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ASIA WEEK AHEAD CHINA JAPAN

Asia week ahead: US-China trade talks and key data from Japan, South Korea, Taiwan

US-China trade talks will be the main event of the week, along with China's July purchasing managers' index. Other key data reports are expected from South Korea, Japan and Taiwan. The Bank of Japan is seen leaving rates unchanged

China: Whether the US-China tariff ceasefire can be extended is crucial

The main event of the week is US-China trade talks in Sweden. Tariffs were drastically cut in a 90-day ceasefire agreement that was effective in May. This is set to expire 12 August. One big question for markets is whether the tariff ceasefire is extended. We expect that an agreement will be attainable, but, in the interim, markets will watch closely to see if there are adjustments to current tariff rates in either direction.

In terms of data, the official July PMI will be in focus, set for release on Thursday. We expect the manufacturing PMI will remain in contraction at 49.6. The S&P's PMI (formerly sponsored by Caixin), out Friday, is more focused on private and export-oriented firms. Additionally, China's June industrial profits data is scheduled for release over the weekend. A rather steep drop in May sent the year-to-date profit growth negative. Markets are keen to see if there’s a rebound following the de-escalation in trade-war tensions or if the downward pressure remains.

South Korea: Front-loading expected to boost exports

South Korea will release data on June industrial production and July exports. Given the stronger-than-expected second-quarter GDP outcome, we believe manufacturing industrial production (IP), out Thursday, will rebound quite significantly. However, the manufacturing Purchasing Managers' Index might soften a bit further amid growing concerns over US trade policy. The real highlight is Friday’s data on July exports. We're expecting a 4.4% year-on-year gain, driven by semiconductors, vessels, mobile phones, and cars. The launch of new mobile phone products and front-loading of car exports should provide a temporary boost to overall exports.

Japan: BOJ likely to take no policy action

Markets widely expect no policy action at the Bank of Japan’s 30-31 July meeting. Yet markets will closely monitor the BoJ's quarterly macro outlook. Given the US-Japan trade deal struck this week, a big uncertainty factor has been removed. This could offer some relief for the BoJ. Also, possible upward revisions of inflation forecasts should offer markets hints about the near-term rate outlook. Meanwhile, weak June IP data will weigh on overall growth, but could be partially offset by a rebound of retail sales.

Taiwan: GDP growth expected to accelerate

Taiwan's second-quarter GDP release will be in focus next week. Given the continued outperformance of monthly data and inflation pressures cooling faster than expected, we’re looking for real GDP growth of around 4.6% YoY, or faster, in 2Q.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
		Monday 28 July		
India	1830	Jun Industrial Output (YoY%)	-	1,2
		Wednesday 30 July		
Australia	0930	Q2 CPI (QoQ%/YoY%)	-/-	0.9/2.4
Philippines	0900	Jun Imports (YoY%)	-	-4,4
	0900	Jun Exports (YoY%)	-	15,1
	0900	Jun Trade Balance (USD bn)	-	-3,3
		Thursday 31 July		
China	0930	Jul NBS Manufacturing PMI	49,6	49,7
	0930	Jul NBS Non-Manufacturing PMI	-	50,5
Japan	0750	Jun Industrial Output (MoM%/YoY%)	-0.5/1.0	-0.1/-2.4
	0750	Jun Retail Sales (MoM%/YoY%)	0.8/2.0	-0.2/2.2
	1100	BoJ Rate Decision	0,5	0,5
	1300	Jun Housing Starts (YoY%)	-	-34,4
South Korea	0700	Jun Industrial Output (YoY%)	2	0,2
	0700	Jun Industrial Output Growth	3	-2,9
Singapore	1030	Q2 Unemployment Rate Prelim SA	-	2
Taiwan	1600	Q2 GDP Prelim (YoY%)	4,6	5,5
		Friday 1 August		
China	0945	Jul Caixin Manufacturing PMI Final	-	50,4
Japan	0730	Jun Jobless Rate	2,5	2,5
	0830	Jul Jibun Bank Manufacturing PMI	48,8	48,8
India	1300	Jul HSBC Manufacturing PMI	-	58,4
Indonesia	0830	Jul IHS S&P Global PMI	-	46,9
	1200	Jul CPI (MoM%/YoY%)	-/-	0.2/1.9
	1200	Jul Core CPI (YoY%)	-	2,4
	1200	Jun Trade Balance (USD bn)	-	4,3
	1200	Jun Exports Growth (YoY%)	-	9,7
	1200	Jun Imports Growth (YoY%)	-	4,1
South Korea	0800	Jul Exports (YoY%)	4,4	4,3
	0800	Jul Imports (YoY%)	0,3	3,3
	0800	Jul Trade Balance (USD bn)	6	9,1
	0830	Jul IHS S&P Global Manufacturing PMI	48,5	48,7
Philippines	0830	Jul Manufacturing PMI SA	-	50,7
Singapore	2100	Jul Manufacturing PMI	-	50
Taiwan	0830	Jul IHS S&P Global Manufacturing PMI	-	47,2

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