

Asia week ahead: Policy meetings from China and Indonesia

Next week's data calendar features rate hike decisions from China and Indonesia, trade and price data from Japan, plus GDP from China



Upcoming economic and price activity from Japan

Japan will release several data points next week and we think that the trend of weak manufacturing against a strong services sector should continue. Fresh PMI data for manufacturing will likely show the sector staying in contraction while services PMI could continue to gain modestly on the back of a better tourism and leisure outlook.

Meanwhile, March exports are expected to fall again mainly due to weak China and electronics exports. CPI inflation is expected to slow to 3.1% year-on-year in March due to base effects, but based on a monthly comparison, we believe service prices will post a modest gain.

Upcoming GDP data from China

China will release its GDP report for the first quarter and activity data for March. We expect GDP

growth at 3.8%YoY, with consumption and infrastructure investment as the major drivers. Strong loan growth in March should support faster infrastructure investments. Retail sales should continue to recover. However industrial production will be affected by weak external demand.

We will be monitoring how quickly infrastructure investment grows amid strong loan growth. We will also look at the details of retail sales to find clues on consumption recovery, whether it is broad-based and how fast it can grow in the coming months.

PBoC expected to cut policy rates

The People's Bank of China (PBoC) will decide whether to change the 1Y Medium Lending Facility policy rate. The central bank should have most of the information it needs to make this decision even without the GDP data. A cut of 10bp is possible if the data is not as good as the government expects. Banks will follow the central bank's decision to decide on whether to cut the Loan Prime Rate. We expect that if there is a cut of 10bp by the PBoC then banks will cut the 1Y and 5Y Loan Prime rates by 5bp and 15bp, respectively.

Bank Indonesia to keep rates unchanged

Bank Indonesia will likely keep rates untouched at 5.75% given softening inflation and a relatively stable currency. Inflation has moderated and was last reported at 5% year-over-year while the Indonesian rupiah (IDR) is one of the best-performing currencies in the region for the month. These two factors should give the central bank enough room to maintain its current policy stance at its meeting next week. A sustained slowdown of inflation coupled with a strong IDR could even open the door for possible easing by Bank Indonesia in the coming months.

Key events next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 10 April					
India		- Mar Fiscal Deficit (USD bn)	-	18.3	
		- Mar Imports/Exports (USD bn)	-		-
Indonesia	0500	Feb Retail Sales Index (YoY)	-		-0.6
Friday 14 April					
India	1230	FX Reserves (USD bn)	-		578.45
Monday 17 April					
Indonesia	0500	Mar Trade Balance (USD bn)	-		5.48
	0500	Mar Imports/Exports Growth (YoY%)	-5.2/10.3		-4.32/4.51
China		- 1Y Medium Lending Facility rate	2.75		2.75
Tuesday 18 April					
China	0300	Mar Industrial Output (YoY%)	2.5		2.4
	0300	Mar Retail Sales (YoY%)	5.0		3.5
	0300	Mar Fixed Assets Investments (YTD YoY%)	5.7		5.5
	0300	Q1 GDP (YoY%)	4.5		2.9
Indonesia	0800	Apr 7-Day Reverse Repo	5.75		5.75
Wednesday 19 April					
Japan	0050	Mar Imports/Exports YoY%	6.5/-1.9		8.3/6.5
	0050	Mar Trade Balance Total Yen	-1200		-897.7
Thursday 20 April					
Australia	2300	Apr Manufacturing PMI Flash	-		49.1
	2300	Apr Services PMI Flash	-		48.6
	2300	Apr Composite PMI Flash	-		48.5
China	0215	Apr Loan Prime Rate 1Y/5Y	3.65/4.3		3.65/4.3
Friday 21 April					
Japan	0030	Mar CPI (YoY%)	3.1		3.3
	0130	Apr Composite PMI Flash	52		52.9
		- Apr Manufacturing PMI Flash	48.5		49.2
		- Apr Services PMI Flash	55.2		55.0
Indonesia	0400	Mar M2 Money Supply (YoY%)	-		7.9

Source: Refinitiv, ING

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