

Asia week ahead: Nothing as boring as central bank meetings these days

There was nothing exciting about the three Asian central bank meetings this week, and we think the same goes for the three meetings in China, Thailand and New Zealand next week. Instead, markets will be guided by hard economic data



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Nothing as boring as central bank meetings these days

With the Federal Reserve going into policy inactivity territory for the next three years, there will be no motive whatsoever for Asian central banks to change their policies either. As such, there was nothing exciting about the three regional central bank meetings this week in Japan, Taiwan or

Indonesia. And, we think it will be the same case for the next three meetings in China, Thailand and New Zealand next week.

The People's Bank of China has held the 1-year and 5-year loan prime rates at their current levels - 3.85% and 4.65% respectively, since April. The last 25 basis point cut in the Reserve Bank of New Zealand's cash rate was in March and for the Bank of Thailand, that occurred in May, bringing rates down to their all-time lows of 0.25% to 0.50% respectively.

While we anticipate all three central banks keeping rates on hold next week, New Zealand's 12% 2Q20 GDP contraction - the sharpest fall in developed markets, may raise some interest in the RBNZ meeting as the speculation about negative interest rates is on the rise there.

And a busy data week

Inflation, trade, and manufacturing releases pack the Asian economic data calendar next week.

Korea reports PPI inflation for August and Hong Kong, Malaysia and Singapore will release CPI inflation data - all likely to be showing continued negative inflation.

Hong Kong and Thailand will release trade data. We expect export growth to stay in the negative territory. Taiwan's export orders figures will indicate where growth is headed over the coming months.

Lastly, industrial production numbers from Taiwan and Singapore, combined with July readings, will shed light on their third-quarter GDP performance. Indeed, firmer exports are supporting manufacturing, and therefore GDP growth.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 21 September					
China		- 1-year Loan Prime Rate (%)	3.85	3.85	3.9
		- 5-year Loan Prime Rate (%)	4.65	4.65	4.7
Hong Kong		- Aug Composite CPI (%YoY)	-2.6	-	-2.3
Taiwan	0900	Aug Export orders (YoY%)	11.3	-	12.4
		- Aug Money supply (M2) (YoY%)	5.9	-	5.89
South Korea	2200	Aug PPI (YoY%)	-0.8	-	-0.8
Tuesday 22 September					
Philippines		- Aug Budget balance (PHP bn)	-	-	-140.2
Taiwan	0900	Aug Unemployment rate (%)	3.9	-	3.9
Wednesday 23 September					
Malaysia	0500	Aug CPI (YoY%)	-1.2	-	-1.3
	0800	Sep 15 Forex reserves- Month end (US\$bn)	-	-	104.4
Singapore	0600	Aug CPI (YoY%)	-0.5	-	-0.4
	0600	Aug CPI core (YoY%)	-0.4	-	-0.4
Taiwan	0900	Aug Industrial production (YoY%)	-	-	2.65
Thailand	0430	Aug Exports (Cust est, YoY%)	-10.0	-	-11.37
	0430	Aug Imports (Cust est, YoY%)	-18.0	-	-26.4
	0430	Aug Trade balance (US\$m)	3565	-	3343
	0805	Benchmark Interest Rate	0.5	-	0.5
Thursday 24 September					
Hong Kong	0930	Aug Exports (YoY%)	-4.0	-	-3.0
	0930	Aug Imports (YoY%)	-5.9	-	-3.4
	0930	Aug Trade balance (HK\$ bn)	-20.0	-	-29.82
South Korea	2200	Sep BOK Consumer Sentiment Index	91.5	-	88.2
Friday 25 September					
Singapore	0600	Aug Industrial production (MoM/YoY%)	6.8/7.9	-/-	1.6/-8.4

Source: ING, Bloomberg, *GMT