

Asia week ahead: Australia and India's central banks to meet

Inflation data will dominate central banks thinking in Asia as two regional central banks meet next week and both are expected to stick to their current policy course



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Inflation data to dominate

In next week's Asian calendar, inflation data stands out as four countries – China, Taiwan, the Philippines and Thailand release figures for March.

The Philippines will take the spotlight for its runaway inflation that has surged past the central bank's 2-4% target (ING forecast 4.9%, up from 4.7% in February) and is becoming the main

contender against India's 5.1% inflation in February to be the highest in Asia. Like India, supply shocks to food and transport prices are pushing inflation higher, while demand-side price pressures remain muted amidst rising Covid-19 cases and renewed lockdowns.

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The central banks can unfortunately not do much but raise inflation forecasts. The Bangko Sentral ng Pilipinas raised its forecast for 2021 to 4.2% from 4.0% but left policy rates unchanged. We expect the Reserve Bank of India to take the same course at the upcoming meeting next week on 7 April.

There isn't much inflation in China or Thailand, which will also release their inflation numbers next week. Taiwan's March trade figures are likely to take prominence over inflation as the latter remains under control. Released earlier this week, the Korean trade figures show sustained strong growth and we expect the same for Taiwan's exports – both powered by the global semiconductor cycle that's going full steam ahead amidst the ongoing chip shortage.

Downunder, the [Reserve Bank of Australia will hold its policy meeting on 6 April](#). Like the Fed, the Australian central bank is likely to stick to the dovish rhetoric and maintain its current stance until 2024, when it expects inflation to recover to the 2-3% policy target. Although such inflation expectations appear to be misplaced against the rapid rise in jobs recently. We share the consensus view that governor Phillip Lowe is going to keep the policy interest rate and yield curve targets at 0.1% next week.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 5 April				
India	0600	Mar IHS Markit Manufacturing PMI	-	57.5
Indonesia	-	Feb Retail Sales Index (YoY%)	-	-16.4
Philippines	0130	Mar Manufacturing PMI SA	51.4	52.5
		- Mar Forex Reserves USD	109.0	109.1
Singapore	0600	Feb Retail Sales (MoM/YoY%)	-3.4/1.5	-1.8/-6.1
	1400	Mar Manufacturing PMI	-	50.5
Thailand	-	Mar CPI Headline (YoY%)	-0.5	-1.2
	-	Mar CPI Core (YoY%)	0.0	0.0
Tuesday 6 April				
China	0245	Mar Caixin Services PMI	-	51.5
Philippines	0200	Mar CPI (YoY%)	4.9	4.7
South Korea	0000	Feb Current Account Bal NSA	-	7.1
Wednesday 7 April				
China	-	Mar FX Reserves (Monthly)	3215.0	3.2
India	0530	Cash Reserve Ratio	3.00	3.00
	0530	Repo Rate	4.00	4.00
	0530	Reverse Repo Rate	3.35	3.35
	0600	Mar IHS Markit Services PMI	-	55.3
Indonesia	-	Mar Forex Reserves	138.2	138.8
Singapore	1000	Mar Foreign Reserves USD	-	382.6
Taiwan	0920	Mar Foreign Exchange Reserve	540.0	543.3
Thursday 8 April				
Hong Kong	0130	Mar IHS Markit PMI	-	50.2
Philippines	0200	Feb Exports (YoY%)	3.9	-5.2
	0200	Feb Imports (YoY%)	11.6	-14.9
	0200	Feb Trade Balance	-2266.3	-2421.0
Taiwan	0900	Mar CPI (YoY%)	1.4	1.4
Taiwan	0900	Mar WPI (YoY%)	0.0	-0.4
Thailand	0400	Mar Consumer Confidence Idx	-	49.4
Friday 9 April				
China	0230	Mar CPI (YoY%)	0.0	-0.2
	0230	Mar PPI (YoY%)	4.7	1.7
Indonesia	-	Mar BI consumer confidence index	87.1	85.8
Malaysia	0500	Feb Industrial Output (YoY%)	4.8	1.2
Taiwan	0900	Mar Imports	11.0	5.7
	0900	Mar Exports	26.0	9.7
	0900	Mar Trade Balance	7.5	4.5

Source: ING, Refinitiv, *GMT

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