

Asia week ahead: Central bank meetings in Japan, China, Indonesia, Taiwan, and Philippines

Central banks in Japan, China, Indonesia, Taiwan, and the Philippines will announce rate decisions next week. Also, markets will focus on key economic data releases from China and Japan



Japan: BoJ meeting and key activity and inflation data

The Bank of Japan is expected to keep its policy rate at 0.5%. The real focus will be on the interim review of the size of Japanese government bond purchase operations. Despite speculation that the BoJ may reduce its quarterly purchases from 400 billion yen to 200 billion yen, we believe it will maintain the current pace.

On the data front, soft activity data is anticipated. Exports and machinery orders likely contracted in May due to US tariffs and global uncertainty. Inflation is expected to remain above 3%, especially core prices, which may rise from 3.5% year on year in April to 3.7% in May amid broad-

based service-price increases. The BoJ will face challenges balancing fragile growth and rising inflation in the coming months.

China: Monthly data dump and key rates decision

China is set to publish its key economic indicators on Monday in its monthly data dump. The day starts off with figures on 70-city housing prices, which have yet to establish a trough, although the pace of decline has generally slowed in recent months. Next, hard activity data on retail sales, industrial production, and fixed asset investment are expected to remain broadly stable with a bias toward moderation. The impact from the earlier peak-tariff period continues to feed through to the economy. China's loan-prime rate will be announced on Friday. Rates are expected to remain unchanged on the month.

Taiwan: Central bank expected to stand pat amid volatile TWD

We expect the Central Bank of the Republic of China to stand pat at Thursday's meeting. This view is based on the level of TWD volatility in May and inflation staying near the 2% target. Markets will watch closely for any signal of a shift in CBC's policy direction moving forward.

Indonesia: Bank Indonesia likely to keep policy on hold

We expect Bank Indonesia to leave the policy rate unchanged at 5.5%. Inflation remains well under control, and the local currency has been rather stable. This indicates there's still room for the BI to cut rates. However, given the uncertainty around the Federal Reserve's rate cut path, we don't see the BI carrying out back-to-back rate cuts in June. Rather, the central bank is likely to wait for further clarity on the Fed's path and use the policy space to cut rates again in the third quarter.

Philippines: BSP will extend its easing cycle

A lower-than-expected Philippine inflation trajectory, a stronger local currency, high real rates, and uncertainty over global growth reinforce our view that monetary policy easing is far from over. Modest inflation reading for May supports another 25 bp rate cut by the Bangko Sentral ng Pilipinas to 5.25% at its policy meeting.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 16 June				
China	1000	May Fixed Asset Investment (YoY% ytd)	-	4
	1000	May Industrial Output (YoY%)	-	6.1
	1000	May Retail Sales (YoY%)	-	5.1
India	0230	May WPI Inflation (YoY%)	-	0.85
Tuesday 17 June				
Japan	1100	BoJ Rate Decision	0.50	0.50
Wednesday 18 June				
Japan	0750	May Exports (YoY%)	-3.0	2.0
	0750	May Imports (YoY%)	-5.0	-2.2
	0750	May Trade Balance (JPY bn)	-900	-115.8
	0750	Apr Core Machine Orders (MoM%)	-8.0	13.0
Indonesia	0330	7-Day Reverse Repo Rate	5.50	5.50
Thursday 19 June				
Australia	0230	May Unemployment Rate	-	4.1
Philippines	0300	Policy Interest Rate	5.25	5.50
Taiwan	0430	Interest Rate Decision	2.0	2.0
	0420	May Money Supply - M2 (YoY%)	-	3.9
Friday 20 June				
China	0915	Jun Loan Prime Rate 1Y	3.0	3.0
	0915	Jun Loan Prime Rate 5Y	3.5	3.5
Japan	0730	May CPI (YoY%)	3.5	3.6
	0730	May Core CPI (YoY%)	3.7	3.5
Taiwan	0400	May Export Orders (YoY%)	-	19.8

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