

Asia week ahead: Economies in need of more policy thrust

While some Asian central banks are gearing up to provide more policy thrust to growth amid prevailing low inflation, some are not there just yet. Indonesia's central bank is in the latter camp, though it's meeting next week might not be a total non-event



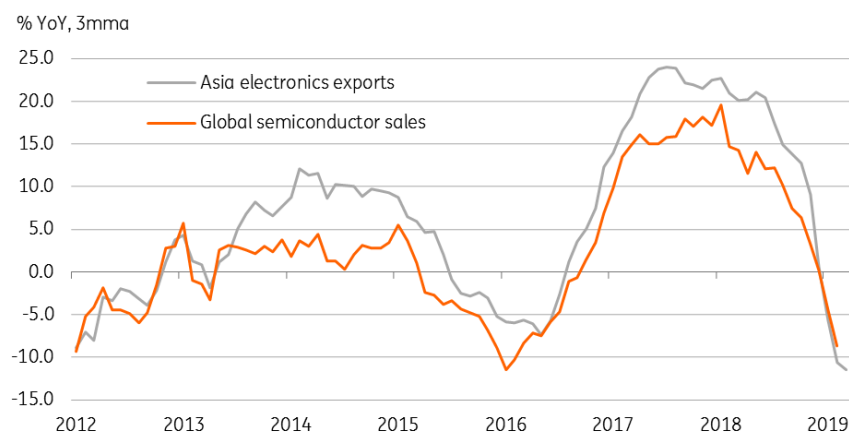
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Global tech slump weighs on growth

Trade, manufacturing, and inflation figures due from Asia next week are expected to reinforce the prevailing trends of slow growth and low inflation in most of the region.

China's steady GDP growth points to reduced headwinds for the rest of Asia's growth from the ongoing US-China trade tensions, as the news flow on trade negotiations continues to be positive. However, the continued downturn in global technology demand appears to be an increasing drag on regional exports and growth. Trade figures from Taiwan and Thailand may take this story forward.

Falling global semiconductor sales



Source: Bloomberg, ING

➔ Potential candidates for easing

Singapore was in the limelight this week for 1Q19 GDP and central bank policy, and an ugly export surprise. Next week brings the city-state's manufacturing data for March, which should act as a guide of the possible direction of revision in the 1.3% advance GDP estimate, which was the slowest rate of growth in over three years.

And judging from the dismal export figures for March, this direction could be more on the downside than upside. If so, the odds of MAS policy easing in October will increase.

Malaysia's consumer price data for March is also likely to make headlines, possibly for yet another downside surprise. Inflation slipped into negative territory in January and remained there in February (-0.7% year-on-year and -0.4% respectively). We don't think price gains in March were strong enough to pull it back into positive territory, as what the consensus estimate of 0.3% YoY rise suggests. We believe the central bank will move to ease the policy by a 25bp rate cut at the next meeting in May.

➔ Bank Indonesia isn't there just yet

Bank Indonesia's monetary policy board meets next week. With politics continuing to overshadow the economy, the central bank will prefer to stay on hold. While this is also a consensus view, BI statement will be closely gleaned for clues on future policy stance.

It's not inflation that's keeping Bank Indonesia from joining its Asia counterparts from easing policy, while growth remains stuck at the 5% level and below its potential. Rather it's the currency instability amid the ongoing political jitters. It seems incumbent President Jokowi is set to win the second term in office. However, the political muddle is unlikely to completely clear until official results are announced. But we don't rule out the possibility of prolonged uncertainty if the

opposition strongly disputes the election results.

The confirmation of Jokowi's second term should put investor anxiety to rest and provide comfort to the central bank to consider policy easing while inflation stays close to the lower end of the 2.5-4.5% policy target.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Monday 22 April					
Malaysia	0800	Apr Forex Reserves, Month-end (US\$bn)	-	-	103.0
Taiwan	0900	Mar Export Orders (YoY%)	-10.0	-	-10.9
	0900	Mar Unemployment Rate (%)	3.7	-	3.7
Thailand	-	Mar Exports (Cust est, YoY%)	1.0	-	5.9
	-	Mar Imports (Cust est, YoY%)	3.0	-	-10.0
	-	Mar Trade balance (US\$m)	1089.0	-	4034.0
Tuesday 23 April					
Hong Kong	0815	Mar Composite CPI (YoY5)	2.2	-	2.1
Singapore	0600	Mar CPI (YoY%)	0.5	-	0.5
	0600	Mar CPI Core (YoY%)	1.7	-	1.5
Taiwan	0900	Mar Industrial Production (YoY%)	-5.0	-	-1.8
Wednesday 24 April					
Malaysia	0500	Mar CPI (YoY%)	-0.1	-	-0.4
Taiwan	0920	Mar Money supply (M2) (YoY%)	2.9	-	2.9
Thursday 25 April					
Indonesia	-	Apr BI policy decision (7-day reverse repo, %)	6.0	6.0	6.0
Philippines	-	Mar Budget Balance (PHP bn)	-23.7	-	-76.4
South Korea	0000	1Q P GDP (QoQ/YoY%)	0.0/2.3	-/-	1.0/3.1
	2200	Apr BoK Consumer Sentiment Index	99.4	-	99.8
Friday 26 April					
Singapore	0330	1Q Jobless Rate (Q) (% , SA)	2.2	-	2.2
	0600	Mar Industrial Production (MoM/YoY%)	9.7/-6.0	-/-	-4.1/0.7

Source: ING, Bloomberg, *GMT

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