

Asia week ahead: RBA to stay on hold, RBI to cut again

It's going to be a busy week in Asia dominated by the usual start-of-the-month economic releases as well as India and Australia's central bank meetings



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➔ A mix bag of central bank policy

The Reserve Bank of Australia and the Reserve Bank of India meet next week. Australia's exceptionally [weak labour report](#) for October made a case for more RBA easing. Adding to the pressure was Governor Philip Lowe's reluctance for quantitative easing, expressed in his speech earlier this week, which now has markets pricing in more interest rate cuts. However, many

(including us) are sceptical we will get a rate cut next week; the implied market probability of a 25 basis point rate cut next week is only 12%.

Supporting the stable RBA policy call would be the third-quarter GDP data showing firmer growth. But, the release comes a day after the central bank meeting, which doesn't make it a timely input for policymakers.

Staying ahead in the global easing cycle, India's central bank looks poised to cut rates again by 25 basis point next week given that growth continues to be on a steady downward path. Governor Shaktikanta Das is determined to ease for as long as it takes. However, aggressive policy stimulus on both monetary and fiscal sides has started stoking inflation, pushing it above the RBI's 4% comfort level in recent months, which means this could be the last cut of this easing cycle.

➔ And a data-packed calendar

Trade, purchasing manager index (PMI), and inflation figures dominate the data calendar.

Korea's trade data for November will serve as a guide to the rest of Asia's exports this month. Even if the uncertainty on the US-China trade front continues, exports have at least stopped getting worse, including electronics exports, the mainstay of some Asian countries. Albeit ongoing trade noise, we expect the Asian trade picture to be clearer, and better too going into 2020, at least from a statistical perspective as the base effects will normalise, if not fundamentally. The export order components of manufacturing PMIs will be an interesting watch from this perspective.

Inflation remains benign throughout the region (spare India, as mentioned earlier). Low inflation and continued weak growth outlook suggest central bank policy should remain accommodative at least through 2020, though the current easing cycle has almost drawn to a close.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 30 November					
China	0100	Nov Manufacturing PMI	49.5	49.5	49.3
	0100	Nov Non-manufacturing PMI	52.5	53.1	52.8
South Korea	0000	Nov Trade balance (US\$mn)	5.5	4950	5341
	0000	Nov Exports (YoY%)	-6.1	-9.7	-14.8
	0000	Nov Imports (YoY%)	-8.4	-12.1	-14.6
Sunday 1 December					
South Korea	2300	Nov CPI (YoY%)	0.9	0.7	0.2/0.0
	2300	Nov Core CPI (YoY%)	0.7	0.8	0.8
Monday 2 December					
South Korea	2300	3Q F GDP (QoQ/YoY%)	0.5/2.1	-/-	0.4/2.0
	0030	Markit South Korea PMI mfg	48.7	-	48.4
India	0500	Markit India PMI Mfg	51	-	50.6
Hong Kong	0830	Oct Retail sales value (YoY%)	-24.9	-	-18.3
	0830	Oct Retail sales volume (YoY%)	-26	-	-20.4
Indonesia	-	Nov CPI (YoY%)	3.1	3.1	3.13
	-	Nov CPI core (YoY%)	-	3.1	3.2
Thailand	0030	Nov Markit PMI mfg	50.2	-	50
	0330	Nov CPI (YoY%)	0.3	0.36	0.11
	0330	Nov Core-CPI (YoY%)	0.5	0.5	0.44
Malaysia	0030	Nov Nikkei Manufacturing PMI	48.8	-	49.3
Taiwan	0030	Nov Nikkei Manufacturing PMI	49.8	-	49.8
Tuesday 3 December					
Singapore	1300	Nov Purchasing Managers Index	49.8	-	49.6
Wednesday 4 December					
South Korea	2300	Oct Current account balance (US\$bn)	7.6	-/-	7.5
Hong Kong	0030	Nov Markit PMI	-	-	39.3
Malaysia	0400	Oct Exports (YoY%)	-12.5	-	-6.8
	0400	Oct Imports (YoY%)	-9	-	2.4
	0400	Oct Trade balance (RM bn)	11.9	-	8.3
India	0500	Markit India PMI Services	-	-	49.2
China	0145	Nov Caixin Manufacturing PMI	51	51.3	51.7
Thursday 5 December					
Philippines	0100	Nov CPI (YoY%)	1.3	-	0.8
India	-	3Q Current account balance (Q) (US\$bn)	-	-	-14.3
	0615	RBI policy decision (repo rate, %)	4.9	-	5.15
Taiwan	0800	Nov WPI (YoY%)	-4.9	-	-6.2
	0800	Nov CPI (YoY%)	0.7	0.7	0.4
Friday 6 December					
Hong Kong	-	Nov Forex Reserves (US\$bn)	-	-	440.6
Malaysia	0700	Nov 29 Forex reserves- Month end (US\$bn)	-	-	103.2
Philippines	-	Nov Forex reserves (US\$bn)	86.5	-	85.8

Source: ING, Bloomberg, *GMT