

## Asia week ahead: Extension, extension, extension

Extension of containment measures around the region now endangers a steeper economic dip than we earlier thought. No prizes for guessing - most of the data releases next week could be the worst readings in recent history



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### ➔ Southeast Asia's Covid-19 plight

This week governments in Singapore, Malaysia, Indonesia and the Philippines extended ongoing movement restrictions further as the spread of the pandemic shows few signs of abating and, in fact, has become significantly worse in places like Singapore and Indonesia.

Thailand maybe the next ASEAN country to face more restrictive movement measures. Even though the disease spread in Thailand seems to be under control, as seen from the fifth straight day of falling new cases through Thursday and steadily falling active cases, government officials have called for extending the state of emergency which currently lasts until the end of next week, 30 April. Prime Minister Prayuth Chan-Ocha will announce a decision about extending the state of emergency on Monday, 27 April.

In Japan, prime minister Shinzo Abe may be mulling an extension to the state of emergency beyond 6 May next week. But, the key question for markets would be whether the Bank of Japan will steps up its stimulus efforts on 27 April. We are sceptical. This is a central bank that has been practising unorthodox monetary easing since 2001 and is unlikely to discover untapped sources of stimulus now.

[\(read more here\)](#).

[Why Japan's central bank has limited room to manoeuvre](#)

## ➔ Deeper economic slump ahead

All this boils down to suggestions that we are likely to see a much deeper economic slump in the region this quarter and a more stretched out recovery than we thought earlier. China's 6.8% YoY GDP fall in the first quarter provides a sense of what we should be expecting from the rest of the region. Hopefully, the worst of the outbreak is behind us in both China and Korea but that doesn't guarantee their economic situations normalising just yet, especially not when there has been a significant amount of demand destruction globally weighing down exports.

China's purchasing manager index and Korea's trade figures for April, (due on 1 May), will provide a glimpse of where things are headed in the second quarter. Our house forecasts suggest China PMI slipping back into the negative territory and an accelerated decline in Korean exports. Meanwhile, March manufacturing data from Japan and Thailand will be the last straws of estimation for first-quarter GDP performance. Finally, Taiwan reports preliminary GDP growth and Singapore releases the unemployment rate for the first quarter too.

No prizes for guessing all of these could be the worst readings in recent history.

## Key events

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 27 April</b>					
China	0230	Mar Industrial profits (YTD, YoY%)	-	-	-6.3
Hong Kong	0930	Mar Exports (YoY%)	-15.5	-	4.3
	0930	Mar Imports (YoY%)	-31.2	-	-0.1
S Korea	0930	Mar Trade balance (HK\$ bn)	13.3	-	-38.6
	2200	Apr BOK Consumer Sentiment Index	81.4	-	78.4
<b>Tuesday 28 April</b>					
S Korea	2200	May BOK Business Survey Index, mfg	57	-	54
	2200	May BOK Business Survey Index, non-mfg	53	-	52
<b>Wednesday 29 April</b>					
South Korea	0000	Mar Industrial production (MoM%/YoY%)	1.5/-4.2	-/-	-3.8/11.4
Singapore	0230	1Q20 Jobless rate (% SA)	2.7	-/-	2.3
Thailand	0330	Mar Industrial production (YoY%)	-6.7	-/-	-5.2
<b>Thursday 30 April</b>					
China	0200	Apr Manufacturing PMI	49.5	-	52
	0200	Apr Non-manufacturing PMI	49	-	52.3
Taiwan	0900	1Q P GDP (YoY%)	-	-	3.31
<b>Friday 1 May</b>					
S Korea	0100	Apr Imports (YoY%)	-14	-	0.3
	0100	Apr Exports (YoY%)	-19	-	-0.7
	0100	Apr Trade balance (US\$mn)	1000	-	4594

Source: Bloomberg, ING