

## Asia week ahead: Gong Xi Fa Cai

The lack of any significant policy events and the Lunar New Year holiday in most Asian markets make it an easy week



### Holiday-shortened week

Market liquidity will become thin next week as China starts the Golden Week-Lunar New Year holiday, while most other Asian markets will be shut in the last two days of the week. There is little in the way of significant policy events. Central bank policy meetings in Indonesia and Thailand will, in all likelihood, be non-events with both central banks expected to keep policies on hold.

### Lunar New Year holiday distorts activity data

January trade data releases from India, Indonesia and Singapore will be worth watching for early signs of economic performance in 2018. Asian exports are battling much tougher year-on-year comparisons and most of the trade releases over recent months have shown annual growth slowing. January doesn't seem to be that bad for growth though.

Exports from China, Korea and Taiwan held up quite well last month. We think this is more of a distortion from the Lunar New Year holiday. The timing of the Lunar New Year holiday, which last year fell in January but this year is in February, produced a more favourable base effect, and the front-loading of shipments ahead of the holiday helped, too. The combined January-February growth, which removes distortion, will provide a clearer picture.

We will be closely watching Singapore non-oil domestic exports for a clearer idea about the

Monetary Authorities of Singapore's policy. The export story here is less impressive and the fate of the MAS policy at the semi-annual meeting in April hangs in the balance.

## **Best of Malaysia's growth may be behind us**

Malaysia reports GDP data for the last quarter of 2017. At 6.2% in the third quarter, growth was the strongest in more than three years. All indicators point to a slowdown in the fourth quarter and our estimate of 5.5% is in line with consensus. The best may be behind us, though rising commodity prices will continue to support exports and election spending will support domestic demand, sustaining a 5%-plus pace of GDP growth through 2018. This should keep Bank Negara Malaysia on the policy normalisation path that started in January with a 25 basis point interest rate hike. We have pencilled in one more 25bp hike in the third quarter.

## **India's inflation remains on upward trend**

India's all-important data release, consumer price inflation for January is due next week. We forecast a slight uptick in inflation to 5.3% year-on-year in January from 5.2%, with food and fuel prices remaining the main driving forces. While it kept monetary policy on hold at the last meeting, the Reserve Bank of India warned of continued upward inflation pressures this year stemming from food and fuel prices, higher housing allowance for civil servants, fiscal overrun and rising inflation expectations. Still, with government borrowing rising, we expect no change to the RBI's neutral policy stance.

## **Asia and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 9 February</b>					
Brazil	1100	Dec Retail Sales (YoY%)	4.9	4.6	5.9
Mexico	1400	Dec Industrial Production (YoY%)	-1.1	-0.7	-1.51
China	0130	Jan CPI (YoY%)	2.0	1.5	1.8
<b>Monday 12 February</b>					
China	0200	Jan Money supply (M2) (%YoY)	8.5	-	8.2
	0200	Jan Financial institution loans (Yuan bn)	2150	-	584.4
India	0530	Jan CPI (YoY%)	5.3	-	5.21
	0630	Dec Industrial production (YoY%)	5.6	-	8.4
Singapore	0500	Dec Retail sales value (MoM/YoY% SA)	-1.5/4.8	-/-	5.1/5.3
<b>Tuesday 13 February</b>					
Korea	2300	Jan Unemployment rate (% SA)	3.7	-	3.6
Taiwan	0820	4Q17 GDP - final (YoY%)	3.25	-	3.28
<b>Wednesday 14 February</b>					
India	0630	Jan WPI (YoY%)	3.2	-	3.58
Malaysia	0400	4Q17 GDP (QoQ/YoY% SA)	0.5/5.5	-/-	1.8/6.2
	0400	4Q17 Current account (MYR bn)	12.19	-	12.5
Thailand	0730	BoT policy decision (o/n repo rate, %)	1.5	-	1.5
<b>Thursday 15 February</b>					
Brazil	1000	COPOM Meeting Minutes			
China	-	Lunar New Year holiday (to 21-Feb)			
India	0530	Jan Exports (YoY%)	16	-	12.4
	0530	Jan Imports (YoY%)	20	-	21.1
	0530	Jan Trade deficit (US\$bn)	-12.694	-	-14.88
Indonesia	0400	Jan Exports (YoY%)	7.25	-	6.93
	0400	Jan Imports (YoY%)	13.1	-	17.83
	0400	Jan Trade balance (US\$m)	832	-	-270
	0600	BI policy decision (7-day reverse repo, %)	4.25	-	4.25
Korea	-	Lunar New Year holiday (to 17-Feb)			
Philippines	0650	Dec OCW remittances (YoY%)	4	-	2
Singapore	0030	Jan Non-oil domestic exports (MoM/YoY% SA)	8.6/15.6	-/-	-5.0/3.1
Taiwan	-	Lunar New Year holiday (to 20-Feb)			
<b>Friday 16 February</b>					
Asia	-	Most Asian markets closed for Lunar New Year holiday			

Source: ING, Bloomberg