

Asia week ahead: Singapore unveils budget for FY19

The outcome of the ongoing US-China trade negotiations will set the tone for Asian markets next week. Singapore's proactive macro policies give authorities some wiggle room to cushion the economy from the trade-related global slowdown. Indonesia's central bank meets next week too but despite the raised hopes of a policy cut, we think it'll stay on hold



Source: Shutterstock

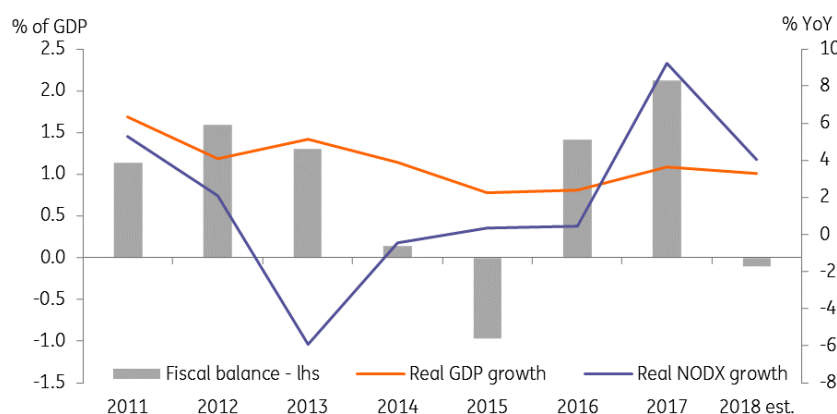
➔ Singapore: Embarrassment of riches

Next week in Asia kicks off with Singapore's trade data for January on Monday, followed by the budget statement by the country's finance minister later that day. An outsized slump in non-oil domestic exports (NODX) in December suggests some retracement of that is in order while the likely front-loading of shipments ahead of the Lunar New Year holiday should have helped the bounce. However, with semiconductors remaining a weak spot – taking a cue from the large fall in Korea's chip exports in January – our baseline remains a persistent weak NODX trend.

Undoubtedly, the FY19 budget will focus on supporting the economy from the adverse impact of the widely-anticipated slowdown in global demand this year. The public finances have surpassed the government's expectations in recent years. With decent 3.3% GDP growth and better revenue performance so far, the budget is likely to produce a surplus contrary to the initial forecast of a fiscal deficit in 2018, and this leaves scope for more growth supportive fiscal policy in 2019.

Among the popular budget measures in 2019, there are more incentives for the workforce to improve their skill set, more help for low-income households, increase in provision for healthcare for the elderly, possibly a sugar tax, and greater support for small-and-medium enterprises towards digital transformation.

Singapore: Wide fiscal surplus allows for growth-friendly budget



Source: CEIC, ING

➔ Indonesia: Central bank to leave policy on hold

Indonesia's central bank meets next Thursday (21 February), and we expect no change to the policy rate of 6.0%. A total of 175 basis points rate hikes over June-November 2018 was aimed at curbing the depreciation pressure on the rupiah. Although the Indonesian rupiah has been an Asian outperformer so far in 2019, the depreciation risk from widening current account deficit prevails and could be further intensified by political uncertainty surrounding the elections in April.

The year-to-date rupiah performance combined with well-behaved inflation has raised hopes of policy rate cuts. However, the deputy governor Dody Waluyo recently thrashed such hopes, noting still 'cautious' policy preference to financial stability over growth. We aren't ruling out further rate hikes this year. But for now, we think BI policy will take a backstage until the political uncertainty is

lifted.

➔ Thailand: 4Q18 report card arrives

Thailand's GDP data for the final quarter of 2018 is due on Monday. Underlying our view of a pick-up in growth to 3.5% year-on-year from 3.3% in 3Q18 is improved manufacturing growth even as exports continued to weaken. It's still not an exceptional starting point for the government looking for 4% GDP growth in 2019.

Besides global factors depressing exports, political uncertainty is likely to overshadow the economy this year. We expect annual GDP growth to slide to 3.8% in 2019 from an estimated 4.1% in 2018. We don't think this will be a sufficient reason for the Bank of Thailand to reverse December's 25bp rate hike, while persistently large current account surplus supports the baht's outperformance.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Tuesday 12 February					
Malaysia	0700	Forex Reserves, Mth-end (US\$bn)	-	-	102.1
Monday 18 February					
Singapore	0030	Jan Non-oil Domestic Exports (MoM/YoY%)	10.9/2.9	-/-	-5.7/-8.5
	-	Singapore Budget Release			
Thailand	0230	4Q GDP (QoQ/YoY%)	0.4/3.5	0.6/3.6	0.0/3.3
Wednesday 20 February					
Thailand	0200	Bank of Thailand's MPC Minutes			
Thursday 21 February					
Indonesia	-	BI Policy Decision (7-day Reverse Repo, %)	6.0	-	6.0
Thailand	-	Jan Exports (Cust est, YoY%)	-5.0	-	-1.7
	-	Jan Imports (Cust est, YoY%)	-1.0	-	-8.1
	-	Jan Trade Balance (US\$m)	-880.0	-	1065.0
South Korea	2100	Jan PPI (MoM/YoY%)	-0.1/0.4	-	-0.5/1.0
Friday 22 February					
Hong Kong	0130	Jan CPI (YoY%)	2.6	-	2.5
Malaysia	0400	Jan CPI (YoY%)	0.3	-	0.2
Taiwan	0800	Jan Export Orders (YoY%)	-10.0	-	-10.5
	0820	4Q Current Account Balance (US\$bn)	12.0	-	14.0

Source: ING, Bloomberg, *GMT

Author

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

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

Robert Carnell

Regional Head of Research, Asia-Pacific
robert.carnell@asia.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