

Deluge of data from Asia - most of it positive

While the rest of the world comes to grips with fourth waves in the Covid pandemic, Asia-Pacific released a lot of data today, including Japan's latest Tankan survey. Most of it was positive



Source: istock

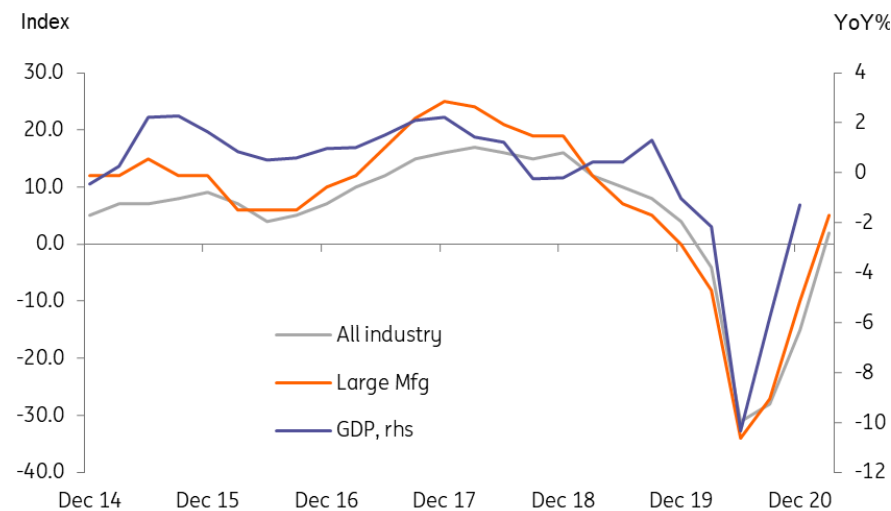
Still some worrying Covid-19 figures

I won't pretend that everything is rosy in Asia. Looking at the global daily Covid-19 cases today, India is back in second place, with approximately 72,000, just behind Brazil on 85,000. This is not a podium you want to ascend. The US, which had been making good progress amidst a strong vaccine rollout is seeing numbers creep up again, perhaps a lagged response to the scenes of Spring Break we saw recently. Didn't see much social distancing going on there. And vying for a podium position, France at about 41,000 is back in lockdown. Some other European economies may well follow suit, though this is a tough proposition in Europe, where this isn't accepted lightly by some segments of the population.

Our region's main Covid-19 worries centre around Indonesia and the Philippines, where daily rates are hovering at around 6,000. Well down US or European figures. Movement restrictions are in place in both economies but have struggled so far to get a solid grip on the virus. And getting the

numbers down to much lower levels has proved elusive. These lockdowns and other restrictions will weigh on economic activity for all three Asian economies mentioned, delaying their recoveries, and should serve as a warning to the rest of the region how fragile their relative strength is to a renewed wave or variant outbreak, especially while the vaccine rollout is proceeding at a very slow pace in most economies here.

Japan's Tankan headlines and GDP



Source: CEIC
March Tankan

But the economic data is pretty good

For now, though, the economic data is running pretty well. Out this morning already is a slew of regional data. I'll start with Japan's Tankan survey - Japan's quarterly business sentiment survey (though is a lot more than that if you have time to plough through the details) from the Bank of Japan. The market focus of this survey is usually on the large manufacturing firm headline index, and that surpassed expectations rising from -10 to +5. Large non-manufacturing firms improved to -1 from -5 (expected only -4), and there were improvements too for small firms in both manufacturing (-13 from -27) and non-manufacturing (-11 from -12) which exceeded expectations that had been muted by a less ebullient business survey from the Ministry of Finance some weeks earlier.

Slightly later, we had Korean export data for March, where exports rose 16.6%YoY, yet to see the big year on year comparison boost from Covid-induced weakness last year (that will come later in April and May releases), so we might well see these numbers hurtle still higher in the coming months. An 18.8%YoY increase in imports hints at a combination of much stronger exports next month, as well as strengthening domestic demand, both of which are welcome developments, and outweigh any slight undershoot of the trade surplus to \$4717m, which is still a big increase on the \$2616m February figure.

Further house price strength from New Zealand in the form of the CoreLogic data which rose to 16.1%YoY in March, up from 14.5% in February, must surely dash any hopes for further easing from the RBNZ, and might hasten thoughts of a return to tighter policy from them in due course.

In Australia, along with a decent Markit PMI, slipping only 0.2points to a still respectable 56.8, we

also got retail sales for February - a final figure and not as bad as expected at -0.8% MoM (-1.1% expected). Australian trade for February was a touch softer, with exports drifting down 1% from January despite some downwards revisions to that figure, though imports picked up a bit more than expected to 5% and squeezed the February trade surplus back to AUD7,529m from AUD9,616m in January.

Apart from the slight miss in Australia, PMIs across the rest of the region were almost all up from last month - Korea was flat at 53.3, but comfortably in expansion territory. Taiwan looks hot at 60.8 (up from 60.4), and even the region's underperformers - Malaysia at 49.9 and Thailand at 48.8 - both increased from February.

The rest of the day will deliver China's Caixin Mfg PMI and Indonesian CPI for March - though market moves may well be light ahead of the extended weekend for many and the lottery of tomorrow's non-farm payrolls after yesterday's ADP survey set the market up for another big gain. With payrolls, there is always scope for a shock.

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