

## Good MornING Asia - 22 January 2021

Moderating GDP contraction in the final quarter of 2020 remains the baseline for most Asian economies. But having said that, markets may shrug off a slew of GDP data next week and instead focus on what's shaping the region's economic outlook in 2021

### In this bundle



#### Asia week ahead

##### **Asia week ahead: Fourth-quarter growth numbers dominate the calendar**

Moderating GDP contraction in the final quarter of 2020 remains the baseline for most Asian economies. But having said that, markets may shrug off the...



##### **Indonesia keeps rates on hold but leaves door open for more cuts in 2021**

Bank Indonesia held its key rate steady at 3.75% to help maintain currency stability amidst the benign inflation environment

# Asia week ahead: Fourth-quarter growth numbers dominate the calendar

Moderating GDP contraction in the final quarter of 2020 remains the baseline for most Asian economies. But having said that, markets may shrug off the data and instead focus on what's shaping the region's economic outlook in 2021



Source: Shutterstock

## ➔ What to expect from 4Q GDP?

Hong Kong SAR, Korea, Taiwan and the Philippines will release their GDP performance in the final quarter of 2020.

Like China, Taiwan continued to buck the region-wide negative GDP trend in the last quarter of 2020. Not only staying in the positive territory, but growth also gained further traction to our

house forecast of 4.2% year-on-year in 4Q from 3.9% in 3Q. Accelerating exports are driving the growth - a trend hinging on how the global semiconductor cycle pans out this year. As of now, it seems to be in full swing, given the strong electronics exports in December.

---

*Moderating GDP contraction remains the baseline for other Asian countries too with the Philippines continuing to be the region's underperformer*

---

The electronics-led export argument holds good for Korea too, though it may not turn the corner into positive territory as the rapid spread of the virus depressed consumer and business confidence and brought a decade-high unemployment rate of 4.6%.

The low base year effect seems to be the only hope of a little less negative growth in Hong Kong. That said, our house view of steep GDP contraction in 4Q, by -5.0% YoY than -3.5% in 3Q, is probably a reflection of this economy losing its lustre as the world's gateway to China.

Moderating GDP contraction remains the baseline for other Asian countries too with the Philippines continuing to be the region's underperformer with another quarter of double-digit GDP contraction (ING forecast -10.4% YoY in 4Q vs. -11.5% in 3Q). This is because the pandemic weighed down domestic demand and exports failed to catch up despite its high electronics content.

## ➔ What else to look out for?

Lots of December industrial production releases will help refine GDP estimates for the last quarter, though Korean and Taiwanese data would be of little use as we also get their GDP figures. However, forward-looking indicators like consumer and business sentiment indices from Korea should be of some interest.

---

*We don't see CPI inflation figures from either Singapore or Australia causing any ripples in the markets either*

---

That leaves us looking out for December industrial production from Japan and Thailand where sluggish export recovery sustained the negative spell on manufacturing growth. Singapore also reports industrial production data, which will indicate likely direction of revision to the -3.8% YoY advance 4Q GDP estimate released earlier this month. Also, look out for Singapore's jobs report for the fourth-quarter, which should show an unchanged unemployment rate at 3.6%.

Lastly, we don't see CPI inflation figures from either Singapore or Australia causing any ripples in the markets. Prices continue to be under pressure from weak consumer spending, which together with sluggish growth prospects argue for sustained policy accommodation ahead.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 25 January</b>					
Singapore	0700	Dec Core CPI (YoY%)	-0.1		-0.1
	0700	Dec Consumer Price Index (YoY%)	0.0		-0.1
Taiwan	0800	Dec Industrial Output (YoY%)	4.2		7.8
	0800	Dec Money supply (M2) (%YoY)	7.6		7.6
South Korea	2300	Q4 GDP Growth (QoQ/YoY%) Advance	1.5/-0.9		2.1/-1.1
<b>Tuesday 26 January</b>					
Singapore	0500	Dec Manufacturing Output (MoM/YoY%)	-2.0/13.0		7.2/17.9
Hong Kong	0900	Dec Imports	8.2		5.1
	0900	Dec Exports	10.9		5.6
	0900	Dec Trade balance	-25.0		-25.6
South Korea	2100	Jan BoK Consumer Sentiment Index	95.4		89.8
<b>Wednesday 27 January</b>					
China	0130	Dec Industrial Profit (YoY%)	27.0		15.5
Thailand	0330	Dec Manufacturing Prod (YoY%)	-2.4		0.4
South Korea	2100	Feb BOK Manufacturing BSI	80.0		77.0
	2100	Feb BOK Non-manufacturing BSI	70.0		64.0
<b>Thursday 28 January</b>					
Philippines	0200	Q4 GDP (YoY%)	-10.4		-11.5
Singapore	0230	Q4 Unemployment Rate Prelim SA	3.6		3.6
South Korea	2300	Dec Industrial Output (MoM/YoY%)	-0.5/-2.0		0.3/0.5
<b>Friday 29 January</b>					
Malaysia	0400	Dec Imports	-10.0		-9.0
	0400	Dec Exports	4.0		4.3
	0400	Dec Trade balance	24.7		16.8
Thailand	0730	Dec Current Account	-0.9		-1.5
Taiwan	0800	Q4 GDP (YoY%) Prelim	4.2		3.9
Hong Kong	0830	Dec 4Q20 GDP - advance (YoY%)	-5.0		-3.5

Source: ING, Refinitiv, \*GMT

## Author

### Amrita Naik Nimbalkar

Junior Economist, Global Macro

[amrita.naik.nimbalkar@ing.com](mailto:amrita.naik.nimbalkar@ing.com)

### Alissa Lefebvre

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)

### Deepali Bhargava

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

### Ruben Dewitte

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

### Kinga Havasi

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

**Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

**Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**

Senior Sector Strategist, Real Estate

[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**

Research Assistant, Energy Transition

[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**

Sector Economist, TMT & Healthcare

[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

**ING Analysts**

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst

[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist

[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy

[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy

[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist

+31(0)611172684

[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**



Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**

Senior Sector Strategist, Financials

[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri

[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors

[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist

[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**

Head of Global IFRS9 ME Scenarios

[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**

Senior Economist, Germany, Global Trade

[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**

Senior Data Analyst, Netherlands

[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research

+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto: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](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

Global Head of Markets and Regional Head of Research for UK & CEE

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)



Snap | 21 January 2021

## Indonesia keeps rates on hold but leaves door open for more cuts in 2021

Bank Indonesia held its key rate steady at 3.75% to help maintain currency stability amidst the benign inflation environment



Source: IMF/Flickr

Perry Warjiyo, Governor of Bank Indonesia

# 3.75%

7-day reverse repurchase rate

Policy rate

As expected

### Central bank takes a pause with IDR stability in mind

Indonesia's central bank kept its key rate unchanged at 3.75% as expected, to provide stability to the Indonesian rupiah, which has been under some depreciation pressure.

Despite the slide in early January, the central bank indicates that the currency remains "undervalued" with the rupiah likely to appreciate in the coming months "in-line with the economy's fundamentals".

Governor Perry Warjiyo also provided updated economic outlook with growth forecast to gradually

recover and settle between 4.8-5.8% this year while inflation is expected to remain benign and settle within the 2-4% target.

## Door remains open for rate cuts in 2021

While the central bank kept rates unchanged, Governor Warjiyo retained his accommodative policy stance, citing the need to support the economic recovery amidst a benign inflation situation.

---

*We believe the central bank will remain open to easing policy further in the near term if inflation remains subdued with IDR stability likely the main decision point*

---

Activity indicators showed some improvement in recent months but a recent spike in Covid-19 infections has forced Java and Bali to impose stricter lockdown measures to slow the spread of the virus.

The series of rate cuts in 2020 have yet to bear fruit with bank lending grinding to a halt but improved economic conditions in the coming months should help lift bank loan expansion. We believe the central bank will remain open to easing policy further in the near term if inflation remains subdued with IDR stability likely the main decision point.

### Author

#### Nicholas Mapa

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).