Asia week ahead: Singapore central bank to stay on hold

Lots of data coming out of China next week, but export growth will be the one we'll be looking out for. Elsewhere, Singapore's central bank meets, but expect no fireworks

Source: Shutterstock

China's fiscal stimulus is working

China's trade, inflation and monetary indicators are due for March, and we expect the numbers will give an undistorted view of the economy as the data from the first two months of the year is affected by the Lunar New Year seasonality. Indeed the most significant will be export growth for what it says about the trade war impact, while lending growth will tell us about the government stimulus.

From the better manufacturing PMI reading, we infer the fiscal stimulus is working and expect hard activity data to reinforce this message.

Here's why we think China's stimulus is working

Singapore - stable policy this year

Singapore's central bank releases its semi-annual monetary policy statement next week, and this comes alongside the advance estimate of GDP growth in the first quarter of 2019.

The Monetary Authority of Singapore tightened policy in April last year, but there is no denying that downside growth risk has intensified since. A sharp plunge in both exports and manufacturing in the first two months of 2019 foreshadowed sharp GDP slowdown in the first quarter. Inflation pressure also has abated, apart from the food component. Headline inflation has been less than 1% for more than four years now, and core inflation, which ticked up to the top end of the MAS's 1-2% forecast recently, has also started to slow.

With these trends likely getting stronger in 2019, we believe the MAS will prefer to leave policy on hold next week. As such, we expect no change in the MAS's target band for Singapore Dollar Nominal Effective Exchange Rate (SGD-NEER) – no change to the level, the width, or the slope of the band. Our base case is one of stable policy this year.

Read our country briefing on Singapore here Singapore: Safe port in a storm

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
		Sunday 7 April			
China	-	Mar Forex Reserves (US$bn)	3095.5	3090.0	3090.2
		Monday 8 April			
Hong Kong	-	Mar Forex Reserves (US$bn)	-	-	434.5
Taiwan	0900	Mar Exports (YoY%)	-	-	-8.8
	0900	Mar Imports (YoY%)	-	-	-19.7
		Tuesday 9 April			
Taiwan	0900	Mar CPI (YoY%)	-	-	0.2
	0900	Mar WPI (YoY%)	-	-	0.8
		Wednesday 10 April			
China	-	Mar Money Supply (M2) (YoY%)	8.0	8.1	8.0
	-	Mar Aggregate Finance (Yuan bn)	1000.0	-	703.0
	-	Mar Financial Institution Loans (Yuan bn)	1185.0	-	885.8
South Korea	0000	Mar Unemployment Rate (% SA)	4.0	-	3.7
		Thursday 11 April			
China	0230	Mar CPI (YoY%)	1.5	2.3	1.5
	0230	Mar PPI (YoY%)	0.3	0.3	0.1
Malaysia	0500	Feb Industrial Production (YoY%)	-1.0	-	3.2
Philippines	0200	Feb Exports (YoY%)	2.6	-	-1.7
	0200	Feb Imports (YoY%)	1.1	-	5.8
	0200	Feb Trade Balance (US$mn)	-2847.0	-	-3760.0
		Friday 12 April			
China	-	Mar Exports (YoY%)	-13.6	9.2	-20.8
	-	Mar Trade Balance (US$bn)	-10.9	11.0	4.1
	-	Mar Imports (YoY%)	-10.3	-1.0	-5.2
India	1300	Mar CPI (YoY%)	2.8	-	2.6
	1300	Feb Industrial Production (YoY%)	2.1	-	1.7
Singapore	0600	Feb Retail Sales Value (MoM/YoY%)	-/-	-/-	0.2/7.6
	-	1Q19 GDP - Advance (QoQ saar/YoY%)	1.2/1.7	-/-	1.4/1.9
	-	MAS Semiannual Policy Statement			

Source: ING, Bloomberg, *GMT

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