

## Asia week ahead: China's annual rite of spring

China returns to the limelight as its top legislative body sets out economic targets and policies for the year. Elsewhere in the region, monetary policy meetings and start-of-the-month activity data pack the calendar



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### China Two Sessions

Top government officials from all over China will gather in Beijing for the annual rite of spring - the Chinese People's Political Consultative Conference and the National People's Congress sessions to be held on 4th and 5th March respectively.

The typical focus in these meetings is Premier Li Keqiang's work report due on 5th March, as well as speeches by the heads of the central bank and other regulatory bodies, which set out economic targets for the year – GDP growth, inflation, money supply, bank lending, etc. – and also policy changes required to achieve these targets.

[Here](#) is what our greater China Economist Iris Pang expects from Two Sessions this year, which marks the first year of China's 14th five year plan. Iris expects them to omit the GDP growth target once again this year.

[China: What to expect from the 'Two Sessions'](#)

## ➔ Monetary policies

Australia and Malaysia's central banks are scheduled to hold their policy meetings.

Having eased via expanded quantitative easing in early February, we don't think the Reserve Bank of Australia will have another policy move in the pipeline just yet. Australia's 4Q20 GDP report due a day after the central bank meeting would be rather interesting. We are looking for a moderate year-on-year GDP contraction in the last quarter, by -2.0% than -3.8% in 3Q.

Malaysia's central bank has been defying the easing pressure even as tighter Covid-19 movement restrictions are poised to hit the economy hard in the current quarter. It should have more reasons to do so following the release of January CPI data showing a significant improvement in inflation, to -0.2% YoY from -1.4% in December. We have dropped our call of a 25bp rate cut in March and shifted to a stable policy view for the rest of the year.

Lots of February inflation figures from Korea, Indonesia, the Philippines and Thailand should help to condition expectations of monetary policies by the respective central banks. We are watching if the Korean data attests to the latest upward revision by the Bank of Korea to its 2021 inflation view to 1.3% from 1.0%.

[Read](#) our Asia Chief Economist Rob Carnell's thinking on the BoK policy. Indonesia has been experiencing the lowest inflation in more than two decades while the Philippines' inflation numbers have surged past the central bank's 2-4% policy target in January, the trends likely persisted in February.

The latest notes by our [Indonesia](#) and the [Philippines](#) watcher Nicholas Mapa shed light on the monetary policy path in these countries.

[Indonesian central bank cuts policy rates as growth momentum fades](#)

[Philippines inflation breaches target in January but BSP not likely to react next week](#)

## ➔ Activity releases

Markets will also be busy watching the usual start-of-the-month activity releases on trade and manufacturing for guidance on the path of post-Covid-19 economic recovery this year. Indeed, the electronics-led exports upturn is leading the way out of the record slump of last year but we'll find out if the momentum is sustained from Korea's exports figures for February, the first of the month

from the region. It probably did, given our house forecast of a 17% YoY export growth.

Also widely watched around this time of the month are the purchasing managers indices (PMIs), both for manufacturing and non-manufacturing sectors.

China's official PMIs to be released over this weekend will set the tone here.

## Asia Economic Calendar

| Country                   | Time | Data/event                           | ING       | Survey | Prev.     |
|---------------------------|------|--------------------------------------|-----------|--------|-----------|
| <b>Sunday 28 February</b> |      |                                      |           |        |           |
| China                     | 0100 | Feb Official manufacturing PMI       | 45.0      |        | 51.3      |
|                           | 0100 | Feb Official non-manufacturing PMI   | 52.5      |        | 52.4      |
| <b>Monday 1 March</b>     |      |                                      |           |        |           |
| China                     | 0145 | Feb Caixin Manufacturing PMI Final   | 45.0      |        | 51.5      |
| India                     | 0500 | Feb IHS Markit Manufacturing PMI     | -         | 57.5   | 57.7      |
|                           |      | - Feb Trade Deficit Govt -USD Prelim | -         |        | 14.54     |
|                           |      | - Feb Imports - USD Prelim           | -         |        | 27.45     |
|                           |      | - Feb Exports - USD Prelim           | -         |        | 27.45     |
| Malaysia                  | 0030 | Feb IHS Markit Manufacturing PMI     | -         |        | 48.9      |
| Indonesia                 | 0030 | Feb IHS Markit PMI                   | -         |        | 52.2      |
|                           |      | - Feb Inflation (MoM/YoY%)           | -         |        | 0.26/1.55 |
|                           |      | - Feb Core Inflation (YoY%)          | -         |        | 1.56      |
| Philippines               | 0030 | Feb Manufacturing PMI SA             | -         |        | 52.5      |
| Thailand                  | 0030 | Feb Manufacturing PMI SA             | -         |        | 49.0      |
| South Korea               | 0000 | Feb Export Growth Prelim             | 17.3      |        | 11.4      |
|                           | 0000 | Feb Import Growth Prelim             | 24.4      |        | 3.6       |
|                           | 0000 | Feb Trade Balance Prelim             | 2000      |        | 3.76      |
|                           | 2300 | Jan Industrial Output (YoY%)         | -         |        | 3.4       |
|                           | 2300 | Jan Service Sector Output Growth     | -         |        | -1.1      |
|                           | 2300 | Jan Industrial Output Growth         | -         |        | 3.7       |
| <b>Tuesday 2 March</b>    |      |                                      |           |        |           |
| Singapore                 | 1300 | Feb Manufacturing PMI                | -         |        | 50.7      |
| Taiwan                    | 0030 | Feb IHS Markit Manufacturing PMI     | 49.0      |        | 60.2      |
| South Korea               | 0030 | Feb IHS Markit Manufacturing PMI     | 53.4      |        | 53.2      |
| <b>Wednesday 3 March</b>  |      |                                      |           |        |           |
| China                     | 0145 | Feb Caixin Services PMI              | -         |        | 52        |
| India                     | 0500 | Feb IHS Markit Services PMI          | -         | 53.2   | 52.8      |
| Hong Kong                 | 0030 | Feb IHS Markit PMI                   | -         |        | 47.8      |
|                           | 0830 | Jan Retail Sales (YoY%)              | -11.4     |        | -13.2     |
| South Korea               | 2300 | Feb CPI inflation (YoY%)             | 0.9       |        | 0.6       |
|                           | 2300 | Feb CPI inflation - core (YoY%)      | 0.5       |        | 0.9       |
|                           | 2300 | Q4 GDP Growth (QoQ/YoY%) Revised     | 1.1/-1.4  |        | 1.1/-1.4  |
| <b>Thursday 4 March</b>   |      |                                      |           |        |           |
| China                     | -    | Annual CPPCC session                 | -         |        | 52        |
| Malaysia                  | 0700 | BNM O/N Policy Rate (%)              | 1.75      |        | 1.75      |
| Indonesia                 | -    | Feb Consumer Confidence Index        | -         |        | 84.9      |
| Thailand                  | 0300 | Feb Consumer Confidence Index        | -         |        | 47.8      |
| <b>Friday 5 March</b>     |      |                                      |           |        |           |
| China                     | -    | Annual NPC session starts            | -         |        | 52        |
| Indonesia                 | -    | Jan Retail Sales Index (YoY%)        | -         |        | -19.2     |
| Philippines               | 0100 | Feb CPI (MoM/YoY%)                   | -         |        | 1.3/4.2   |
|                           | 0100 | Feb Core CPI (YoY%)                  | -         |        | 3.4       |
|                           |      | - Feb Forex Reserves USD             | -         |        | 108.8     |
| Singapore                 | 0500 | Jan Retail Sales (MoM/YoY%)          | -2.3/-4.4 |        | -0.9/-3.6 |
| Taiwan                    | 0820 | Feb Foreign Exchange Reserve         | 544       |        | 541.481   |
| Thailand                  | -    | Feb CPI Headline Inflation (YoY%)    | -0.2      |        | -0.34     |
|                           | -    | Feb CPI Core Inflation (YoY%)        | 0.2       |        | 0.21      |

Source: ING, Refinitiv, \*GMT

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