

Asia week ahead: China's third plenum, Bank Indonesia and regional data releases take the spotlight

A big week ahead for Asia is set to include China's delayed third plenum and data dump, as well as key employment, inflation and trade data from across the region. We'll also be keeping an eye on Indonesia's upcoming central bank meeting



China: Third plenum and major economic data dump

It's a big week ahead for China. The main market focus will be on the third plenum of the CCP's 20th National Congress, which is set to be held in Beijing on 15-18 July. The market has been looking ahead to this event for some time and will watch closely for new policy signals and communication.

In terms of data, China also releases its major economic data on Monday, which will feature

second quarter GDP for the year, as well as the key monthly activity data of industrial production, retail sales, and fixed asset investment, which are all expected to have moderated slightly in June. The 70-city property prices will also be watched closely to see if there are signs of stabilisation after May saw the steepest month-on-month decline of any month in this current downturn.

The People's Bank of China will also set its 1-year MLF rate on Monday morning, where markets are expecting the rate to remain unchanged at 2.5%. Low inflation and weak credit data continue to present a solid case for further monetary policy easing.

Japan: CPI in the week ahead

Consumer price inflation is likely to edge up to 2.9% year-on-year in June from the previous month's 2.8%, as suggested by the earlier Tokyo inflation and producer prices. Utilities and manufactured goods prices are the main drivers of headline inflation. The Bank of Japan has expressed its concern about exchange rate pass-through inflation, and solid wage growth is also likely to add to inflationary pressure in the coming months.

Meanwhile, the government plans to offer an energy subsidy programme from August to October, which will temporarily weigh on headline inflation. Solid global demand for semiconductors and vehicles should boost Japanese exports in June. We expect exports to rise 7.5% YoY in June, and solid exports should narrow the trade deficit from -1,221bn yen to -100bn yen.

Australia: employment change (unemployment rate)

Following the decent rise in full-time employment in Australia in May, the June full-time figure will probably drop back by around 15,000 – though we expect that an offsetting increase in part-time jobs will leave the overall employment change fairly flat at about +3,000. These figures are choppy, but the trend for employment growth appears to be slowing, just not fast enough to have had much impact yet on the inflation rate. We expect the unemployment rate will remain unchanged at 4.0%.

Trade figures from Indonesia and India and also Indonesian rate setting meeting

We don't believe that Bank Indonesia (BI) will change rates at its forthcoming meeting, although BI Governor Perry Warjiyo says there may be room for the policy rate to be cut in the fourth quarter of the year if the IDR stabilises. For this, we almost certainly need to see the Federal Reserve starting its easing cycle in September, leading to a weaker USD and allowing the IDR to strengthen. This is what we expect for most central banks in the region, though there are a couple – like the BSP in the Philippines and the RBI in India – that may try to front-run the Fed. On a brighter note, the IDR has been better behaved recently, and the BI Governor does not see the need for further rate hikes to support the currency. With inflation at only 2.9% YoY and the policy rate at 6.25%, real policy rates remain very supportive.

Indonesia's exports appear to be rising in year-on-year terms, but in USD they are flat on a trend basis. This month, exports could drop back to around USD20.5bn after an increase in May to USD22.3bn. That would be roughly unchanged from a year ago. Imports are also due a dip in May to around 18bn, leaving the trade surplus at about USD4.3bn, up slightly from the USD2.9bn recorded for May. This could provide the IDR with a bit of support.

India also releases trade data for June and the trade deficit should narrow marginally from about -USD23.7bn to about -USD21bn.

Philippines overseas cash remittance

Remittances from Filipino overseas workers should come in around USD2.62bn in May, up slightly from USD2.53bn in April. Remittances have been growing fairly steadily at about a 3% YoY rate since 2022, and we see few reasons for this to change in the near term.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 15 July				
China	1000	Q2 GDP (QoQ%/YoY%)	0.9/5.1	1.6/5.3
	1000	Jun Retail Sales (YoY%)	3.5	3.7
	1000	Jun Industrial Production (YoY%)	5	5.6
	1000	Jun Unemployment Rate	5	5
		- Third Plenum Begins	-	-
India		- Jun Trade balance (USDbn)	21	23.8
	1430	Jun WPI Inflation (YoY%)	-	2.61
Indonesia	1200	Jun Trade Balance (USD bn)	4.3	2.93
	1200	Jun Exports Growth (YoY%)	-	2.86
	1200	Jun Imports Growth (YoY%)	-	-8.83
Philippines		- Overseas Workers Cash Remittances (YoY%)	2.9	3.1
Singapore	0830	Jun Non-Oil Exports Growth (MoM%/YoY%)	0.9/-3.3	-0.1/-0.1
	0930	Jun Trade Balance	-	4.563
Wednesday 17 July				
Indonesia	1530	Jul 7-Day Reverse Repo	6.25	6.25
Thursday 18 July				
China		- Third Plenum Ends	-	-
Japan	0750	Jun Trade Balance (JPY bn)	-100	-122.1
	0750	Jun Exports Growth (YoY%)	7.5	13.5
	0750	Jun Imports Growth (YoY%)	9.1	9.5
Australia	0750	Jun Employment change (000s)	5	39.7
	0230	Jun Unemployment Rate	4	4
	0230	Jun Reserve Assets Total	-	93038
Friday 19 July				
Japan	0730	Jun CPI (MoM%/YoY%)	0.2/2.9	0.5/2.8
	0730	Jun Core CPI (YoY%)	2.6	2.5

Source: Refinitiv, ING

Authors

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information

purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.