

Asia week ahead: Singapore's budget in the spotlight

As markets around the region welcome the Lunar New Year of the Ox, Singapore's budget takes the spotlight next week in Asia while Japan and Thailand report fourth-quarter GDP numbers



Source: Shutterstock

Gong Xi Fa Cai! Happy Lunar New Year.

4.3%

Singapore's FY21-22 budget deficit

Forecast: As a percent of GDP

➔ Singapore's 2021 budget

Singapore's government announces the budget for FY21-22 next week on 16 February and after the huge stimulus around 19% of GDP this year, we expect next year to be a somewhat normal year for fiscal policy but that shouldn't be construed as reverting to a budget surplus that Singapore enjoyed for almost a decade. Not just yet.

To soften the blow of the pandemic, this led to a record deficit in FY20-21, estimated at over 15% of GDP but sustaining such a high level of deficit isn't going to be a feasible policy.

We expect next year to be a somewhat normal year for fiscal policy but that shouldn't be construed as reverting to a budget surplus that Singapore enjoyed for almost a decade. Not yet

Although accelerating recovery and GDP growth this year should enable the government to scale back some of the measures, we anticipate a broad stance of supporting jobs and business to prevail. Besides, the government may look to further its climate agenda although there haven't been many green policies visible in the massive stimulus so far. But with elevated government spending, the budget deficit is here to stay in FY21-22. We forecast it to be equivalent to 4.3% of GDP.

Also, out next week will be Singapore's January trade figures, which will be a health check for the economy coming into 2021. The widely watched non-oil domestic exports had a good run in recent months, thanks to the positive global semiconductor cycle. The cycle remains in full swing as seen from strong growth in Korea and Taiwan's electronics exports.

That said, we won't be taken aback by some retracement of the recent NODX strength resulting from continued rising Covid-19 cases in key export markets. Pharmaceuticals and chemicals are the likely weak spots in that instance.

➔ GDP and trade reports elsewhere

Elsewhere in the region, the week kicks off with both Japan and Thailand releasing their 4Q20 GDP numbers on Monday morning. The rising number of cases in the last quarter held back the recovery, which is likely to sharply dent the quarter-on-quarter GDP growth, bringing year-on-year growth well into the negative territory in both countries.

January trade figures from Japan, India and Indonesia should shed light on the path for these economies ahead. Firmer exports growth is our house forecast for Indonesia, But not the same case for India and Japan with forecasts of negative export growth.

We also expect Bank Indonesia to leave monetary policy on hold at the meeting next Thursday, 18 February.

And finally, Australia's January labour report will be closely scrutinised in light of the Reserve Bank of Australia's policy after the central bank decided to extend its quantitative easing earlier this month.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 15 February				
Singapore	0000	4Q20 GDP - revised (QoQ, SA/YoY%)	2.3/-3.7	2.1/-3.8
India	0630	Jan WPI Inflation (YoY%)	-	1.22
	1230	Jan Exports (%YoY)	-2	0.1
	1230	Jan Imports (%YoY)	7.5	7.6
	1230	Jan Trade deficit (US\$bn)	-15.1	-15.4
Malaysia	0400	Q4 GDP (YoY%)	-	-3.1
Indonesia	0400	Jan Exports (%YoY)	5.3	14.6
	0400	Jan Imports (%YoY)	-2.4	-0.5
	0400	Jan Trade balance (US\$m)	422	2101
Thailand	0230	4Q20 GDP (QoQ, SA/YoY%)	1.6/-4.7	6.5/-6.4
Tuesday 16 February				
Singapore	-	FY2021-22 Budget	-	6.5
Wednesday 17 February				
Singapore	0000	Jan Non-oil domestic exports (%MoM/YoY)	-4.3/0.0	6.6/6.8
Thursday 18 February				
Indonesia	0700	Feb 7-Day Reverse Repo	3.75	3.75
Hong Kong	0830	Unemployment rate (%)	6.8	6.6
Korea	2300	Jan PPI (%YoY)	-0.2	0.1
Friday 19 December				
China	-	4Q20 Current account balance (US\$ bn)	40	40.1

Source: ING, Refinitiv, *GMT

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT
jan.frederik.slijkerman@ing.com

Katinka Jongkind
Senior Economist, Services and Leisure
Katinka.Jongkind@ing.com

Marina Le Blanc
Sector Strategist, Financials
Marina.Le.Blanc@ing.com

Samuel Abettan
Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Senior Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne
Senior Editor and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Leszek Kasek
Senior Economist, Poland
leszek.kasek@ing.pl

Oleksiy Soroka, CFA
Senior High Yield Credit Strategist
oleksiy.soroka@ing.com

Antoine Bouvet
Head of European Rates Strategy
antoine.bouvet@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole
FX Strategist
francesco.pesole@ing.com

Rico Luman
Senior Sector Economist, Transport and Logistics
Rico.Luman@ing.com

Jurjen Witteveen
Sector Economist
jurjen.witteveen@ing.com

Dmitry Dolgin
Chief Economist, CIS
dmitry.dolgin@ing.de

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Egor Fedorov
Senior Credit Analyst
egor.fedorov@ing.com

Sebastian Franke
Consumer Economist
sebastian.franke@ing.de

Gerben Hieminga
Senior Sector Economist, Energy
gerben.hieminga@ing.com

Nadège Tillier
Head of Corporates Sector Strategy
nadege.tillier@ing.com

Charlotte de Montpellier
Senior Economist, France and Switzerland
charlotte.de.montpellier@ing.com

Laura Straeter
Behavioural Scientist
+31(0)611172684
laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist
+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist
+31 20 563 8801
martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM
+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com