

Asia week ahead: Manufacturing to nosedive

Lots of manufacturing data for April out from Asia next week, giving us an indication of where 2Q GDP growth is headed. The Bank of Korea policy meeting and India's 1Q20 GDP report card will be the other main highlights



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A big manufacturing data week

Japan, Korea, Taiwan, Singapore and Thailand's April manufacturing production data is due next week – all informing where GDP growth is headed in these countries this quarter. Likewise, China's industrial production data is due, with persistently large profits decline potentially weighing down

investment and GDP growth.

Undoubtedly, the Covid-19 movement restrictions have dampened activity across the spectrum, let alone manufacturing. Singapore may emerge as a bright spot given continued strong gains in non-oil domestic exports in April. Taiwan's exports weren't that bad with relatively firmer exports.

Factories in Korea are gradually returning to operation as the Covid-19 spread subsides. However, a 24% year on year fall in exports in April wasn't very promising for manufacturing and GDP growth, making a strong case for another 25 basis point rate cut from Bank of Korea next week (28 May).

Weak exports also weigh on manufacturing in Japan and Thailand, both expected to report steep production declines in April.

Finally, markets are eagerly waiting for India's 1Q20 GDP report card, now Asia's epicentre of Covid-19 pandemic. Our 1.1% YoY growth forecast is in line with the consensus. The risk is clearly on the downside judging from the sharp fall in activity in March as reflected by the 35% YoY plunge in exports and 17% manufacturing fall. A much weaker than expected GDP result should put the central bank on course to more policy easing at the next meeting on 5 June.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 25 May				
Hong Kong	0930 Apr Exports (YoY%)	-1.4	-	-5.8
	0930 Apr Imports (YoY%)	-10	-	-11.1
	0930 Apr Trade balance (HK\$ bn)	-35.7	-	-34.7
Philippines	- Apr Budget balance (PHP bn)	-	-	-59.5
	- Mar OCW remittances (YoY%)	-	-	2.5
Taiwan	0900 Apr Industrial production (YoY%)	-0.5	-	10.4
	0920 Apr Money supply (M2) (YoY%)	4.5	-	4.4
Thailand	- Apr Manufacturing index (YoY%)	-23.5	-	-11.2
South Korea	2200 May BOK Consumer Sentiment Index	72.3	-	70.8
Tuesday 26 May				
Singapore	0100 1Q F GDP (QoQ /YoY%)	-5.4/-0.8	-8.2/-1.8	-10.6/-2.2
	0600 Apr Industrial production (MoM/YoY%)	-11.0/-3.5	-/-	21.7/16.5
	0600 Apr CPI (YoY%)	-1.6	-	0.0
	0600 Apr CPI core (YoY%)	-1	-	-0.2
South Korea	2200 Jun BOK Business Survey Index, mfg	52	-	50.0
	2200 Jun BOK Business Survey Index, non-mfg	50	-	50.0
Wednesday 27 May				
China	0230 Apr Industrial profits (YTD, YoY%)	-25	-	-34.9
Thursday 28 May				
Taiwan	0900 1Q F GDP (YoY%)	1.54	-	1.5
South Korea	- 7-Day Repo Rate	0.5	-	0.75
Friday 29 May				
India	1300 1Q GDP (Q) (YoY%)	1.1	-	4.7
	- Mar Fiscal deficit (INR crore)	-	-	51013
South Korea	0000 Apr Industrial production (MoM/YoY%)	3.1/6.4	-/-	4.6/7.1

Source: ING, Bloomberg, *GMT