

## Asia week ahead: Chinese loan prime rate decision and data on Japan and Taiwan

China is expected to keep its loan prime rate unchanged, while Taiwan's export orders are seen slowing amid global fallout from tariffs. Japan will release data on inflation, exports and purchasing managers' orders



### China: LPR expected to remain unchanged

We expect no change to the loan prime rates for Chinese banks on Wednesday. The People's Bank of China hasn't made any adjustments to the 7-day reverse repo this month. Rather than direct rate cuts, policymakers recently moved to support credit activity in more targeted ways, with subsidies for consumer loans set to come into effect in September.

### Taiwan: July export orders expected to slow down

Taiwan's export orders, out on Wednesday, are expected to moderate. After spiking to a four-month high of 24.6% year-on-year in June, we expect orders to have moderated back to around

15% YoY in July. Though data should still benefit from the strong external demand seen recently, it will be more interesting to gauge any changes in August after US reciprocal tariffs came into effect.

## Japan: Inflation expected to continue cooling down

Japan's national consumer price index for July, out on Friday, will likely show that prices continue to cool. Food costs are expected to rise, though falling utility prices should ease overall inflation pressures. Headline inflation will continue to cool down to 3.1% YoY in July. But thanks to base effects, monthly comparisons should rebound to 0.2% month on month from -0.1% in June.

Meanwhile, the flash purchasing managers' index is likely to improve in August. The US-Japan trade deal should reduce uncertainty, while the local equity market has gained modestly. The manufacturing PMI should stay below 50, but improving services activity should remain the key growth driver for the economy.

We expect exports to drop by 2.0% YoY in July, mostly due to a high base from last year. We believe there might have been some front-loading before 1 August, the deadline for many of President Trump's tariffs. The largest export item, cars, should also advance. Strong demand in the artificial intelligence space is likely to boost semiconductor and equipment exports.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
<b>Wednesday 20 August</b>				
Japan	0750	Jul Exports (YoY%)	-2	-0,5
	0750	Jul Imports (YoY%)	-10	0,2
	0750	Jul Trade Balance (JPY bn)	200	153,1
	0750	Core Machine Orders (MoM%/ YoY%)	1.7/2.0	-0.6/4.4
China	0900	Aug Loan Prime Rate 1Y	3	3,00
	0900	Aug Loan Prime Rate 5Y	3,5	3,50
India	1930	Money Supply (YoY%)	-	9,6
Indonesia	1520	Interest Rate Decision	-	5,25
Taiwan	1600	Jul Export Orders (YoY%)	15	24,6
<b>Thursday 21 August</b>				
Australia	0700	Manufacturing PMI Flash	-	51,3
	0700	Services PMI Flash	-	54,1
	0700	PMI Flash	-	53,8
Japan	0830	Manufacturing PMI Flash	49,5	48,9
	0830	Services PMI Flash	54	53,6
	0830	Composite PMI Flash	53	51,6
<b>Friday 22 August</b>				
Japan	0730	Jul CPI (MoM%/YoY%)	0.2/3.1	-0.1/3.3
India	1930	FX Reserves (USD bn)	-	688,9
Indonesia	1100	Money Supply (YoY%)	-	6,5
	1100	Q2 Current Account (USD bn)	-	-0,2
Taiwan	1600	Unemployment Rate	-	3,34
	1620	Money Supply (YoY%)	-	3,45

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