

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

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