

## Asia Week Ahead: People's Bank of China to set rates and Japan's revised GDP

Next week features Japan's revised GDP numbers and China's decision on the medium-term lending facility. Meanwhile, regional economies release trade figures and India reports inflation



### China PBoC to set MLF rate

The People's Bank of China will set its one-year medium-term lending facility rate on 15 March, with markets looking to see if there will be a 10bp cut as part of a coordinated policy support push. Given that the tone on monetary policy at the Two Sessions was kept unchanged - continuing to highlight "prudent monetary policy" - the probability of a cut next week has fallen somewhat.

Next week also features the publication of February aggregate financing, loans, and money supply data. We expect a typical seasonal moderation in aggregate financing and loans, which could be magnified by the Lunar New Year falling in February. While there should be some support from lending activity to whitelisted property projects, this is unlikely to offset the seasonal effects. China's FDI data will also be released sometime next week.

## India's inflation likely flat

With seasonal vegetable prices settling back down again, we anticipate February CPI coming in just 0.1ppt higher than the previous month, which would leave the inflation rate at 5.05% year-on-year, hardly different to the 5.10% recorded for January. While this is still in the upper half of the Reserve Bank of India's target inflation range, it is unlikely to prove a substantial impediment to easing once global conditions (i.e. the Federal Reserve) have become more conducive to rate cuts in the region.

## Japan GDP and Shunto results out next week

Next week's highlight should be Japan's revised 4Q23 GDP release and preliminary Shunto results (annual wage negotiations). The flash 4Q23 GDP result previously showed a disappointing contraction of 0.1% quarter-on-quarter (seasonally adjusted), pushing the economy into a technical recession. However, with updated better-than-expected activity data for December, we believe that quarterly growth will be revised up to 0.3% QoQ (sa). This is an important development as it could give the Bank of Japan more confidence in the economic recovery.

If 4Q23GDP beats the market consensus and the preliminary Shunto results come in stronger than last year, then market speculation for a March hike is likely to resurface. But, we still believe that April is the right time for the BoJ to change its policy settings.

## Trade data from Indonesia and the Philippines

Both Indonesia and the Philippines report their latest trade figures next week. Indonesia could see both exports and imports rise for February with the trade surplus possibly widening to \$2.7bn from the previous month's \$2bn. A wider surplus could translate to additional support for the Indonesian rupiah.

Meanwhile, the Philippines releases January trade data with exports possibly managing to revert to growth of roughly 3% year-on-year. Meanwhile, imports are likely to remain in contraction of roughly 7% YoY which would translate to a trade deficit of around \$4.2bn. The wide trade gaps suggest the current account remains in deficit, which would suggest the Philippine peso remains pressured in the near term.

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
Saturday 9 March					
China	0130	Feb CPI (YoY%)	-	0.4	-0.8
	0130	Feb CPI (MoM%)	-	0.5	0.3
Monday 11 March					
Japan	2350	Q4 GDP Revised (QoQ% ann)	1.2		-0.4
	2350	Q4 GDP Revised (QoQ%)	0.3	/	-0.1
China		- Feb M2 Money Supply (YoY)	-	8.6	8.7
		- Feb FDI (YTD)	-		-11.7
India		- Feb Fiscal Deficit - USD bn	-		17.49
		- Feb Imports - USD bn	-		54.41
		- Feb Exports - USD bn	-		36.92
Singapore	0230	Q4 Unemployment Rate Final	-		2
Tuesday 12 March					
India	1200	Feb CPI Inflation (YoY%)	5.05		5.1
	1200	Jan Industrial Output (YoY%)	-		3.8
Philippines	0100	Jan Exports (YoY%)	3.2		-0.5
	0100	Jan Imports (YoY%)	-7.7		-5.1
	0100	Jan Trade Balance	-4.213		-4013
South Korea	2300	Feb Unemployment Rate	2.8		3
Wednesday 13 March					
Indonesia	0400	Feb Consumer Confidence Index	125.2		125
Thursday 14 March					
India	0630	Feb WPI Inflation (YoY%)	-		0.27
Indonesia	0400	Jan Retail Sales Index (YoY%)	-		0.2
Friday 15 March					
Indonesia	0400	Feb Trade Balance (Bln of \$)	2720		2.01
	0400	Feb Exports Growth (YoY%)	5.5		-8.06
	0400	Feb Imports Growth (YoY%)	24.2		0.36
Philippines		- Jan Budget Balance	-25		-401

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