

Asia week ahead: Central banks in wait-and-watch mode

Another big central bank week in Asia is likely to pass without much action. The record monetary easing unleashed earlier in the year means most central banks remain in a wait-and-see mode for the recovery to gain traction



Source: Shutterstock

➔ Central banks wait and watch ...

Central banks in China, Japan, Taiwan, Indonesia and the Philippines meet next week, and all of them are expected to leave rates unchanged.

As an informal monthly rite, the People's Bank of China will review the level of one-year medium-term lending facility rate. The last move was a 20 basis point rate cut to 2.95% in April this year and we see it staying there next week. The Bank of Japan will also stay put, following this week's announcement of a \$700 billion economic stimulus package. And, with strong exports helping the overall economy, Taiwan's central bank has no reason to temper with policy either.

Bank Indonesia's 25 bp policy rate cut on November has reduced the odds of any policy change this month, while the main driver behind the last rate cut - strong currency appreciation, has lost steam this month. In the Philippines, the latest CPI inflation spiked to a 20-month high of 3.3% YoY in November from 2.5% in October has pushed the central bank policy bears out of the game.

... as the recovery takes twists and turns

China's remaining activity data for November – industrial production, retail sales, fixed-asset investment and home prices will help formulate expectations for growth in the fourth quarter of the year, and we forecast 5.5% YoY. A 21% YoY surge in Chinese exports last month imparts upside risk to our 6% YoY industrial production growth view. Likewise, the 28% YoY jump in industrial profits in October heralds further pick up in investment spending, while record Singles-Day demand boosted retail sales growth.

Elsewhere in Asia, November trade figures dominate the calendar. Export growth accelerated in all three economies that have reported the November data so far including China, Korea and Taiwan, and we imagine the same for the rest of the region. Singapore's non-oil domestic exports may capture more focus following two consecutive months of declines.

The unemployment rate should continue to grind higher in Hong Kong (SAR) and Korea in November as these economies grappled with renewed Covid-19 restrictions.

In India, inflation numbers will be closely monitored as it chokes central bank easing. We might see some slowdown in the key drivers – food and transport prices, though not enough to bring the headline inflation back below the central bank's 6% policy limit. Our forecast for November is 7.1%, down from 7.6% in the previous month.

Finally, it'll be Australia's jobs report for November and New Zealand's 3Q20 GDP data. Some retracement in Aussie jobs growth seems to be in order after an unexpectedly strong 178,000 bounce in October, and, New Zealand GDP should see a significant clawback of a large dip suffered in 2Q.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 14 December					
China	0200	Nov New home prices (YoY%)	4.3		4.2
India	0630	Nov CPI Inflation (YoY%)	7.1	-	7.6
		Nov WPI Inflation (YoY%)	1.6	1.6	1.48
Tuesday 15 December					
China	0200	Nov Industrial Production (YoY)	6.0		6.9
	0200	Nov Retail Sales (YoY)	3.5		4.3
	0200	Nov Fixed asset investment YTD (YoY%)	2.2		1.8
India		- Nov Trade Deficit (USD bn)	-8.5	-	-8.7
		- Nov Imports (YoY %)	-15		-11.5
		- Nov Exports (YoY %)	-6		-5.1
Philippines		- Oct OCW remittances (YoY%)	-4.3		9.3
Indonesia		- Nov Trade Balance (USD mn)	3123.5		3607
		- Nov Imports (YoY %)	-28.6		-26.9
		- Nov Exports (YoY %)	0.3		-3.3
South Korea	2300	Nov Unemployment Rate	4.3		4.2
Thursday 17 December					
Hong Kong		- Nov Unemployment rate (%)	6.6		6.4
Indonesia		- Dec 7-Day Reverse Repo (%)	3.75		3.75
Singapore	0030	Nov NODX (QoQ/YoY%)	10.5/4.2		-5.3/-3.1
Philippines	0800	Policy Interest Rate (%)	2		2
Taiwan	0800	Q4 Discount Rate (%)	1.125		1.125

Source: ING, Refinitiv, *GMT

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

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