

Asia week ahead: Data calendar busy with manufacturing, inflation and GDP reports

Quite a busy week for Asia with PMI, inflation, an important central bank meeting, and GDP reports lined up



We are forecasting 7.7% GDP growth for India the calendar year 2022

PMI manufacturing likely to see mixed trends

China's manufacturing Purchasing Managers' Index (PMI) should show a slight contraction as the Chinese New Year in February means a short month for factories. But the non-manufacturing PMI is likely to show some mild growth from consumption activity during the holiday. Likewise, Korea's manufacturing PMI is expected to edge down marginally. Local surveys suggest a better outlook, but we think it is likely to take a breather after a four-month string of expansions. Indonesia's PMI report should show activity slowed as the country dealt with a fresh wave of Covid.

On the other hand, India and the Philippines could see some improvements in manufacturing activity following the decline in Covid cases in their respective countries. The latest Covid outbreak led to the reimplementing of some movement restrictions that are subsequently in the process of being wound back. Less stringent curbs should translate to more mobility and improved PMI numbers for both India and the Philippines.

Inflation from Indonesia, the Philippines and Korea

Inflation readings out in the coming days all point to a pickup in price pressures. Inflation in both Indonesia and the Philippines should tick higher given elevated energy prices and improving domestic demand. Likewise, Korea's inflation will also likely rise further on the back of higher commodity prices and a weak Korean won. In the coming months, price pressures are likely to fan inflation to levels that could prod Bank Indonesia, Bangko Sentral ng Pilipinas and Bank of Korea to consider tightening.

GDP from Australia and India

Australia's 4Q21 gross domestic product (GDP) should show some continued improvement in economic activity as movement restrictions have been further reduced. This should provide a boost to economic activity – especially to the service sector.

Meanwhile, India's 4Q21 GDP could come in a bit below the 6.1% year-on-year consensus forecast, and isn't helped by an unfavourable base comparison with 4Q20. The underlying quarter-on-quarter rate of growth is, however, showing strong momentum which should help deliver decent growth in 2022. We are forecasting 7.7% GDP growth for the calendar year 2022.

RBA meeting

The Reserve Bank of Australia (RBA) will hold its policy cash rate target at 0.1% at its March meeting. Wages growth, which is the only missing criterion standing in the way of a rate hike, came in at 2.3% year-on-year in 4Q21. This is lower than the 3% rate which would be consistent with sustained inflation in the RBA's 2-3% target range. Despite the tightness of the labour market, this has not yet trickled through substantially to wages growth. The RBA's 3% threshold for wages may not be met until the 2Q22 wage figures are released in the second half of the year.

Rest of the field

China's Two Sessions starts on 4 March, while the government work report should be released on 5 March. We expect a GDP target of 6% or above to be set for 2022. The main theme should be stability, which implies more pro-growth policies to offset the damage from the continuing deleveraging reform on the real estate sector.

Next week's calendar also features Korean exports which are expected to accelerate in February as signalled by the 20-day trade figures and positive business surveys. The trade balance is likely to return to a surplus. Lastly, we will also be getting Japan's industrial production, retail sales and unemployment reports which could show some impact from the recent spike in Covid cases.

Asia Economic Calendar

Country	Time Data/event	ING Survey	Prev.
Monday 28 February			
Australia	0030 Q4 Business Inventories	-	-1.9
	0030 Jan Broad Money	-	2658.88
India	1200 Q3 GDP Quarterly (YoY%)	5.5	8.4
Indonesia	0400 Jan M2 Money Supply (YoY%)	-	13.9
Philippines	- Dec Budget Balance	-101	-128.7
Tuesday 1 March			
Japan	0030 Feb Jibun Bank Mfg PMI	52.9	52.9
Australia	0030 Q4 Current Account Balance SA (A\$bn)	17.5	23.9
	0330 Mar RBA Cash Rate	0.1	0.1
China	0130 Feb NBS Manufacturing PMI	49.7	50.1
	0130 Feb NBS Non-Mfg PMI	50.5	51.1
	0145 Feb Caixin Mfg PMI Final	48.5	49.1
India	- Feb Fiscal Deficit - INR10mn	69490	63752
	- Feb Imports - USD Prelim	-	51.93
	- Feb Exports - USD Prelim	-	34.5
Indonesia	0030 Feb IHS Markit PMI	53	53.7
	0400 Feb Inflation (YoY%)	2.3	2.18
	0400 Feb Inflation (MoM%/YoY%)	-/2.4	0.56/1.84
Philippines	0030 Feb Manufacturing PMI SA	52.1	50
Taiwan	0030 Feb IHS Markit Mfg PMI	55	55.1
South Korea	0000 Feb Export Growth Prelim	20.0	15.2
	0000 Feb Import Growth Prelim	25.0	35.3
	0000 Feb Trade Balance Prelim	0.5	-4.83
	2300 Jan Industrial Output (YoY%)	8.2	6.2
	2300 Jan Service Sector Output Gr	0.5	-0.4
	2300 Jan Industrial Output Growth	0.6	4.3
Wednesday 2 March			
Australia	0030 Q4 Real GDP (QoQ%/YoY%)	1.9/2.5	-1.9/3.9
India	0500 Feb IHS Markit Mfg PMI	56.3	54
Singapore	1300 Feb Manufacturing PMI	-	50.6
South Korea	0030 Feb IHS Markit Mfg PMI	52.0	52.8
	2300 Q4 GDP Growth (QoQ%/YoY%)	1.1/4.1	1.1/4.1
Thursday 3 March			
Japan	0030 Feb Services PMI	42.7	42.7
	2330 Jan Unemployment Rate	2.8	2.7
Australia	0030 Jan Trade Balance (A\$bn)	8122	8356
	0030 Jan Imports (MoM%)	2	5
	0030 Jan Exports (MoM%)	1.1	1
China	0145 Feb Caixin Services PMI	50.1	51.4
South Korea	2300 Feb CPI Growth (MoM%/YoY%)	0.6/3.7	0.6/3.6
Friday 4 March			
India	0500 Feb IHS Markit Svcs PMI	56.1	51.5
Philippines	0100 Feb CPI (MoM%/YoY%)	0.2/3.2	3.0
Singapore	0500 Jan Retail Sales (MoM%/YoY%)	-/8.7	2.3/6.7
Taiwan	0820 Feb Foreign Exchange Reserve	548.5	548.874

Source: Refinitiv, ING, *GMT

Authors

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.