.0	32.0	57.1
India	0630	Jan WPI (YoY%)	3.5	-	3.8
Malaysia	0400	4Q GDP (SA, QoQ/YoY%)	1.2/4.6	-/-	1.6/4.4
	0400	4Q Current Account (Q) (MYR bn)	12.4	-	3.8
South Korea	2300	Dec Current A/c Balance (US\$bn)	4.1	-	5.1
<b>Friday 15 February</b>					
China	0130	Jan CPI (YoY%)	2.0	-	1.9
	0130	Jan PPI (YoY%)	-2.0	-	0.9
	0730	4Q18 Current Account Balance (US\$ bn)	23.0	-	23.3
India	-	Jan Imports (YoY%)	-5.0	-	-2.4
	-	Jan Trade Deficit (US\$bn)	-13.8	-	-13.1
	-	Jan Exports (YoY%)	2.0	-	0.3
Indonesia	0400	Jan Trade Balance (US\$mn)	-600.0	-	-1102.0
	0400	Jan Imports (YoY%)	2.1	-	1.2
	0400	Jan Exports (YoY%)	3.9	-	-4.6
Philippines	-	Dec OCW Remittances (YoY%)	-	-	2.8
Taiwan	0800	Jan Exports (YoY%)	-3.9	-	-3.0
	0800	Jan Imports (YoY%)	-5.7	-	2.2
	0800	Jan Trade Balance (US\$bn)	1.8	-	4.7

Source: ING, Bloomberg, \*GMT