

## Asia week ahead: Inflation reports in focus next week

Next week's data calendar focuses on inflation reports from several economies



Given strict social distancing measures in China, more cities could find themselves being put into lockdown

### Inflation could show early fallout from ongoing Russia-Ukraine conflict

In the coming week, inflation data from Korea, Japan and Singapore will be released. Although this data covers February, we could see the initial impact of the ongoing conflict in eastern Europe, which began at the end of last month. Korea producer price index (PPI) and Tokyo consumer price index (CPI) inflation will move up further, but both will remain significantly lower than the global and regional trends. In Singapore, inflation will likely accelerate further from January's 4% pace given supply chain bottlenecks and rising commodity prices. In the months ahead we will likely see core inflation crest 3%, which could prod more aggressive action from the Monetary Authority of Singapore (MAS).

### No adjustments from PBoC but accommodation still possible this year

As the People's Bank of China (PBoC) didn't cut the Medium Lending Facility following decent

growth in activity data announced on 15 March, we expect 1Y and 5Y Loan Prime Rates will also stay the same. But this does not imply that the PBoC will not loosen monetary policy over the rest of the year. Covid is the main concern now. Given strict social distancing measures, it is likely that more cities could find themselves being put under “semi-lockdown”. We expect the central bank to respond with targeted RRR cuts aimed at supporting small and medium-sized enterprises.

## Manufacturing activity

Manufacturing reports are also scheduled in the coming week. Taiwan's export orders and industrial production should both show growth driven by demand for semiconductors. Japan's Jibun Bank Manufacturing purchasing managers' index (PMI) is expected to record a second monthly drop but should stay above the neutral level of 50. Lastly, Singapore releases data on manufacturing output, which should show a contraction, tracking the disappointing PMI and non-oil domestic exports (NODX) reports for the same month.

## Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
<b>Monday 21 March</b>				
China	0115 Mar	Loan Prime Rate 5Y	4.6	4.6
	0115 Mar	Loan Prime Rate 1Y	3.7	3.7
Taiwan	0800 Feb	Export Orders (YoY%)	13.3	11.7
<b>Tuesday 22 March</b>				
South Korea	2100	Producer price index (YoY%)	9.0	8.7
<b>Wednesday 23 March</b>				
Australia	2200 Mar	Composite PMI Flash	-	56.6
	2200 Mar	Services PMI Flash	-	57.4
	2200 Mar	Manufacturing PMI Flash	-	57.0
Singapore	0500 Feb	CPI (MoM%/YoY%)	0.7/4.1	0.0/4.0
	0500 Feb	Core CPI (YoY%)	2.5	2.4
Taiwan	0800 Feb	Industrial Output (YoY%)	16	10
<b>Thursday 24 March</b>				
Japan	0030	Jibun Bank Manufacturing PMI	51	52.7
	2330	Tokyo CPI Ex-Fresh Food (YoY %)	0.9	0.5
Taiwan	0800 Feb	Unemployment rate (%)	3.7	3.7
	0820 Feb	Money Supply - M2 (YoY%)	7.9	7.9
	0830 Q4	GDP Final (YoY%)	4.9	4.9
<b>Friday 25 March</b>				
Singapore	0500 Feb	Manufacturing Output (MoM%/YoY%)	-2.6/-2.4	-10.7/2.0

Source: Refinitiv, ING, \*GMT

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