

Asia week ahead: A week of upbeat data beckons

Inflation, GDP and production data will fill a busy week in Asia - it should mostly be upbeat



Japan: Data dump in the week ahead

It's the usual end-of-month data dump week in Japan. We expect the data overall to point to a recovery, and so we think the Bank of Japan will continue on its path to policy normalisation. However, the BoJ will likely normalise policy at a slightly slower pace than previously expected due to concerns that excessive market fluctuations could hurt growth and inflation. Even though we have withdrawn our BoJ hike call for October, a hike in December remains a possibility.

Tokyo's consumer inflation is expected to drop from 2.2% year-on-year in July to 1.9% in August, mainly due to the government's temporary energy subsidy programme. However, service sector prices are likely to grow at a faster pace than in the previous month due to strong wage growth. Elsewhere, industrial production should rebound 3.0% month-on-month seasonally-adjusted (vs -4.2% in June) as auto production begins to gradually recover, and recent export data suggests that semiconductor-related output should have also improved. Labour market conditions

will likely remain tight as chronic labour shortages persist.

China: Lending facility rate and industrial profits data

The People's Bank of China will announce its one-year medium-term lending facility rate and volume at its new delayed time next Monday. From now on, the MLF will be published around the 25th of every month. The decision was likely made as another step in the monetary policy framework reform which has the PBoC gradually reducing the MLF's role as the main policy rate. We are expecting no change in the MLF this month. Aside from this, China will publish its industrial profits data on Tuesday, which have recently recovered to low single-digit growth but could begin facing some pressures again amid recent signs of a manufacturing pullback.

Australia: Inflation report and retail sales data may ease RBA concerns

It's a busy week in Australia where we have the July inflation report and retail sales releases. CPI may vindicate the recent decision by the Reserve Bank of Australia (RBA) to leave rates on hold at 4.35% in August. A mixture of seasonal factors, some moderation in food price inflation, and falling gasoline prices should deliver a month-on-month change that is close to flat. That will help annual inflation decline to 3.5% YoY, but that will still leave it up from the start of the year when it dipped to 3.4%. Retail sales will also be worth watching as the RBA seems to feel that domestic demand is running hotter than it should be to get inflation back to target. The June increase was 0.5% MoM, and something closer to 0.2-0.3% would probably help to allay fears that the economy is still moving too quickly.

India: Strong second quarter GDP

India publishes second quarter GDP data this week and there should be a slight moderation from the 7.8% pace recorded for 1Q24 down to around 7.1% YoY. This would still be extremely strong. Watch too for the GVA-based output figures which some feel are a more realistic measure of Indian growth, and have been running in the low 6% range. We will also get deficit figures for July. The fiscal year has got off to a very good start and India is ahead of where it needs to be to reach its 4.9% deficit target for the full fiscal year.

South Korea: Industrial production data to gain modestly

Industrial production will probably gain modestly in July. Tech-led production should lead overall growth, but auto outputs may have declined quite significantly. Positive survey evidence suggests a gradual recovery in retail sales but construction and service activity should remain weak.

Singapore: Stronger figures for industrial production

Singapore had a much stronger set of non-oil domestic export figures in July and we should see that reflected in a stronger set of industrial production figures for the same month. The strength should be across the board, with contributions from the major sub-groups, electronics, pharmaceuticals and petrochemicals.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 26 August				
China	0920	Medium-Term Lending Facility Rate (%)	2.3	2.3
Japan	1300	Jun Leading Indicator Revised	-	-2.6
Singapore	1300	Jul Industrial Output (MoM%/YoY%)	6/1.6	-3.8/-3.9
Wednesday 28 August				
Philippines	1300	Jul Budget Balance (PHP bn)	-	-209.1
Australia	0930	Jul CPI (MoM%/YoY%)	0.0/3.5	0.0/3.8
Friday 30 August				
Japan	0730	Aug Tokyo Core CPI (YoY%)	2.1	2.2
	0730	Aug Tokyo CPI (YoY%)	1.9	2.2
	0730	Jul Unemployment Rate	2.5	2.5
	0750	Jul Industrial Output (MoM%/YoY%)	3.0/0.5	-3.6/-7.3
	0750	Jul Retail Sales (MoM%)	0.5	0.6
	1300	Aug Consumer Confidence	-	36.7
	1300	Jul Housing Starts (YoY%)	-	-6.7
South Korea	0700	Jul Industrial Output (MoM%/YoY%)	0.5/7.0	0.5/3.8
India	2000	Q2 GDP (YoY%)	7.1	7.8

Source: Refinitiv, ING

Author

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 www.ing.com.