

## Asia week ahead: Heavy data calendar comprising PMI and inflation releases

A packed schedule across the region that should reflect the uncertain business environment



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### PMI releases across the region

Next week Indonesia and the Philippines will report their PMI manufacturing figures for March, with both readings expected to improve from the previous month. Indonesia will likely see an improvement as Covid-19 daily infections drop, helping bolster the economic outlook and new orders. Meanwhile, the Philippines will enjoy another month of expansion as the country saw its lowest level of restrictions since the start of the pandemic, thanks to the large drop in Covid cases.

We should see a slightly different picture in China, as PMI data will reflect that both manufacturing and non-manufacturing activity could be moderately affected by stricter Covid-related social distancing measures. However, even if that is the case, factories have not been affected enough to push the manufacturing PMI to below 50 (and dip into contractionary territory). The same goes for the non-manufacturing PMI. This is because this round of lockdowns has been very brief in Shenzhen, the tech hub of China. There have been no lockdowns in Shanghai thus far, and employees have become used to working from home. Consequently, operations of the financial

sector should not have been affected. Jilin has the most Covid cases so far, but its contribution to GDP is small compared to other cities in China.

## **Korea expected to outperform Japan, but underlying risks cloud the medium-term outlook**

In South Korea, we expect February industrial production and retail sales to rise firmly on the back of the solid export performance and relaxation of mobility restrictions. Digging deeper, however, the Consumer Survey Index, Business Survey Index, and PMI may yet reveal a decline, revealing cautious sentiment on the outlook. Additionally, March trade data will be released, for which we will probably see exports recording another month of double-digit growth, albeit at a slower pace than the previous month.

In Japan, February industrial production and retail sales are likely to slide as local surveys and other activity data have suggested. The Tankan index is also expected to decline due to the highly uncertain geopolitical situation, but the labour market is expected to make some gradual progress after the Omicron peak.

## **Prices expected to climb in Indonesia**

Indonesia also reports CPI inflation next week, with the headline inflation number possibly exceeding 2.5%. March inflation will be nudged higher by improving domestic demand, at a time of surging global commodity prices for staples and energy. We are also closely watching developments in core inflation as Bank Indonesia Governor Perry Warjiyo has indicated that any adjustments to monetary policy will likely be carried out should core inflation accelerate sharply.

## **Rising prices should drive Australian retail sales higher in February**

Australian retail sales should accelerate at a similar pace to January, although this will be a greater reflection of the rising price environment than the volume of sales made. This will be particularly pronounced in sales of food, as agricultural disruption owing to severe flooding in parts of Australia, on top of the surge in global commodity prices, is likely to feed through. These price induced effects could be partially offset by relatively stagnant growth in monthly spending on other products such as clothing and footwear, as rising prices, such as fuel/petrol, should dampen other consumer spending.

## Key events next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 28 March</b>					
Japan	2330	Feb Unemployment Rate	2.7		2.8
India	1130	Q4 Balance Payments \$	30.7		31.2
	1130	Q4 C/A Bal. \$	-12.7		-9.6
South Korea	2100	Mar BoK Consumer Sentiment Index	102		103.1
<b>Tuesday 29 March</b>					
Australia	0030	Feb Retail Sales (MoM%)	1.8		1.8
Japan	2350	Feb Retail Sales (YoY%)	1.5		1.6
<b>Wednesday 30 March</b>					
Japan	2350	Feb Industrial O/P Prelim (MoM%/YoY%)	-0.6/-0.5		-0.8/-0.9
South Korea	2100	Apr BOK Manufacturing BSI	90		93
	2300	Feb Industrial Output (YoY%)	19.2		4.3
<b>Thursday 31 March</b>					
Japan	2350	Tankan Large Mfg Index/Outlook	9/3		18/13
		Tankan Large Non-Mfg Index/Outlook	4/8		9/8
Australia	0030	Feb Broad Money	-		2663.37
China	0130	Mar NBS Non-Mfg PMI	50.0		51.6
	0130	Mar NBS Manufacturing PMI	51.3		50.2
Indonesia	0400	Feb M2 Money Supply (YoY%)	-		12.9
<b>Friday 1 April</b>					
Japan	0030	Jibun Bank Mfg PMI	52.5		53.2
China	0145	Mar Caixin Mfg PMI Final	50.2		50.4
India	-	Mar Exports - USD Prelim	-		34.57
	-	Mar Imports - USD Prelim	-		55.45
	-	Mar Fiscal Deficit - Bln INR Prelim	-		9378.7
Indonesia	0030	Mar IHS Markit PMI	-		51.2
	0400	Mar Core Inflation (YoY%)	-		2.03
	0400	Mar Inflation (MoM%/YoY%)	-/-		-0.02/2.06
Philippines	0030	Mar Manufacturing PMI SA	-		52.8
Taiwan	0030	Mar IHS Markit Mfg PMI	54.0		54.3
South Korea	0000	Mar Trade Balance Prelim	0.5		0.83
	0000	Mar Import Growth Prelim (YoY%)	20.6		25.2
	0000	Mar Export Growth Prelim (YoY%)	12.7		20.6
	0030	Mar IHS Markit Mfg PMI	51		53.8

Source: Refinitiv, ING

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