

## Asia week ahead: The trade data test

Trade data may provide a test of risks from the global trade war, while inflation continues to be subdued in most Asian economies except the Philippines



### ➔ Korea trade may inform about trade war risks

A week ago, we noted that so far, there has been scant evidence of a trade war on Asia's GDP growth. We may start getting some early hints in the April trade figures. Korea is the first economy in Asia, and probably in the world, to report trade data for this month.

Underlying our forecast of a slowdown in Korea's exports in April- to 0.5% year-on-year from 6.1% in the previous month- is a double whammy of the high base effect and a hit to sentiment from the trade war.

Our main focus will be semiconductors, the backbone of Korea's exports. An upswing in the global electronics cycle last year boosted semiconductor exports from Korea by a whopping 57% on the year in 2017. The strength continued in 2018 with a 46% rise in the first quarter of the year. However, the recent downgrade of sales forecasts by key chipmakers in Asia and abroad clouds the prospects for continued strength.

**46%** Korea semiconductor export growth in 1Q  
Year-on-year

### ➔ PMIs may shed light on export-led growth

A slew of manufacturing PMI releases from across Asia may shed more light on the export-led manufacturing recovery.

China's PMI data is the most market-sensitive of all, and our Greater China Economist [Iris Pang](#) forecasts a lower print of 51.3 from 51.5 in March. China is the main player in the global trade war. Hopes remain pinned on possible reconciliation as hinted by US Treasury chief Steven Mnuchin, who's considering a trip to China in 'a few days'.

**4.6%** ING forecast of Philippine inflation in April  
Up from 4.3% in March

### ➔ Philippines CPI may bring BSP closer to tightening

The Philippines has been in the news recently for rising consumer price inflation, and possible tightening of the central bank (BSP) monetary policy.

The CPI data for April is expected to reveal a continued acceleration of inflation. [Joey Cuyegkeng](#), our expert on the ground, forecasts a rise to 4.6% YoY from 4.3% in March. While short-term rates in this economy are grinding higher, the BSP's Governor Nestor Espenilla Jr. has also warned of a hike in the policy rate ([read here](#)). The markets are now looking for a policy rate hike either at the May or June BSP meeting. We are reconsidering our view of stable policy this year, which was based on earlier signals of steady policy from the central bank.

### ➔ Not much inflation risk elsewhere in Asia

Indonesia also reports CPI data for April. Inflation has been in the central bank's (BI) target zone of 2.5% to 4.5% since mid-2017 and we expect it to remain there in 2018. However, our view of stable BI monetary policy this year remains at risk from a weak currency.

Other economies to release CPI data are Korea and Thailand. Both economies will continue to ride a benign inflation trend, while their strong currency exchange rates provide a deflationary buffer from rising global oil prices.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 27 April</b>					
China	0230	Mar Industrial profits (YTD, YoY%)	18	-	10.8
Singapore	0330	1Q Jobless rate (Q) (% , SA)	2.1	2.1	2.1
Taiwan	0900	1Q P GDP (YoY%)	3.3	3.15	3.28
Thailand	-	Mar Manufacturing index (YoY%)	3.3	-	4.7
<b>Monday 30 April</b>					
China	0200	Apr Non-manufacturing PMI	54.5	54.4	54.6
	0200	Apr Manufacturing PMI	51.3	51.2	51.5
South Korea	0000	Mar Industrial production (MoM/YoY%)	-0.3/-1.6	-/-	1.07/-64
<b>Tuesday 1 May</b>					
Thailand	0400	Apr CPI (YoY%)	0.8	-	0.79
	0400	Apr Core-CPI (YoY%)	0.7	-	0.63
South Korea	0100	Apr Exports (YoY%)	0.5	-	6.1
	0100	Apr Imports (YoY%)	8.7	-	5
	0100	Apr Trade balance (US\$m)	9811	-	6865
<b>Wednesday 2 May</b>					
China	0245	Apr Caixin Manufacturing PMI	50.5	50.8	51
India	0600	Apr Nikkei Manufacturing PMI	51.8	-	51
Indonesia	0500	Apr CPI core (YoY%)	-	-	2.67
	0500	Apr CPI (YoY%)	3.5	-	3.4
Singapore	1400	Apr Purchasing Managers Index	52.8	-	53
Taiwan	0130	Apr Nikkei Manufacturing PMI	53.5	-	55.3
South Korea	0000	Apr CPI (MoM/YoY%)	-1.5	-/-	-0.1/1.3
	0130	Apr Nikkei Manufacturing PMI	49.5	-	49.1
Thailand	0030	Apr Nikkei manufacturing PMI	50.1	-	49.1
<b>Thursday 3 May</b>					
Taiwan	0900	Central Bank Mar. Minutes			
Hong Kong	0815	Mar Retail sales value (YoY%)	27	-	29.8
	0815	Mar Retail sales volume (YoY%)	26	-	28.2
South Korea	2300	Mar Current A/c Balance (US\$m)	6398	-	4027.3
Thailand	0400	Apr UTCC's consumer confidence	80.3	-	79.9
<b>Friday 4 May</b>					
India	0600	Apr Nikkei Services PMI	48.8	-	50.3
Malaysia	0500	Mar Trade balance (RM bn)	9.7	-	9.02
	0500	Mar Imports (YoY%)	2.2	-	-2.75
	0500	Mar Exports (YoY%)	-3.2	-	-2.02
Philippines	0100	Apr CPI (YoY%)	4.6		4.3

Source: ING, Bloomberg