

Asia Week Ahead: Policy decisions among next week's data releases

A packed schedule of policy decisions alongside labour, inflation, trade and activity data



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Policy decisions on the table

China's one-year Medium-Term Lending Facility policy rate will be announced next week. We expect a 10bp cut, which should then pass on to a Loan Prime Rate cut the week after of 10bp for the one-year rate and 5bp for the five-year rate. This would be consistent with the monetary policy direction set in the Two Sessions that just passed – to front-load pro-growth policies that will jolt its economy.

Meanwhile, Bank Indonesia (BI) will also meet to discuss policy next week with the central bank widely expected to keep rates unchanged. Despite the pause, we do expect BI to highlight inflation as a growing concern, with a possible shift in tone to prepare markets for a potential reversal in its stance should the ongoing Russia-Ukraine conflict spark inflationary pressures in the coming months.

Similarly, the Bank of Japan (BoJ) is expected to keep its policy rate unchanged. Inflation has gone up rapidly over the past few months, but still remains below the BoJ's target and lags the global upward trend.

Trade figures should be up across the board

Trade numbers will be out for Indonesia and India, alongside non-oil domestic exports (NODX) for Singapore. Indonesia's exports and imports should still record strong gains as the economy reopens. More notably, we should see a decent pickup in energy exports for February after a slump in January caused by a temporary export ban for coal. Meanwhile, Singapore's NODX should sustain the recent streak of expansion, although momentum may begin to slow by March given recent geopolitical developments.

Certain Indian exports are also likely to be a key beneficiary of such developments, such as its agricultural exports, as an alternative source in markets where production has been disrupted. Nonetheless, soaring commodity prices may weigh on its overall export numbers due to rising input costs for manufacturers. As it stands, India still remains on pace to exceed its annual export target of US\$400bn.

Activity data out of China

China will release activity data next week. We expect fairly weak retail sales growth in the first two months of the year, mainly from bonus cuts and strict Covid measures. Industrial production could be softer, with impacts from supply chain disruption and chip shortages. Fixed asset investment growth could be stable, and more growth is expected in the coming months after the Two Sessions highlighted the importance of infrastructure spending to economic growth.

Employment numbers from Australia and Korea

We will see Australian labour figures out next week. We expect the easing of Covid-related labour shortages to be reflected by a slightly quicker pace of employment gains (mainly full-time) compared to last month, although unemployment and participation rates should remain unchanged for the time being. Business sentiment has picked up considerably after disruptions posed by the Omicron surge faded, with a pickup in business activity concurrently with more workers seeking employment in a tight labour market.

In South Korea, the unemployment rate should go down a bit despite the recent Covid surge, as the government continued to ease social distancing measures during the month.

Indian prices may surprise to the upside

Price surges for basic commodities like crude and edible oils should predominantly keep prices elevated for Indian consumers through a rise in food prices, which compose almost half of its CPI basket, and is unlikely to abate in the immediate term as some food crops are used for ethanol production (to then be used as substitutes for petroleum). Consumers should also see elevated transportation prices (the third biggest component of the CPI basket) as a consequence of rising oil prices. All in all, we see inflation risks skewed to the upside (February year-on-year CPI consensus: 5.9%, ING: 6.4%).

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 14 March					
China		1Y Medium Lending Facility rate (%) (13th to 16th)	2.75		2.85
India	0630	Feb WPI Inflation (YoY%)	-		13.0
	1130	Feb Exports (YoY%)	22.2		25.3
	1130	Feb Imports (YoY%)	47		23.5
	1130	Feb Fiscal Deficit - USD	-		21.2
	1200	Feb CPI Inflation (YoY%)	6.4		6.0
Tuesday 15 March					
Japan	2350	Feb Trade Balance Total Yen	-339		-2191.1
	2350	Feb Imports YY	25		39.6
	2350	Feb Exports YY	15		9.6
China	0200	Feb Retail Sales (YoY%)	3	3.8	1.7
	0200	Feb Industrial Output (YoY%)	5	4.0	4.3
	200	Feb Fixed Assets Investments d(YoY% YTD)	5		4.9
Indonesia	0400	Feb Imports Growth (YoY%)	42.5		36.8
	0400	Feb Exports Growth (YoY%)	30.5		25.3
	0400	Feb Trade Balance (Bln of \$)	1022.1		0.93
South Korea	2300	Feb Unemployment Rate	3.4		3.6
Thursday 17 March					
Japan	2330	Feb CPI (YoY%)	0.7		0.5
Australia	0030	Feb Reserve Assets Total	-		84946
	0030	Feb Unemployment Rate	4.2		4.2
	0030	Feb Employment Change (000s)	24.1		12.9
Indonesia	-	Mar 7-Day Reverse Repo	3.5	3.5	3.5
Taiwan	0800	Q1 Discount Rate	1.125		1.125
Friday 18 March					
Japan	-	JP BOJ Rate Decision	-0.1		-0.1

Source: Refinitiv, ING, *GMT

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