

## Asia week ahead: Central bank decisions set to dominate

Central bank decisions will dominate the week ahead in Asia, with policy announcements from the Bank of Korea, Bank Indonesia and People's Bank of China



### China: Quiet after the data storm

It is a quiet week ahead for China after it recently concluded its major monthly data releases. There will be an announcement on the loan prime rates on Tuesday. No change is expected after the MLF and 7-day reverse repo rates were left unchanged so far in August.

### Taiwan: Export orders to slide back into contraction

Taiwan will release its export orders and industrial production data in the upcoming week. Export orders will be released on Tuesday, and we are looking for year-on-year growth in July to decline back into contraction of around -3.5% as base effects turn less supportive in the second half of the year.

Industrial production data for July is scheduled for release on Friday. Here we expect YoY growth to remain in the low teens. This growth will likely moderate in the months ahead. Taiwan also publishes its unemployment rate on Thursday, which has been stable at 3.3-3.4% over the past year.

## **Korea: BoK meeting - no change but views on housing and debt will be important**

The Bank of Korea will meet on Thursday for its policy decision meeting, and the market expects no change. But the meeting will nonetheless be closely watched to see what the BoK thinks and communicates to the market about the recent rise in household debt and house prices.

Survey data for consumers and businesses should be soft, reflecting recent market volatility and heightened uncertainty on the policies of major central banks.

## **Japan: Flash PMIs and inflation to rise**

The flash PMIs should improve due to a positive outlook for service activity despite the recent volatility in the JPY and the sharp drop in equity markets. Rising semiconductor and auto exports and core machine orders data also hint at a rise in manufacturers' sentiment. Meanwhile, inflation is expected to reaccelerate in July, which was already suggested by Tokyo's earlier inflation data.

## **Rest of Asia and Australia**

On 20 August, we will see the minutes of the August Reserve Bank of Australia meeting, in which we will get a glimpse of just how close the RBA came to hiking. Our guess? Quite close.

Indian PMI data for August will continue to run strong. 60.2 is our forecast for services and 58.0 for manufacturing. Both could be slightly lower than the July figures but remain consistent with ongoing strong growth.

Bank Indonesia is meet to set its rates policy on 21 August. While there is no expectation for a rate cut, the recent strength in the IDR exchange rate and recent BSP rate cut may make easing a more realistic prospect than the unanimous consensus suggests. Inflation remains under control and a rate cut isn't unthinkable. It remains more likely that the first cut will come after the Federal Reserve has started to ease.

In Singapore, CPI inflation for July will likely show a slight increase from 2.4% YoY in June to 2.7% in July, interrupting its erratic trajectory lower. The core rate, currently 2.9% YoY, is probably of more interest to rate setters at the Monetary Authority of Singapore.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
<b>Monday 19 August</b>				
Japan	0750	Jun Machinery Orders (MoM%/YoY%)	3.0/7.0	-3.2/10.8
<b>Tuesday 20 August</b>				
China	0915	Loan Prime Rate 1Y	3.35	3.35
	0915	Loan Prime Rate 5Y	3.85	3.85
Australia	0930	RBA Meeting Minutes	-	-
South Korea	0500	Aug Consumer Confidence	99.5	103.6
Taiwan	1600	Jul Export Orders (YoY%)	-3.5	3.1
<b>Wednesday 21 August</b>				
Japan	0750	Jul Exports (YoY%)	-	5.4
	0750	Jul Imports (YoY%)	-	3.2
	0750	Jul Trade Balance (JPY bn)	-	224
South Korea	0500	Aug Business Confidence	72	73
	0500	Jul PPI (MoM%/YoY%)	0.3/2.5	-0.1/2.5
Indonesia	1530	7-Day Reverse Repo Rate	6.25	6.25
<b>Thursday 22 August</b>				
Japan	0830	Aug Jibun Manufacturing PMI Flash	50	49.1
	0830	Aug Jibun Services PMI Flash	54	53.7
Australia	0700	Aug Manufacturing PMI Flash	-	47.5
	0700	Aug Services PMI Flash	-	50.4
	0700	Aug Composite PMI Flash	-	49.9
Indonesia	1200	Q2 Balance of Payments	-	-6
	1200	Q2 Current Account/GDP	-	-0.6
Taiwan	1600	Jul Unemployment Rate	3.35	3.34
South Korea	0900	Bank of Korea Base Rate	3.5	3.5
<b>Friday 23 August</b>				
Japan	0730	Jul CPI (MoM%/YoY%)	-/-	0.1/2.8
	0730	Jul Core CPI (YoY%)	2.7	2.6
Indonesia	1200	Jul M2 Money Supply (YoY%)	-	7.8
Singapore	1300	Jul CPI (MoM%/YoY%)	0.1/2.7	-0.2/2.4
	1300	Jul Core CPI (YoY%)	2.9	2.9
Taiwan	1600	Jul Industrial Output (YoY%)	13	13.23

Source: Refinitiv, ING

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