

## Asia week ahead: Packing an easing punch

Central bank policy meetings dominate next week's Asian economic calendar. Some of them have signalled a pause in easing, some are continuing to cut rates further, and some are likely to embark on that path. GDP and trade releases are the other highlights, while China's monthly data dump begins



Source: Shutterstock

### ➔ On hold RBA and RBI

Of five Asian central banks reviewing their monetary policy next week, two have signalled a pause in their easing cycles. The central banks of Australia (RBA) and India (RBI) fall into this category.

The RBA has already cut rates in June and July.

---

*...we will be closely monitoring how things evolve over the coming months. Given the circumstances, the Board is prepared to adjust interest rates again if needed to get us closer to full employment and achieve the inflation target. RBA Governor Philip Lowe*

---

We think data this week showing improved inflation in 2Q19 has taken the pressure off the RBA for a third cut. At 1.6%, inflation is still far from the RBA's 2.5% policy goal, though the bank is also waiting to give recent fiscal policy a chance to achieve the target.

Well ahead of the curve, India's RBI has eased in all three meetings so far this year, cutting by a total of 75 basis points. But according to Governor Shaktikanta Das, the bank has done even more than that. He considers the very shift to an easing stance at the June meeting, from a neutral position, to be worth an additional 25bp of stimulus on top of pumping the system with 'surplus liquidity'. We read this as a hint that the RBI has done enough.

---

*Effectively, the rate cut has been 100 basis points if you take into account the change in stance. ... Parallel to that we have also ensured surplus liquidity in the system," RBI Governor Das*

---

With the economy facing upward inflation pressure, albeit gradually for now, and growth remaining supported around 6%, still among the fastest in the world, we don't think the RBI will want to risk any policy errors by providing excessive stimulus. We don't mind being outside the consensus again this time, but we expect the RBI to remain on hold next week, while the consensus is looking for another 25bp cut.

[Australian 2Q19 CPI takes pressure off Reserve Bank](#)

## More easing by RBNZ and BSP

Among those likely to cut rates next week are central banks of New Zealand (RBNZ) and of the Philippines (BSP) – a second rate cut by both this year. We aren't alone; the consensus is also suggesting 25bp rate cuts by both banks. After cutting rates by 25bp in early May, the RBNZ paused at the late June meeting. The market-implied probability for another rate cut next week stands at 92%.

In the Philippines, the BSP policy announcement comes on the day the country's Statistics Authority unveils GDP figures for 2Q. We expect growth to have stayed below the 6-7% official target for 2019 in the last quarter (ING forecast 5.8% vs. 5.6% in 1Q). Having hiked by 175bp in

2018, the BSP has plenty of policy space to ease, as long as it's supported by falling inflation and stable exchange rates. And we have the best of both worlds - inflation has been falling steadily after peaking at 6.7% in Sep-Oct 2018, and the PHP has been among Asia's top performers this year. The July CPI data just days ahead of the BSP meeting will be timely information for policymakers.

[Philippines: The BSP Hawk-Dove meter](#)

## ➔ BoT starting easing, hopefully

The key question of the week is whether the Bank of Thailand sheds its hawkish bias and becomes part of the global easing wave. Our answer is 'Yes'. However, that's not quite evident from a still solid consensus for stable BoT policy.

With growth poised to slow further, 2019 is shaping up to be the worst year for the economy in the last five years. Inflation has been under control (latest 0.9% in the year through July) and the authorities are worried about runaway currency appreciation hurting the economy even more. The central bank's latest measures to curb short-term inflows haven't been effective. An aggressive policy rate cut could be helpful here, though judging from the consensus we might not get it. Here again, we don't mind being the odd one out in our forecast of two 25bp BoT rate cuts this year.

[Thailand: Downgrading GDP growth forecast](#)

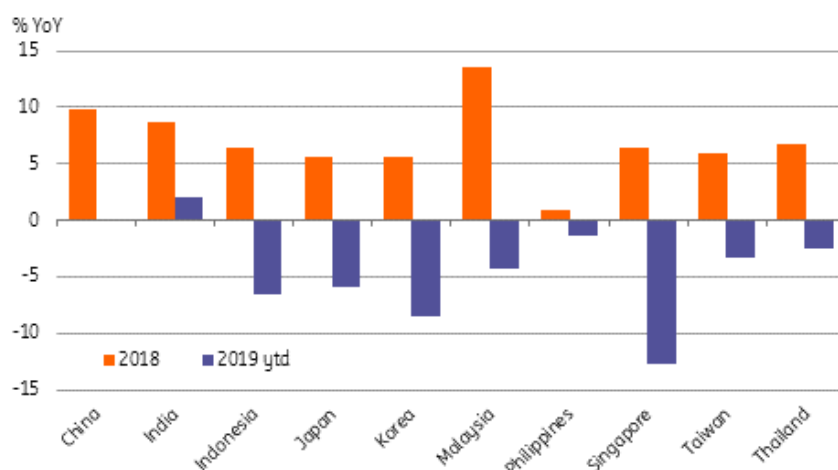
## ➔ China data and more

Of all the China data due next week, trade figures will be under the most scrutiny as we try to gauge the impact of trade wars. And just as in recent months, we aren't expecting anything too bad just yet.

Despite the trade war, China's exports remain an outperformer in Asia with virtually flat growth in the first half of the year compared to heavy declines in other parts of the region. Economies which are heavily reliant on electronics exports (Korea and Singapore) have been hit hard in the current export downturn. But a second surprising comeback of Taiwan's exports (also largely electronics driven) could be a hopeful sign of a bottoming in the global electronics slump. Consistent with the consensus, we anticipate a second consecutive month of positive export growth for Taiwan.

[Taiwan: weak PMI not in line with strong GDP](#)

## Asian export performance



Source: Bloomberg, ING

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 5 August</b>					
India	0600	Jul Nikkei Services PMI	49.9	-	49.6
Indonesia	-	2Q GDP (QoQ/YoY%)	5.1	4.2/5.0	-0.5/5.1
<b>Tuesday 6 August</b>					
Korea	0000	Jun Current account balance (US\$bn)	6.5	-	4.9
Philippines	0200	Jul CPI (YoY%)	2.4	2.4	2.7
Taiwan	0900	Jul CPI (YoY%)	0.9	-	0.9
	0900	Jul WPI (YoY%)	-1.9	-	-1.9
<b>Wednesday 7 August</b>					
China	-	Jul Forex Reserves (US\$bn)	3110.8	-	3119.2
India	0715	RBI policy decision (repo rate, %)	5.75	5.50	5.75
Malaysia	0800	Jul 31 Forex reserves- Month end (US\$bn)	-	-	103.3
Philippines	0200	Jun Exports (YoY%)	1.1	-	1.0
	0200	Jun Imports (YoY%)	-2.6	-	-5.4
	0200	Jun Trade balance (US\$mn)	-3255	-	-3275
	-	Jul Forex reserves (US\$bn)	-	-	85770.8
Taiwan	0900	Jul Exports (YoY%)	1.9	-	0.5
	0900	Jul Imports (YoY%)	1.5	-	6.6
	0900	Jul Trade Balance (US\$bn)	2.4	-	3.6
Thailand	0805	Benchmark Interest Rate	1.5	1.75	1.75
<b>Thursday 8 August</b>					
China	-	Jul Trade Balance (US\$bn)	37.0	-	51.0
	-	Jul Exports (YoY%)	-2.6	-	-1.3
	-	Jul Imports (YoY%)	-8.1	-	-7.3
Philippines	0300	2Q GDP (QoQ SA/ YoY%)	-/5.8	-	1.0/5.6
	0900	Overnight Borrowing Rate	4.25	-	4.5
Singapore	0600	Jun Retail sales value (MoM SA/ YoY%)	1.2/-2.2	-	-2.2/-2.1
<b>Friday 9 August</b>					
China	0230	Jul CPI (YoY%)	2.7	-	2.7
	0230	Jul PPI (YoY%)	-0.1	-	0.0
	-	Jul Money supply (M2) (YoY%)	-	-	8.5
India	1300	Jun Industrial production (YoY%)	-	-	3.1
Malaysia	0500	Jun Industrial production (YoY%)	5.5	-	4.0

Source: ING, Bloomberg, \*GMT

## Author

### **Alissa Lefebvre**

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)

### **Deepali Bhargava**

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

### **Ruben Dewitte**

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

### **Kinga Havasi**

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

### **Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

### **David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

### **Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

### **Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

### **Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

### **Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**

Economist, Romania  
[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**  
Sector Strategist, Financials  
[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**  
Senior Sector Strategist, Real Estate  
[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**  
Research Assistant, Energy Transition  
[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**  
Sector Economist, TMT & Healthcare  
[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**  
Sector Economist  
[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**  
Sector Strategist, Financials  
[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**  
Commodities Strategist  
[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

#### ING Analysts

**James Wilson**  
EM Sovereign Strategist  
[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**  
Digital Editor  
[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**  
EMEA FX & FI Strategist  
[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**  
Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**

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

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst

[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist

[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy

[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy



[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist

+31(0)611172684

[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**

Senior Sector Strategist, Financials

[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri

[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors

[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist  
[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**  
Head of Global IFRS9 ME Scenarios  
[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**  
Head of Financials Sector Strategy  
[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**  
Head of Commodities Strategy  
[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**  
Chief Economist, Poland  
[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**  
Senior Economist, Belgium, Luxembourg  
[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**  
Senior Economist, Hungary  
[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**  
Senior Economist, Germany, Global Trade  
[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**  
Senior Data Analyst, Netherlands  
[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**  
Chief Economist, Romania  
+40 31 406 8990  
[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**  
Chief Economist, Turkey  
[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**  
Chief Economist, Greater China  
[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research  
+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto: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](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

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

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)