

Asia week ahead: RBI on hold, rising regional inflation and a potential China PMI data rebound

Next week features a policy decision for the Reserve Bank of India, PMI readings from China, plus inflation from regional economies



RBI likely on hold

We think it would be extremely unlikely that the Reserve Bank of India will make any change to their policy rates at this meeting, and like most other central banks in the region, will hold until the Federal Reserve starts easing. The policy rate will remain 6.5%, one of the highest in the region.

China PMI to edge closer to neutral

The upcoming week features a slew of PMI data across Greater China. China is up first on Sunday, where we expect a rebound in the manufacturing PMI on the month toward 49.5 to move closer to the neutral level. The encouraging start to industrial data at the start of the year also raises the possibility of an upside surprise.

We are also expecting China's non-manufacturing PMI to remain broadly unchanged at 51.4, staying in expansion. Taiwan's PMI is up next on Monday, where markets will watch to see if the manufacturing PMI can snap a 21-month streak of contraction. Hong Kong's PMI is the last of the three to be published, expected next Friday.

Additionally, Hong Kong will publish its retail sales data for February, where a strong base effect from last year's reopening could drag this year's growth numbers.

Korea's exports to advance while inflation to moderate

Korea's exports are expected to stay firm in March on the back of strong shipment of semiconductor and vessels. We're concerned that car exports may decline for a second month, which could signal that final demand from developed markets – especially from the US – is cooling down. We continue to expect strong semiconductor exports to dominate weak car exports, and an improved manufacturing PMI should support our view here. Meanwhile, consumer price growth should moderate as the Lunar New Year effect fades. However, headline inflation is expected to stay at 3% level, and the Bank of Korea is therefore likely to be on alert.

Inflation in the Philippines and Indonesia to tick higher

Price pressures are mounting in the region, with inflation in both Indonesia and the Philippines likely moving higher. Indonesia will likely see inflation settle at 3.0% year-on-year, creeping towards the top-end of their new inflation target.

Likewise, inflation for the Philippines will likely edge higher to 3.8% YoY from 3.4% in the previous month. Food inflation will likely be the driver for inflation in both economies as the drought induced by the El Nino weather phenomenon impacts crop production and overall supply of basic food.

Key events in Asia next week

Country	Time (BST)	Data/event	ING	Survey	Prev.
Sunday 31 March					
Japan	0050	1Q24 Tankan Large Mfg Outlook	10		8
	0050	1Q24 Tankan Small Mfg Outlook	27		24
	0050	1Q24 Tankan Large All Industry Capex	15%		13.5%
China	0230	Mar NBS Manufacturing PMI	49.8	49.9	49.1
	0230	Mar NBS Non-Manufacturing PMI	51.6		51.4
Monday 1 April					
Japan	0130	Mar Jibun Bank Manufacturing PMI	48.2		48.2
China	0245	Mar Caixin Manufacturing PMI Final	-	50.9	50.9
Indonesia	0130	Mar IHS S&P Global PMI	53		52.7
	0500	Mar Inflation (MoM%/YoY%)	0.45/3.0		0.37/2.75
	0500	Mar Core Inflation (YoY%)	1.8	/	1.68
Philippines	0130	Mar Manufacturing PMI	51.3		51
		- Feb Budget Balance	-220		88
Taiwan	0130	Mar IHS S&P Global Manufacturing PMI	-		48.6
South Korea	0100	Mar Export Growth Prelim	4		4.8
	0100	Mar Import Growth Prelim	-10		-13.1
	0100	Mar Trade Balance Prelim	5		4.29
	0130	Mar IHS S&P Global Manufacturing PMI	51		50.7
Tuesday 2 April					
Japan	0050	Mar Monetary Base (YoY%)	-		2.1
India	0600	Mar IHS S&P Global Manufacturing PMI	-		59.2
Singapore	1400	Mar Manufacturing PMI	50.4		50.6
South Korea	0000	Mar CPI Growth (MoM%/YoY%)	0.1/3.0	/	0.5/3.1
Wednesday 3 April					
Japan	0130	Mar Services PMI Final	52.9		52.9
	0130	Mar Composite PMI Final	50.6		50.6
China	0245	Mar Caixin Services PMI	-		52.5
	0245	Mar Caixin Composite PMI	-		52.5
India	0530	Repo Rate	6.5	6.5	6.5
	0530	Reverse Repo Rate	3.35		3.35
	0530	Cash Reserve Ratio	4.5	4.5	4.5
Taiwan	0920	Mar Foreign Exchange Reserve	-		569.422
Thursday 4 April					
India	0600	Mar IHS S&P Global Services PMI	-		60.3
Friday 5 April					
Japan	0130	Feb All Household Spending (MoM%/YoY%)	-		-2.1/-6.3
Indonesia	0500	Mar Forex Reserves	-		144
Philippines	0200	Mar CPI (MoM%/YoY%)	0.25/3.8	/	0.6/3.4
	0200	Mar Core CPI (YoY%)	3.2		3.6
		- Mar Forex Reserves USD	-		102.7
Singapore	0600	Feb Retail Sales (MoM%/YoY%)	-0.2/17	/	-0.7/1.3
	1000	Mar Foreign Reserves USD	-		357.3
South Korea	0000	Feb Current Account Balance NSA	-		3.05

Source: Refinitiv, ING

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