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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



Source: Shutterstock

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

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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 Pana 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.

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Asia Economic Calendar

Singapore 0330	Country	Time	Data/event	ING	Survey	Prev.
Singapore 0330 1Q Jobless rate (Q) (%, SA) 2.1 2.1 Taiwan 0900 1Q P GDP (YoY%) 3.3 3.15 3 Thailand - Mar Manufacturing index (YoY%) 3.3 3.15 3 China 0200 Apr Non-manufacturing PMI 54.5 54.4 5 South Korea 0000 Apr Manufacturing PMI 51.3 51.2 5 South Korea 0000 Mar Industrial production (MoM/YoY%) -0.3/-1.6 -/- 1.07/ Tuesday 1 May Thailand 0400 Apr CPI (YoY%) 0.8 - 0.0 South Korea 0100 Apr Exports (YoY%) 0.5 - 0.0 South Korea 0100 Apr Exports (YoY%) 0.5 - 0.0 South Korea 0100 Apr Imports (YoY%) 8.7 - 0.0 Linda 0245 Apr Cakin Manufacturing PMI 50.5 50.8 1.0 India 0600 Apr Nikkei Manufacturing PMI 50.5						
Taiwan 0900 1Q P GDP (YoY%) 3.3 3.15 3.5	China	0230	Mar Industrial profits (YTD, YoY%)	18	-	10.8
Thoiland - Mar Manufacturing index (YoY%) 3.3 -	Singapore	0330	1Q Jobless rate (Q) (%, SA)	2.1	2.1	2.1
China 0200 Apr Non-manufacturing PMI 54.5 54.4 55.5 55.5 54.5	Taiwan	0900	1Q P GDP (YoY%)	3.3	3.15	3.28
China 0200 Apr Non-manufacturing PMI 54.5 54.4 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.3 51.2 55.2 55.2 55.2 55.2 55.2 55.2 10.07/ <th< td=""><td>Thailand</td><td>-</td><td>Mar Manufacturing index (YoY%)</td><td>3.3</td><td>-</td><td>4.7</td></th<>	Thailand	-	Mar Manufacturing index (YoY%)	3.3	-	4.7
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South Korea 0000 Mar Industrial production (MoM/YoY%) -0.3/-1.6 -/- 1.07/ Tuesday 1 May Thailand 0400 Apr CPI (YoY%) 0.8 - 0.0 0400 Apr Core-CPI (YoY%) 0.7 - 0.0 South Korea 0100 Apr Exports (YoY%) 0.5 - 0100 Apr Imports (YoY%) 8.7 - 0100 Apr Trade balance (US\$mn) 9811 - 6 Wednesday 2 May China 0500 Apr Cixin Manufacturing PMI 50.5 50.8 India 0600 Apr Nikkei Manufacturing PMI 51.8 - - 2 Singapore 1400 Apr Nikkei Manufacturing PMI 53.5 - 5 5	China	0200	Apr Non-manufacturing PMI	54.5	54.4	54.6
Tuesday 1 May		0200	Apr Manufacturing PMI	51.3	51.2	51.5
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O400			Tuesday 1 May			
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O100		0400	Apr Core-CPI (YoY%)	0.7	-	0.63
New York State S	South Korea	0100	Apr Exports (YoY%)	0.5	-	6.1
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South Korea 0000 Apr CPI (MoM/YoY%) -/1.5 -/0.1 0130 Apr Nikkei Manufacturing PMI 49.5 - 4 Thailand 0030 Apr Nikkei manufacturing PMI 50.1 - 4 Thursday 3 May Taiwan 0900 Central Bank Mar. Minutes Hong Kong 0815 Mar Retail sales value (YoY%) 27 - 22 0815 Mar Retail sales volume (YoY%) 26 - 22 South Korea 2300 Mar Current A/c Balance (US\$m) 6398 - 402 Thailand 0400 Apr UTCC's consumer confidence 80.3 - 7 India 0600 Apr Nikkei Services PMI 48.8 - 5 Malaysia 0500 Mar Trade balance (RM bn) 9.7 - 2 0500 Mar Imports (YoY%) 2.2 - - 2	Singapore	1400	Apr Purchasing Managers Index	52.8	-	53
O130	Taiwan	0130	Apr Nikkei Manufacturing PMI	53.5	-	55.3
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	Malaysia	0500	Mar Trade balance (RM bn)	9.7	-	9.02
0500 Mar Exports (YoY%) -3.22		0500	Mar Imports (YoY%)	2.2	-	-2.75
5.2 S.2		0500	Mar Exports (YoY%)	-3.2	-	-2.02
Philippines 0100 Apr CPI (YoY%) 4.6	Philippines	0100	Apr CPI (YoY%)	4.6		4.3

Source: ING, Bloomberg

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