

Asia week ahead: More central bank stimulus from India and Singapore

Plenty of data out next week to mull over the economic fallout from Covid-19, but central banks in India and Singapore take centre stage with rate cuts and anything else they can do to soften the impact



Source: Shutterstock

➔ First full-month of Covid-19 affected data

Until late February, Covid-19 was mainly a China issue but has since become a global pandemic. However, the situation has somewhat improved in China, as authorities have only reported one new locally transmitted case in China.

We expect this to be reflected in forthcoming data, especially as March will be the first full month

of Covid-19-affected data which underscores the severity of the economic fallout of the disease elsewhere in Asia.

The key figure to watch here is the purchasing managers index (PMIs). Indeed, the consensus is showing some bounce back in China's manufacturing PMI, though not in growth territory just yet. We may see PMIs from other countries going in the opposite direction. Korea's trade figures for March will be an interesting read given the surprisingly positive export growth in the first 20 days of the month despite the virus dampening spirits in most trading partner countries as well as significant supply chain disruptions domestically.

➔ India's central bank set to go big

The three-week lockdown and the resulting economic breakdown means all eyes are on the Reserve Bank of India's policy meeting next week, 3 April, if it still goes ahead.

We anticipate, this [unprecedented crisis](#) will most certainly dent GDP growth massively over the coming quarters, pushing it into the negative territory. Indeed, this demands an unprecedented policy response. The finance ministry is preparing the fiscal stimulus and we should expect the announcement in coming days, though it will be slow to trickle down while gloom everywhere is likely to blunt the impact.

Our base case is a 50basis point rate cut from India's central bank, but we won't be surprised if it cuts more

This suggests that the RBI is under pressure to do more than the usual 25 basis point policy rate cut. Our base case is a 50bp cut, but we won't be taken aback if it cuts more. The lockdown will be associated with a significant drying up of the financial system liquidity in coming weeks. However, the RBI has been pumping cash into the system through repo auctions and will be prepared to do more to support any surge in liquidity demand post-lockdown.

➔ Singapore's central bank not far behind

The Monetary Authority of Singapore has advanced its policy announcement to 30 March, from the usual mid-April schedule. The re-scheduling itself reflects the urgency of policy response as the economy reels under a [recession risk](#) from the slump in trade and tourism as a result of the virus.

Although the MAS has yet to verbalise its easing stance, the accelerated depreciation of the Singapore dollar Nominal Effective Exchange Rate (S\$-NEER) suggests that the central bank has been accommodating easing within the existing S\$-NEER policy band. This is further reflected by a near-halving of interbank rates this month.

We expect the central bank to pronounce the easing stance by re-centring the policy band at a lower level, with a zero rate of appreciation.

Country	Time Data/event	ING	Survey	Prev.
Monday 30 March				
Singapore	0100 Singapore Central Bank Monetary Policy Statement			
South Korea	2200 Apr BOK Business Survey Index, mfg	-	-	69
	2200 Apr BOK Business Survey Index, non-mfg	-	-	68
Tuesday 31 March				
China	0200 Mar Manufacturing PMI	50	45	35.7
	0200 Mar Non-manufacturing PMI	50	44	29.6
India	- Feb Fiscal deficit (INR crore)	-	-	53747
Hong Kong	0930 Feb Retail sales value (YoY%)	-41.8	-41.8	-21.4
	0930 Feb Retail sales volume (YoY%)	-45	-	-23
South Korea	0000 Feb Industrial production (MoM%/YoY%)	-/-	-/-	-1.3/-2.4
Wednesday 1 April				
China	0245 Mar Caixin Manufacturing PMI	50	47	40.3
Indonesia	0500 Mar CPI core (YoY%)	-	-	2.76
	0500 Mar CPI (YoY%)	-	-	2.98
Philippines	0130 Mar Nikkei Manufacturing PMI	-	-	52.3
Taiwan	0130 Mar Nikkei Manufacturing PMI	45	-	49.9
South Korea	0100 Mar Imports (YoY%)	-	-	1.4
	0100 Mar Exports (YoY%)	-	-	4.5
	0100 Mar Trade balance (US\$m)	-	-	3980
	0130 Mar Nikkei Manufacturing PMI	-	-	48.7
Thursday 2 April				
India	0600 Mar Nikkei Manufacturing PMI	-	-	54.5
South Korea	0000 Mar CPI (MoM%/YoY%)	-/-	-/-	0/1.1
Friday 3 April				
India	0715 Apr 3 RBI policy decision (repo rate, %)	4.65	-	5.15
Hong Kong	0130 Mar Nikkei PMI	-	-	33.1
Singapore	0600 Feb Retail sales value (YoY%)	-	-	-5.29
	0600 Feb Retail sales value (MoM% SA)	-	-	0.1
	1400 Mar Purchasing Managers Index	-	-	48.7

Source: Bloomberg, ING

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare
diederik.stadig@ing.com

Diogo Gouveia
Sector Economist
diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

ING Analysts

James Wilson
EM Sovereign Strategist
James.wilson@ing.com

Sophie Smith
Digital Editor
sophie.smith@ing.com

Frantisek Taborsky
EMEA FX & FI Strategist
frantisek.taborsky@ing.com

Adam Antoniak
Senior Economist, Poland
adam.antoniak@ing.pl

Min Joo Kang
Senior Economist, South Korea and Japan
min.joo.kang@asia.ing.com

Coco Zhang
ESG Research
coco.zhang@ing.com

Jan Frederik Slijkerman
Senior Sector Strategist, TMT
jan.frederik.slijkerman@ing.com

Katinka Jongkind
Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK
james.smith@ing.com

Suvi Platerink Kosonen
Senior Sector Strategist, Financials
suvi.platerink-kosonen@ing.com

Thijs Geijer
Senior Sector Economist, Food & Agri
thijs.geijer@ing.com

Maurice van Sante
Senior Economist Construction & Team Lead Sectors
maurice.van.sante@ing.com

Marcel Klok
Senior Economist, Netherlands
marcel.klok@ing.com

Piotr Poplawski
Senior Economist, Poland
piotr.poplawski@ing.pl

Paolo Pizzoli
Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Sophie Freeman
Writer, Group Research
+44 20 7767 6209
Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA
Regional Head of Research, Americas
padhraic.garvey@ing.com

James Knightley
Chief International Economist, US
james.knightley@ing.com

Tim Condon
Asia Chief Economist
+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com

