

Asia week ahead: Central bank developments and an incoming data flood

Data dumps for China and Japan as well as a raft of Asian central bank meetings make for a busy week ahead, despite public holidays across much of the region



China: Monthly data dump before mid-autumn

Ahead of the mid-autumn festival next week, China publishes its August data dump on Saturday morning. We are generally looking for another month of sluggish growth data this month, with the three big economic activity indicators of industrial production (5.1% prior, 4.8% forecast), fixed asset investment (3.6% prior, 3.5% forecast), and retail sales (2.7% prior, 2.5% forecast) all expected to moderate.

Once again, we will be watching the 70-city housing price data closely, looking for signs of stabilisation. Prices have declined at a slower rate in the last two months but the sequential

decline remains significant. Later in the week, the loan prime rates will be announced, where no change is expected until a cut to the 7-day reverse repo takes place.

Japan: Data dump alongside a BoJ meeting

Next week, Japan will release several major data points including the tertiary industry index, core machinery orders, trade, and CPI. The highlight, though, will be the Bank of Japan (BoJ) policy meeting.

The BoJ is widely expected to keep rates unchanged after their 15bp hike in July. However, if upcoming growth and inflation data are in line with the central bank's outlook, then it will likely resume its rate hikes in December. That said, consumer price inflation is expected to rise sharply to 3.0% year-on-year, partly due to last year's utility subsidy programme. Service prices are also expected to add modestly to inflationary pressure and lead a rise in core inflation. Strong global demand for semiconductors and cars will likely boost exports and core machinery orders.

Indonesia and Taiwan: Central banks likely to leave rates on hold

Continued benign inflation means that rate cuts from Bank Indonesia (BI) aren't probably far away. But we still expect the central bank to wait for the US to start cutting before making any moves of its own. Consequently, we expect the policy rate to remain at 6.25%, though there may be some allusion to rate cuts around the corner, so we expect a "dovish hold".

Taiwan's central bank also holds a monetary policy meeting this Thursday. Given the recent run of strong activity data and inflation remaining above 2%, we expect no change to policy rates at this meeting. We expect that the next move will be a cut, but this will likely not come until the Federal Reserve's rate cut cycle is well underway.

Australia: Employment growth and unemployment rate

Like the US, the outlook for rates in Australia is likely to be influenced by developments in the labour market. Unlike the US, the Australian labour market has looked incrementally stronger over recent months. Full-time jobs have made up the bulk of recent employment growth, which has averaged around 50,000 per month in the last three months, notwithstanding a slight increase in the unemployment rate.

A slight pullback in employment growth is probably due on purely statistical grounds at some stage, so we are scaling back our expectations for total employment growth to +30,000 in August, with a 25k full-time, 5k part-time split. A further increase in the unemployment rate to 4.3% is also possible. This isn't enough to encourage thoughts of easing from the Reserve Bank of Australia, and we think the market is still too aggressive in its pricing of rate cuts before the end of the year.

Singapore: Slight correction in monthly NODX

The month-on-month surge seen in non-oil domestic exports (NODX) last month hints at an improvement in Singapore's external environment – though it is hard to justify that when looking at regional and global data. Some pullback this month seems likely, although last August was very soft, so we might well see some improvement in the year-on-year growth rate even if there is a significant correction. We look for a 4.5% MoM decrease which would lift the YoY growth rate to

17.7%.

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 16 September				
India		- Aug Trade Balance (USD bn)	-	-23,5
Tuesday 17 September				
Japan	1230	Tertiary Industry Index (MoM%)	1	-1,3
Indonesia	1000	Aug Trade Balance (USD bn)	-	0,47
Singapore	0830	Aug Non-oil Domestic Exports (MoM%/YoY%)	-4.5/17.7	12,2/15,7
Wednesday 18 September				
Japan	0750	Aug Exports (YoY%)	12	10,3
	0750	Aug Imports (YoY%)	15	16,6
	0750	Aug Trade Balance (JPY bn)	-300	-621,8
	0750	Core Machinery Orders (MoM%)	0,5	2,1
China	0920	1 Year MLF Rate	2.3	2.3
New Zealand	0645	Q2 Current Account Balance (NZD bn)	-	-4,36
Indonesia	1530	7-Day Reverse Repo	6,25	6,25
Thursday 19 September				
Australia	0930	Aug Unemployment Rate	4,3	4,2
Australia	0930	Aug Employment Change (000s)	30	58,2
Malaysia	1200	Aug Trade Balance (MYR bn)	-	6,4
Taiwan	1600	Interest Rate Decision	2	2,00
Friday 20 September				
Japan	0730	Aug CPI (MoM%/YoY%)	0.4/3.0	0.2/2.8
	0731	Aug Core CPI excl fresh food (MoM%/YoY%)	0.3/2.8	0.5/2.7
	1200	BoJ Interest Rate Decision	0,25	0,25
China	0900	Sep Loan Prime Rate 1Y	3,35	3,35
	0900	Sep Loan Prime Rate 5Y	3,85	3,85

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