

Asia week ahead: Deal, no deal, or extended truce

Two key events that will push everything else into the background next week – the deadline to reach a deal on US-China trade conflict and the second Trump-Kim summit



Source: Shutterstock

➔ US-China trade truce ends, or it doesn't?

One more week before we wake up to the 1 March deadline that marks the end of the trade truce between the US and China. It's not a hard deadline as President Trump recently suggested before the last round of talks currently taking place in Washington. We think this round of talks is unlikely to be the last round, given the scepticism, and with both sides miles apart - an extension of the

truce appears to be the most likely outcome.

I can't tell you exactly about timing. The date is not a magical date because a lot of things are happening. We'll see what happens. - President Trump

For now, markets should take comfort in the fact that both sides are aiming for a deal, have started to outline it, and are working out agreements on the stickier issues. Nothing concrete yet, and we may not see anything until the next Trump-Xi meeting later in March.

Aside from the looming deadlines, the focus will be on China's Purchasing Managers Index data. The Lunar New Year holiday slack imparts downside risk to the consensus of little-changed manufacturing PMI from the January reading of 49.5.

➔ **The second Trump-Kim Summit may not be the last either**

The second Trump-Kim Summit takes place in Hanoi, Vietnam, on 27-28 February, and this too is unlikely to be the last meeting between the two leaders aiming to end North Korea's nuclear programme. There was little progress after the Singapore summit, with no significant indications by North Korea for complete de-nuclearisation, while President Trump seems to be in no rush to achieve it either as the US sanctions on North Korea continue.

Like the Singapore meeting, we may end up with too much fanfare and not any meaningful advance. However, the news that the North Korean leader is prepared to shut a main nuclear facility is a hopeful sign.

We're in no rush whatsoever, we're going to have our meeting... we'll see what happens and I think ultimately we're going to be very successful. - President Trump

The Trump-Kim summit is likely to overshadow economic news from South Korea where lots of activity data including business confidence and exports, as well as the central bank meeting is scheduled. Latest export data with deepening contraction isn't good news for the Bank of Korea after having hiked the policy rate by 25 basis points in late 2018. Our base case is a stable central bank policy well into 2020.

➔ **Things aren't looking too great for Asia's growth numbers**

Aside from February manufacturing PMI from the region, January industrial production data will be a guide to GDP growth in the first quarter, as weakening exports weigh down manufacturing and GDP growth.

Meanwhile, Hong Kong and India are the last Asian countries to report fourth-quarter GDP data for

2018, and we expect them to join the majority of regional countries who have posted slower growth. In our view, if India gets 6.6% GDP growth in 4Q18, this won't be great news for Prime Minister Modi just before the election, though it would validate the central bank's policy rate cut earlier this month.

6.6%

India's GDP growth in 4Q18

ING Forecast

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Monday 25 February					
Philippines	-	Dec Budget Balance (PHP bn)	-	-	-39.1
Singapore	0500	Jan CPI (YoY%)	0.4	-	0.5
	0500	Jan CPI Core (YoY%)	1.8	-	1.9
South Korea	2100	Feb BoK Consumer Sentiment Index	97.0	-	97.5
Tuesday 26 February					
Hong Kong	0830	Jan Exports (YoY%)	5.0	-	-5.8
	0830	Jan Imports (YoY%)	-1.0	-	-7.0
	0830	Jan Trade Balance (HK\$ bn)	-10.6	-	-51.2
Singapore	0500	Jan Industrial production (MoM/YoY%)	1.5/-2.4	-/-	-5.6/2.7
Taiwan	0800	Jan Industrial production (YoY%)	-3.0	-	-1.2
	0820	Jan Money Supply (M2) (YoY%)	3.1	-	3.1
South Korea	2100	Mar BoK Business Survey Index, mfg	63.3	-	65.0
	2100	Mar BoK Business Survey Index, non-mfg	69.0	-	70.0
Wednesday 27 February					
Hong Kong	-	FY2019 Budget			
	-	4Q GDP (Q) (QoQ, SA/YoY%)	-/2.2	-/-	0.1/2.9
Thailand	-	Jan Manufacturing Index (YoY%)	1.5	-	0.8
South Korea	2300	Jan Industrial Production (MoM/YoY%)	0.2/-6.4	-/-	-1.4/1.6
Thursday 28 February					
China	0100	Feb Non-manufacturing PMI	54.5	-	54.7
	0100	Feb Manufacturing PMI	49.0	-	49.5
India	1200	4Q GDP (Q) (YoY%)	6.6	-	7.1
	1200	2019 GDP Annual (YoY%)	-	-	7.2
	-	Jan Fiscal Deficit (INR crore)	-	-	-15168.0
South Korea	-	7-Day Repo Rate	1.75	-	1.75
Taiwan	-	Peace Day Holiday			
Thailand	0730	Jan Current Account Balance (US\$bn)	3.7	-	5.0
Friday 1 March					
China	0145	Feb Caixin Manufacturing PMI	48.0	-	48.3
	-	End, or Extension, of Trade Truce with US			
India	0500	Feb Nikkei Manufacturing PMI	53.5	-	53.9
Indonesia	-	Feb CPI (YoY%)	3.0	-	2.8
	-	Feb CPI Core (YoY%)	-	-	3.1
Thailand	0030	Feb Nikkei Manufacturing PMI	49.8	-	50.2
	0400	Feb CPI (YoY%)	0.5	-	0.3
	0400	Feb CPI Core (YoY%)	0.7	-	0.7
Malaysia	0030	Feb Nikkei Manufacturing PMI	47.5	-	47.9
South Korea	0000	Feb Exports (YoY%)	2.9	-	-5.8
	0000	Feb Imports (YoY%)	5.8	-	-1.7
	0000	Feb Trade Balance (US\$mn)	4718.0	-	1294.0
	-	Independence Day Holiday			

Source: ING, Bloomberg, *GMT

Author

Alissa Lefebvre

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