

Asia week ahead: India's central bank to ease policy, again

The current round of US-China trade talks may do little to cheer the markets next week in an otherwise busy period for economic data. The main highlight will be India's central bank (RBI) policy meeting. Riding the wave of global monetary easing, the RBI is likely to deliver another 25 basis point rate cut



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➔ US-China trade talks – an unfinished agenda

US and Chinese trade negotiators are going back and forth between Beijing and Washington, but doubts about a deal abound. Speculation that it could take months to reach an

agreement suggests the current round of negotiations may not produce any tangible result. If that's the case, the markets will have little to celebrate in the coming days.

With neither side apparently in a rush to bridge their trade differences, a continued truce seems to be the best course for markets, for now.

➔ Asian growth slowdown – more to go

There's no denying that the trade conflict is already adversely impacting the economy, particularly the Chinese economy, which is clearly negative for the markets. This weekend's release of China's manufacturing and non-manufacturing purchasing manager indexes (PMIs) will tell us more about this. The manufacturing PMI has been in sub-50, contractionary territory since December, which is where we see it staying in March. Weak PMI surveys square with the hard data on industrial production showing a sharp slowdown in the first two months of the year, which sets GDP growth on course for a further slowdown in 1Q19.

A host of PMI and trade figures from the rest of Asia will also help to cement expectations for GDP growth in the first quarter. Besides trade protectionism, a slowdown in global electronics demand has been a drag on Asian exports growth. March trade data from Korea could highlight this trend.

➔ India's central bank – riding the wave of global easing

The Reserve Bank of India's Monetary Policy Committee unveils the outcome of its bi-monthly policy review on Thursday, 4 April. The RBI was the first Asian central bank to ease policy this year, cutting key interest rates by 25 basis points at the last meeting in February. And now there is a near-unanimous consensus for another 25 basis point cut next week. We have joined the consensus, revising our earlier forecast of stable rates for the rest of the year.

Does the economy really need more monetary stimulus when fiscal policy has been extremely stimulatory? We don't think so, especially now that inflation has started to grind higher, and growth remains well-supported by domestic demand, thanks to loose fiscal policy. But the political pressure from the government to ease remains intact, although we are sceptical that a monetary boost will really help the government to win an edge over its rivals in the coming elections (see [India: Rising odds of another rate cut](#)).

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Sunday 31 March					
China	0200	Mar Non-manufacturing PMI	54.2	54.2	54.3
	0200	Mar Manufacturing PMI	49.5	49.6	49.2
Monday 1 April					
China	0245	Mar Caixin Manufacturing PMI	50.1	50.3	49.9
Hong Kong	0930	Feb Retail sales Value (YoY%)	2.8	-	7.1
	0930	Feb Retail sales Volume (YoY%)	2.7	-	6.9
Indonesia	-	Mar CPI (YoY%)	2.5	-	2.6
	-	Mar CPI Core (YoY%)	-	-	3.1
Taiwan	0130	Mar Nikkei Manufacturing PMI	46.8	-	46.3
Thailand	0500	Mar CPI (YoY%)	0.8	-	0.7
	0500	Mar CPI Core (YoY%)	0.6	-	0.6
South Korea	0100	Mar Exports (YoY%)	-7.4	-	-11.1
	0100	Mar Imports (YoY%)	-5.3	-	-12.6
	0100	Mar Trade Balance (US\$m)	4800	-	2964.0
	0130	Mar Nikkei Manufacturing PMI	47.5	-	47.2
Tuesday 2 April					
India	0600	Mar Nikkei Manufacturing PMI	53.8	-	54.3
South Korea	0000	Mar CPI (MoM/YoY%)	-0.7	-	0.4/0.5
Wednesday 3 April					
Hong Kong	0130	Mar Nikkei PMI	-	-	48.4
Singapore	1400	Mar PMI	50.6	-	50.4
Thailand	0300	Bank of Thailand's MPC Minutes			
Thursday 4 April					
India	0600	Mar Nikkei Services PMI	-	-	52.5
	0715	RBI Policy Decision (Repo Rate, %)	6	-	6.25
Malaysia	0500	Feb Exports (YoY%)	5	-	3.1
	0500	Feb Imports (YoY%)	3	-	1.0
	0500	Feb Trade Balance (RM bn)	10.7	-	11.5
Friday 5 April					
Malaysia	0800	Mar Forex Reserves (US\$bn)	-	-	102.6
Philippines	0200	Mar CPI (YoY%)	3.4	-	3.8
	-	Mar Forex Reserves (US\$bn)	-	-	82780.8

Source: Bloomberg, ING, *GMT