

Asia week ahead: Four central bank meetings

Next week in Asia is packed with central bank meetings and third quarter GDP releases. Is there anything more that central banks can do to accelerate the recovery? We don't think so. Not for the ones meeting next week, at least



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Central bank meetings

Central banks of China, Indonesia, Philippines and Thailand are set to review their interest rate policies next week. All are likely to pass as non-events.

The People's Bank of China last changed its key lending rates in April when it cut the 1-year Prime Lending Rate by 20 basis point to 3.85% and 5-year PLR by 10bps to 4.65%. We think it will view these levels as accommodative enough for economic recovery going forward.

The lowest inflation in the last two decades and negative GDP growth make an argument for further easing by Bank Indonesia. Substantiating this argument is currency strength following the Covid-19 vaccine euphoria recently. However, BI is likely to see through these factors and leave rate policy on hold.

We also expect the Bangko Sentral ng Pilipinas, Philippines central bank, to keep its powder dry. The BSP paused easing after a 25bps policy rate cut to 2.25% in June. As inflation has crept up in recent months -- 2.5% in October, it has nudged the real policy rate into negative territory. But the data earlier this week, showing an 11.5% YoY GDP plunge in 3Q, is still the worst in Asia and tips the balance of risk for a BSP rate cut.

At 0.5% currently, the Bank of Thailand's policy rate is one of the lowest in Asia. Hopes for the Thai economy's recovery rest on the revival of tourism rather than any additional macro-policy support. Unfortunately, those hopes too are misplaced in an unabating global pandemic.

➔ Third quarter GDP releases

Japan, Singapore and Thailand will report 3Q GDP growth. A big quarter-on-quarter GDP bounce seems to be in order everywhere after a record 2Q crash induced by Covid-19 lockdowns. However, that still won't be sufficient to pull year-on-year GDP growth back into positive territory in any of these economies.

Thailand continued to be an Asian underperformer in terms of GDP growth in 3Q as tourism, the main driver of that economy, was still missing in action. Singapore was an outperformer, with the second print of 3Q GDP likely to get a further upward boost from strong manufacturing growth in September. Japan is somewhere in the middle, with weak investment spending holding back the recovery.

➔ Where in the fourth quarter?

A slew of October data from around the region will provide a glimpse into where Asian economies are headed in the final quarter of the year.

China's industrial production growth should see some softening in October due to the National Day holiday, while retail sales should get an extra boost for the same reason. Hong Kong SAR is likely to see deeper negative CPI inflation as unemployment continued to grind higher.

Taiwan's export order growth for October will serve as a leading indicator for the rest of Asia's exports, as the electronics-led export recovery has gained momentum lately. October exports figures from Japan and Singapore will also be under scrutiny for the same reason.

Finally, Australia's labour report should reinforce an increase in activity amidst an improved Covid-19 situation.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|--|-----------|--------|------------|
| Monday 16 November | | | | | |
| China | 0130 | Oct New home prices (YoY%) | 4.6 | - | 4.5 |
| | 0200 | Oct Industrial Production (YoY%) | 6.7 | 6.7 | 6.9 |
| | 0200 | Oct Retail Sales (YoY%) | 2.2 | 5.0 | 3.3 |
| | 0200 | Oct Fixed asset investment (YTD, YoY%) | 1.1 | 1.6 | 0.8 |
| India | 0630 | Oct WPI (YoY%) | 1.5 | 1.5 | 1.3 |
| Philippines | | - Sep OCW remittances (YoY%) | - | - | -4.1 |
| Thailand | 0230 | 3Q GDP (QoQ/YoY%) | 4.6/-8.2 | -/- | -9.7/-12.2 |
| Tuesday 17 November | | | | | |
| Hong Kong | 0830 | Oct Unemployment rate (%) | 6.5 | - | 6.4 |
| Singapore | 0030 | Oct Non-oil domestic exports (MoM/YoY%) | 4.9/6.5 | - | -11.3/5.9 |
| Wednesday 18 November | | | | | |
| Singapore | | - 3Q F GDP (QoQ SAAR/YoY%) | 44.9/-5.4 | - | 35.5/-7.0 |
| Thailand | 0705 | Benchmark Interest Rate | 0.50 | - | 0.50 |
| Thursday 19 November | | | | | |
| Indonesia | 0720 | BI policy decision (7-day reverse repo, %) | 4.00 | - | 4.00 |
| Philippines | 0800 | Overnight Borrowing Rate | 2.25 | - | 2.25 |
| South Korea | 2100 | Oct PPI (YoY%) | -0.1 | - | -0.4 |
| Friday 20 November | | | | | |
| China | 0130 | 1-year Loan Prime Rate (%) | 3.85 | - | 3.85 |
| | 0130 | 5-year Loan Prime Rate (%) | 4.65 | - | 4.65 |
| Hong Kong | 0830 | Oct Composite CPI (% YoY) | -2.3 | - | -2.2 |
| Malaysia | 0700 | Nov 13 Forex reserves- Month end (US\$bn) | - | - | 104.6 |
| Taiwan | 0800 | Oct Export orders (YoY%) | - | - | 9.9 |
| | 0820 | 3Q Current account balance (US\$bn) | - | - | 21769.0 |

Source: ING, Bloomberg, *GMT