

## Asia week ahead: Important inflation reports and key central bank decisions

Next week in Asia features several inflation reports from the region plus three central bank policy meetings



### China inflation likely to moderate

China will publish its CPI inflation data next week, and a decline in food prices post-Chinese New Year will likely lead to inflation pulling back to around 0.4% year-on-year. Trade data will also be released on Friday. Positive momentum from the first few months, typical seasonality, and a recovery of export orders in the March PMI will likely lead to sequential solid growth – but YoY numbers may look poor due to a strong March 2024, potentially dropping to negative levels again before recovering in the next few months.

The credit data and FDI data may be published next week as well. Here, we expect a rebound of aggregate financing and RMB loans after the holiday effects caused weak February data. Given the strength of last year's data in the first quarter, YoY growth numbers may be flat or negative. We are still looking to see if the 50bp RRR cut that took effect in early February will have any positive impact on lending.

## Inflation to tick higher in India

Indian inflation for March will rise slightly from 5.1% YoY to 5.35% following a 0.5% month-on-month increase, as seasonal vegetable prices have pushed slightly higher after falling in recent months. This remains within the Reserve Bank of India's 2-6% target, but in the upper half of that range, and is one reason that the central bank isn't going to be in any hurry to start easing until the Federal Reserve begins to take US rates lower.

## Taiwan inflation to dip

March CPI numbers will be released on Tuesday. We expect inflation to moderate in March to around 2.5% YoY, but this relief will be short-lived, as an electricity price hike in April will raise price pressures again. Trade data will be published on Wednesday, where we are looking for growth to pick up in both exports and imports.

## BSP widely expected to extend pause

The Bangko Sentral ng Pilipinas (BSP) rescheduled its policy meeting to the coming week reportedly to wait for inflation data. Inflation has edged closer to the upper end of the BSP's inflation target, which should mean that the central bank will likely retain policy rates at restrictive levels. We expect the BSP to remain sidelined for at least the first half of the year, with any potential easing likely only following a potential Fed rate cut.

## Singapore's first quarter GDP and MAS

Singapore reports first quarter GDP in the coming week, with economic output expected to gain a sizeable boost due to the influx of tourists related to a concert series. We expect first quarter GDP growth to hit 2.8% YoY, or roughly 0.15% up from the previous quarter. Meanwhile, the Monetary Authority of Singapore (MAS) will meet to decide on policy, and we expect it to retain all settings given the recent flare up in inflation.

## BoK on hold again

The Bank of Korea meets on Friday. With the latest inflation and inflation expectations above 3% and IP and exports holding up fairly well, the BoK is expected to keep the policy rate at 3.5%. The central bank is likely to downplay higher-than-expected inflation, as this was mainly due to a temporary issue on the supply side.

South Korea will hold legislative elections on 10 April. Recent polls suggest that it will be a neck-and-neck race between the two major parties, as there is still a large number of undecided voters. Currently, the progressives (opposition party) hold a large number of seats in parliament, but in the last two elections – presidential and local – the conservatives won.

## Japan's labour cash earnings could bounce back

Labour cash earnings are a key data release for Japan next week and are expected to have grown by 3% in February. We expect a more meaningful rebound in cash earnings from April and May as the newly agreed wage negotiations kick in.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING Survey	Prev.
<b>Monday 8 April</b>				
Japan	0050	Feb Labour Cash earnings	3	2
Philippines	1500	Policy Interest Rate	6.5	6.5
<b>Tuesday 9 April</b>				
Taiwan	0900	Mar CPI (YoY%)	2.5	3.08
<b>Wednesday 10 April</b>				
Japan	0050	Mar M2 Money Supply (YoY%)	-	12497016
China	-	Mar M2 Money Supply (YoY)	-	8.7
	-	Mar FDI (YTD)	-	-19.9
Taiwan	0900	Mar Imports	-1.7	-17.8
	0900	Mar Exports	11.2	1.3
	0900	Mar Trade Balance	8.69	7.89
<b>Thursday 11 April</b>				
China	0230	Mar CPI (YoY%)	0.4	0.7
Philippines	0200	Feb Exports (YoY%)	9.4	9.1
	0200	Feb Imports (YoY%)	13.8	-7.6
	0200	Feb Trade Balance	-4450	-4221
<b>Friday 12 April</b>				
China	0400	Mar Exports	-3.6	7.1
	0400	Mar Imports	1.3	3.5
	0400	Mar Trade Balance	73.6	125.16
India	1300	Mar CPI Inflation (YoY%)	5.35	5.09
	1300	Feb Industrial Output (YoY%)	-	3.8
	-	Mar Fiscal Deficit - USD bn	-	18.71
	-	Mar Imports - USD bn	-	60.11
	-	Mar Exports - USD bn	-	41.4
Singapore	0100	Q1 GDP Flash (QoQ%/YoY%)	0.15/2.8	/ 4.8/2.2
South Korea	0000	Mar Unemployment Rate	2.7	2.6
	0200	Apr Bank of Korea Base Rate	3.5	3.5

Source: Refinitiv, ING

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