

## Good MornING Asia - 7 June 2021

The G-7 agrees a 15% minimum tax rate - and aims to push this out to the G-20. But this will have no impact on anywhere of size in Asia

### In this bundle



Australia | China...

#### Minimum tax rate - no bother for Asia

The G-7 agrees a 15% minimum tax rate - and aims to push this out to the G-20. But this will have no impact on anywhere of size in Asia

By Robert Carnell



Asia week ahead

#### Asia week ahead: China's May data dump

The trade, manufacturing, and inflation figures for May crowd next week's economic calendar in Asia. China will be in the spotlight for the usual...

## Minimum tax rate - no bother for Asia

The G-7 agrees a 15% minimum tax rate - and aims to push this out to the G-20. But this will have no impact on anywhere of size in Asia



Source: Shutterstock

### Minimum tax rates - bring them on!

Unlike Europe, where both Hungary and Ireland have corporate tax rates below 15%, the list of economies in the Asia Pacific region where corporate tax rates are below 15% is not going to cause markets any big worries. Here is the list (and it actually contains a couple where the rate is exactly 15%, which also won't be affected):

- Macao (SAR) 12%
- Maldives 15%
- Mauritius 15%
- Timor Leste 10%
- Vanuatu 0%
- Wallis and Futuna islands 0%

[\(source - The Tax foundation\)](#)

There are a few on the list I needed an atlas for, but for the main financial hubs of the region, the rates are either tantalizingly close, but above the 15% threshold (Hong Kong SAR 16.5%, Singapore 17%) or significantly above it (Japan 29.74%, Korea 27.5%, Australia 30%, Philippines, 30%, India - lowest is 22%).

Of course, corporate tax rates appear to be more of a guideline in some countries than a hard and fast measure, and so the rates above are subject to the guile and wit of the accountancy profession (...), but I list them with that caveat made clear.

Bottom line - this has no real worries for the Asia Pacific region.

## Market response to the non-farm payrolls release is inconsistent

I won't lie, I found the market response to last Friday's non-farm payrolls release to be very irritating. The 559K increase wasn't even that far off the published consensus (675K), though the whisper number may have been higher after the strong ADP release. [James Knightley's piece on the data says it all](#). This was all about supply constraints. If you want further proof, look no further than the small firm NFIB Survey, which published over the weekend (I can't give you a link as it was not working this morning - something about protecting itself from cyber-attack!). Anyway, this is reported by various newswires to show that 93% of all firms with unfilled vacancies had no suitable qualified applicants at all last month. In the construction industry, where jobs tend to be of the semi-skilled variety, down to outright unskilled labour, the number rose to 66% from 58% a month ago.

Now I know this will slow the potential for real economic growth to rise, but it also howls out that there is a growing inflation pressure issue, and that ought to see yields moving higher, not lower.

I also took a quick look at the commitment of traders reports from last week before today's morning call, and I looked at the speculative net positions, which are erratically pushing longer but don't look particularly extreme. However, if you look individually at the long and short positions, they are both now quite extreme, and this I think is part of the answer to this conundrum.

There appear to be two very strong camps when it comes to US Treasuries, and when one makes gains, the other re-doubles their efforts and drags them back. I think until one or other side in this argument capitulates, we will continue to see this range trade play out. I'm firmly of the view that it eventually ends in higher yields. But I can't say how, or when, unfortunately. All I can say is that the macro data releases that should have sent yields soaring much higher have not been very successful at doing so, and so far, the bond bulls have been doing a better job of pushing the market their way - I just don't think any of the data really supports their stance, and eventually, the data will speak.

## Asia today - quiet - too quiet...

It's almost too quiet in G-7 space today - nothing of note to report.

In Asia-Pacific, we will see some China trade figures released. This May data will mostly precede the port disruptions caused by Covid-19 outbreaks and port closures, so whatever today's figure, next month could well be a few notches lower. Watch out for our write up later if it's worth reporting.

Otherwise, it's quiet today. Enjoy,

### Author

#### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

## Asia week ahead: China's May data dump

The trade, manufacturing, and inflation figures for May crowd next week's economic calendar in Asia. China will be in the spotlight for the usual...



Source: Shutterstock

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 7 June</b>					
China		- May Exports (YoY%)	32.1		32.3
		- May Imports (YoY%)	53		43.1
		- May Trade Balance (USD bn)	47.9		42.86
		- May FX Reserves (USD tr)	3.22		3.198
Indonesia		- May Forex Reserves	138.1		138.8
Philippines		- May Forex Reserves (USD bn)	-		107.25
Singapore	1000	May Foreign Reserves (USD bn)	-		385.7
South Korea	0000	Apr Current Account Bal (USD bn)	10.3		7.82
<b>Tuesday 8 June</b>					
Taiwan	0900	May CPI (YoY%)	1.9		2.1
	0900	May WPI (YoY%)	11.5		9.6
	0900	May Exports (YoY%)	16.5		38.7
	0900	May Imports (YoY%)	7.2		26.4
	0900	May Trade balance (US\$bn)	4.7		6.2
South Korea	0000	Q1 GDP Growth (QoQ/YoY%)	1.6/1.8		1.6/1.8
	0000	May Unemployment Rate	3.6		3.7
<b>Wednesday 9 June</b>					
China	0230	May CPI (YoY%)	1.5		0.9
	0230	May PPI (YoY%)	9.2		6.8
Indonesia		- May BI consumer confidence index	102.3		101.5
Philippines	0200	Apr Exports (YoY%)	115.2		31.6
	0200	Apr Imports (YoY%)	158.9		16.6
	0200	Apr Trade Balance (USD mn)	-2401.6		-2412
<b>Thursday 10 June</b>					
China		- May Aggregate finance (Yuan bn)	2800		1850.7
		- May Financial institution loans (Yuan bn)	2226		1470
		May Money supply (M2) (%YoY)	8.1		8.1
<b>Friday 11 June</b>					
India	1300	Apr Industrial Output (YoY%)	67		22.4
Malaysia	0500	Apr Industrial Output (YoY%)	38		9.3

Source: Refinitiv, ING

## 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 <http://www.ing.com>.