

Asia week Ahead: Inflation from China and India as well as a Bank of Korea meeting

Highlights for the week ahead include China's inflation and lending data and Japan's labour cash earnings data. We also have a Bank of Korea meeting, advance second quarter GDP from Singapore and Indian inflation. There is also trade data from the Philippines and Taiwan



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China monthly data reports

In the week ahead, China will release its credit, inflation, and trade data for June. CPI and PPI inflation are set to be published on Wednesday morning. We are looking for inflation to edge up towards 0.4% YoY.

Trade data will be released on Friday and we are looking for export growth to move a little higher to around 9.5% YoY, as tariff action from the EU and US is yet to take effect and there could be a frontloading effect. There are also weak base effects from 2023.

Credit data is also expected to be released next week. We have seen feeble credit activity in the year to date, with new RMB loans down to around -17% compared to last year in the first five months of the year. This month's data will likely see a typical end-of-quarter spike, which could be supported by more mortgage lending. However, in year-on-year terms, credit demand is likely to remain sluggish.

Korea: BoK meeting

The Bank of Korea (BoK) will meet on Friday. We will look for any change in the BoK's communication tone. The BoK recently voiced its confidence in slowing inflation, which for them, is quite unusual. We still don't think inflation is low enough to trigger a rate cut at the July meeting, but it is possible that we see a minority vote in favour of a rate cut and there could be more board members who are open to a rate cut in three months. We still believe that the BoK's first rate cut will come in October, as household debt has reaccelerated in recent months and upside risks to inflation remain high. Inflation will likely pick up again in July as the fuel tax cut reduces and some local public services fees are set to rise. However, if July inflation turns out to be lower than expected, then the probability of a cut in August will increase.

Japanese Labour Cash Earnings

The most eagerly awaited Japanese data of the week will be May's Labour Cash Earnings as the recent Shunto agreement will be more clearly reflected in the payroll. Solid wage growth should give the BoJ more confidence to raise rates at its July meeting.

Taiwan's Trade Data

Taiwan publishes its June trade data on Tuesday. After disappointing YoY growth of 3.6% and 0.6% for exports and imports respectively in May, we are looking for both exports and imports to rebound in June, with forecasts of 11.1% YoY and 9.5% YoY respectively for a trade balance of USD 18.2bn.

India likely to remain stable

Indian inflation looks likely to remain around the 4.8% YoY rate recorded for May, though the risks are skewed to the upside for this release. While that is still in the upper end of the Reserve Bank of India's target range, it has been pretty stable there, and if this remains the case, then we might start to entertain thoughts of some easing in 3Q24, perhaps even ahead of the Fed.

The persistence of strong Indian PMI reports on the manufacturing sector point to industrial production growth in May remaining close to the 5% YoY growth rate recorded for May.

Australian household spending data

Australian household spending data for June will provide the final piece of the puzzle for second-quarter consumer spending. The data has been jumping around a fair bit, and the June figure is likely to be a lot lower than the 1.1% MoM growth registered for May. However, anything above zero should ensure that we get a small positive growth number for the second quarter.

Singapore's advance 2Q24 GDP

The Advance 2Q24 GDP estimate is likely to show Singapore growing slightly faster after the disappointing 0.1% QoQ growth rate recorded in the first quarter. A 0.4% QoQ growth rate would leave the annual GDP growth rate at 2.7% YoY – unchanged from the first quarter, though towards the upper end of the MAS' 1-3% GDP growth forecast.

Philippines trade balance

After a strong spike in imports in April to USD10.977bn, imports in May will likely retrace to about USD10bn in May. With exports still trending slightly higher, this could squeeze the trade deficit to about USD3.7bn, down from -USD4.7bn in April, providing a little support to the PHP.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 8 July				
Japan	0750	May Current Account Balance	-	2051
Tuesday 9 July				
Australia	0830	Jul Consumer Confidence Change	-	1.7
Indonesia	1100	May Retail Sales Index (YoY%)	-	-2.7
Taiwan	1600	Jun Imports	-	0.6
	1600	Jun Exports	-	3.5
	1600	Jun Trade Balance	-	6.05
South Korea	0700	Jun Unemployment Rate	-	2.8
Wednesday 10 July				
China	0930	Jun CPI (MoM%/YoY%)	-/-	-0.1/0.3
New Zealand	1000	Jul Official Cash Rate	5.5	5.5
Philippines	0900	May Exports (YoY%)	-	26.4
	0900	May Imports (YoY%)	-	12.6
	0900	May Trade Balance	-3700	-4760
Thursday 11 July				
South Korea	0900	Jul Bank of Korea Base Rate	-	3.5
Friday 12 July				
India	1300	Jun CPI (MoM%/YoY%)	1.1/4.8	0.48/4.75
	1300	May Industrial Output (YoY%)	4.9	5
Singapore	0800	Q2 GDP Flash (QoQ%/YoY%)	0.4/2.7	0.1/2.7

Source: Refinitiv, ING

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