

Asia week ahead: Data from China in focus

Next week we'll see Chinese trade and inflation data, plus inflation data from India



China: trade, inflation, and credit data

China is set to release its trade, inflation, and credit data in the coming week. We anticipate August's trade data continued to slow, with export growth around 5% year-on-year and imports around 3% YoY. A key category to watch will be auto exports, which have recently faced pressure and are expected to slow further this month. If auto exports shift from being a tailwind to a headwind, it could negatively impact China's overall export strength. Inflation is likely to edge up slightly in August.

We expect CPI inflation to move higher to around 0.6% YoY, as food inflation is expected to finally turn positive for the first time in 14 months after hitting the zero boundary last month. Non-food inflation on the other hand could remain an overhang amid heightened price competition.

Finally, credit data has been quite weak throughout the year with aggregate financing down

-14.6% YoY year-to-date through the first seven months of the year. August's data could shed some light on whether or not the July rate cuts were at all effective in driving credit activity again; expectations are not high as sentiment and risk appetite remain downbeat.

Taiwan: bounce-back in trade data expected

Taiwan is also scheduled to release its trade data in the week ahead. We are looking for a bounce-back in the year-on-year numbers in August's data after a rather softer-than-expected July, looking for exports to recover to 8.3% YoY and imports to rise to 23.7% YoY. This remains in large part a base effect story, as last year's weak base will help the year-on-year numbers, particularly for imports.

We've seen rising concentration risk in Taiwan's recent export data, with heavy reliance on computer exports to North America, while many other categories saw low to negative growth.

Rest of Asia: India inflation and Japan producer prices

Indian inflation for August is dominated by falling food prices. Vegetable prices are tumbling, but there are also declines across a wide spectrum of the food basket. This should result in a larger seasonal drop than last year, with a 0.5% month-on-month decline in the price level, bringing the annual inflation rate down to just 3.1% year-on-year. This figure is well within the lower half of the Reserve Bank's 2-6% target range. The RBI chose to leave rates unchanged at its last meeting, but there were some dissenters, and we would not be surprised to see it cut at its 9 October meeting.

Japan will release its revised second-quarter GDP figure based on the recent monthly data updates. No major revision is expected. For producer prices, it should stay at 3.0% YoY for a second consecutive month.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 9 September				
Japan	0750	Jul Current Account Balance (JPY tn)	2	1.53
	0750	Q2 GDP Final (QoQ%/YoY%)	0.8/3.5	0.8/3.5
China	0930	Aug CPI (YoY%)	0.6	0.6
Indonesia	1100	Aug Consumer Confidence Index	-	123.4
Taiwan	1600	Aug Imports (YoY%)	23.7	16.2
	1600	Aug Exports (YoY%)	8.4	3.1
	1600	Aug Trade Balance (USD bn)	4.9	4.83
Tuesday 10 September				
Indonesia	1100	Jul Retail Sales (YoY%)	-	2.7
Philippines	0900	Jul Exports (YoY%)	7.9	-17.3
	0900	Jul Imports (YoY%)	3.8	-7.5
	0900	Jul Trade Balance (USD bn)	-4.2	-4.3
Wednesday 11 September				
South Korea	0700	Aug Unemployment Rate	2.7	2.5
China	-	Aug Vehicle Sales (YoY%)	-	-5.2
Thursday 12 September				
India	2000	Aug CPI (MoM%/YoY%)	0.9/3.1	1.4/3.5
	2000	Jul Industrial Output (YoY%)	-	4.2
Saturday 14 September				
China	0930	Aug House Prices (YoY%)	-	-4.9
	1000	Aug Industrial Output (YoY%)	4.8	5.1
	1000	Aug Retail Sales (YoY%)	2.5	2.7
	1000	Aug Unemployment Rate	3.5	5.2

Source: Refinitiv, ING

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