

Asia week ahead: Going for accommodation

Trade, inflation and policy rates dominate the calendar in Asia this week. Expect trade figures to tick up, though the overall story should remain rather sombre. Central bank-wise, Philippines' inflation could provide some support for further cuts next year, while the Bank of Thailand is likely to act now



➔ Trade data to remain gloomy

Trade data from Malaysia, the Philippines, China and Taiwan are due, and each could tell a different story with respect to the trade war, the global tech slump, and domestic demand for imports. The absence of further incremental tariffs and some evidence of a floor in electronics demand should provide some support to the figures, but the overall message is likely to remain a very sombre one.

➔ Philippines' inflation to set the BSP for a cut but not until next year...

Philippines' inflation is expected to come in at 0.9% year-on-year in October, well below the central bank's 2-4% target thanks to low food prices. This should set up the central bank for a further rate cut, but possibly not until 1Q20.

➔ ... while some other central banks could take action rather sooner

Meanwhile, we are hoping for a bit more action from one of Asia's other central banks. One of the most reluctant to ease has been the Bank of Thailand (BoT), but given the currency's resilience in the face of measures aimed at weakening the currency, and the domestic economy's continued stagnation, we are looking for a 25 basis point easing of policy rates to 1.25% at the coming meeting.

After easing a fourth consecutive time in October, Bank Indonesia will likely scrutinise forthcoming 3Q19 GDP data and current account balances to assess whether there is either the need for and room for further easing. A sub-5.0% GDP print could provide the catalyst for a further 25 basis points of easing this year, give recent pro-growth comments from Governor Warjiyo. Their next meeting is on 21 November.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|---|-------|--------|---------|
| Monday 4 November | | | | | |
| Malaysia | 0400 | Sep Exports (YoY%) | - | - | -0.8 |
| | 0400 | Sep Imports (YoY%) | - | - | -12.5 |
| | 0400 | Sep Trade balance (RM bn) | - | - | 10.9 |
| Indonesia | - | 3Q GDP (QoQ/YoY%) | -15.2 | -/- | 4.2/5.1 |
| Singapore | 1300 | Oct Purchasing Managers Index | - | - | 49.5 |
| Tuesday 5 November | | | | | |
| India | 0500 | Oct Markit Services PMI | - | - | 48.7 |
| Hong Kong | 0030 | Oct Nikkei PMI | - | - | 41.5 |
| Malaysia | 0700 | Overnight Policy Rate | 2.75 | - | 3.00 |
| Philippines | 0100 | Oct CPI (YoY%) | 0.9 | - | 0.9 |
| Indonesia | 1000 | Oct BI consumer confidence index | 125.8 | | 121.8 |
| Taiwan | 0820 | Oct Forex reserves (US\$bn) | | | 469.5 |
| Wednesday 6 November | | | | | |
| Philippines | 0100 | Sep Trade balance (US\$m) | -3463 | - | -2409 |
| | 0100 | Sep Exports (YoY%) | 1.8 | - | 0.6 |
| | 0100 | Sep Imports (YoY%) | -4.5 | - | -11.8 |
| Taiwan | 0800 | Oct CPI (YoY%) | - | 0.6 | 0.4 |
| | 0800 | Oct WPI (YoY%) | - | - | -4.5 |
| Thailand | 0705 | Benchmark Interest Rate | 1.25 | - | 1.50 |
| Korea | 2300 | Sep Current A/c Balance (US\$bn) | - | - | 5.3 |
| Thursday 7 November | | | | | |
| China | - | Oct Forex Reserves (US\$bn) | 3102 | - | 3092 |
| Hong Kong | - | Oct Forex Reserves (US\$bn) | - | - | 438.7 |
| Malaysia | 0700 | Oct 31 Forex reserves- Month end (US\$bn) | - | - | 103.3 |
| Philippines | - | Oct Forex reserves (US\$bn) | 86.2 | - | 85.6 |
| Indonesia | 0315 | Oct Forex reserves (US\$bn) | - | - | 124.3 |
| Thailand | 0330 | Oct UTCC's consumer confidence | - | - | 72.2 |
| Friday 8 November | | | | | |
| China | 0200 | Oct Exports (YoY%) | -0.3 | - | -3.2 |
| | 0300 | Oct Imports (YoY%) | -5.1 | - | -8.5 |
| | 0300 | Oct Trade Balance (US\$bn) | 40.7 | - | 39.6 |
| | 0300 | 3Q Current account balance (US\$ bn) | 40.0 | | 46.2 |
| Taiwan | 0800 | Oct Exports (YoY%) | - | - | -4.6 |
| | 0800 | Oct Imports (YoY%) | - | - | -0.6 |
| | 0800 | Oct Trade balance (US\$bn) | - | - | 3.1 |
| Indonesia | 1000 | 3Q Current account balance (US\$bn) | -7.8 | - | -8.4 |

Source: ING, Bloomberg, *GMT

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