Asia week ahead: 2Q21 report cards arrive

It's going to be an eventful week with the Asian economic calendar packed with 2Q GDP reports, lots of June activity data and central bank policy meetings

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2Q GDP reporting begins

China and Singapore are among the first Asian countries to release their 2Q21 GDP reports next week (Vietnam was the very first to do so in late June). But remember, the year-on-year GDP growth rates will be distorted by what happened a year ago.

The post-Covid-19 recovery saw China's GDP growth accelerate to over 18% year-on-year in 1Q21 from a trough of -6.8% YoY in the same quarter a year ago. As such, ING's house view of a slowdown to 6.0% YoY in 2Q stems from the high base effect. In Singapore, the nadir came three months later than China and hence the peak in growth should come in 2Q this year (ING forecast 12.2% YoY vs. 1.3% in 1Q). However, these figures mask the Covid-19 spread recently.

Although both China and Singapore remain Asian success stories in keeping the pandemic under control, the latest bouts of infection and tightening of restrictions likely held back the recovery of both these economies. As an added blow for Singapore, the key GDP drivers of exports and manufacturing both lost some vigour in recent months, suggesting that a quarter-on-quarter GDP contraction is more likely than not.

June data rampage

The calendar is also packed with a raft of June activity data from around the region, which will help to fine-tune the 2Q GDP estimates for reporting countries.

China's June releases on industrial production, retail sales, investment and home prices may be overshadowed by the GDP report given that all these figures arrive concurrently on 15 June. India's June data dump is also scheduled next week with the inflation report likely taking centre stage after it jumped above the central bank's 6% policy limit in May and continued to accelerate in June. Also look out for India's trade report, which should show high global oil prices driving fuel imports and the overall trade deficit higher – not good news for the beleaguered Indian rupee.

The data pipeline elsewhere including jobs reports in Australia and Korea, New Zealand's 2Q inflation, and Malaysia's industrial production will shed light on the state of these economies during the ongoing pandemic.

Central bank policy meetings

Three of the Asian central banks – the Bank of Japan, the Bank of Korea and the Reserve Bank of New Zealand -- are set to review their monetary policy settings next week. We expect all of them to leave policies on hold.

The latest production figures from Japan and Korea revealed that, aside from electronics and info comms, most production sectors in these economies are suffering from both supply disruptions as well as weak demand (see Rob Carnell's note on this, "North Asian production softens in May"). And as we noted in this space last week, the brief period of inflation is behind us. Against such a backdrop, the regional central banks are nowhere near mulling a withdrawal of policy accommodation, in our view.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 12 July			
	-	Jun M2 Money Supply (YoY)	8.2	8.2	8.3
India	1400	Jun CPI Inflation (YoY%)	6.6		6.3
	1400	May Industrial Output (YoY%)	35.0		134.4
Malaysia	0600	May Industrial Output (YoY%)	21.0		50.1
		Tuesday 13 July			
China	-	Jun Exports	26.1		27.9
	-	Jun Imports	35.9		51.1
	-	Jun Trade Balance	40.0		45.5
South Korea	0100	Jun Unemployment Rate	3.8		3.8
		Wednesday 14 July			
New Zealand	0400	1 Cash Rate	0.25		0.25
India	0830	Jun WPI Inflation (YoY%)	12.0		12.9
Singapore	0200	Q2 GDP Flash (QoQ/YoY%)	-3.8/12.2		3.1/1.3
		Thursday 15 July			
Australia	0330	Jun Unemployment Rate	4.9		5.1
	0330	Jun Reserve Assets Total	-		65138.0
New Zealand	0030	Jun Manufacturing PMI	60.1		58.6
	0045	Q2 CPI (QoQ/YoY%)	0.7/2.7		0.8/1.5
China	0400	Jun Industrial Output (YoY%)	8.6		8.8
	0400	Jun Retail Sales (YoY%)	10.8		12.4
	0400	Q2 GDP (YoY%)	6.0		18.3
India	1330	Jun Trade Deficit Government - USD	9.4		9.4
	1330	Jun Imports - USD	96.0		41.9
	1330	Jun Exports - USD	47.0		32.5
Indonesia	0600	Jun Consumer Confidence Index	103.2		104.4
	0600	Jun Trade Balance (Bln of $)	2.7		2.4
	0600	Jun Exports Growth (YoY%)	46.9		58.8
	0600	Jun Imports Growth (YoY%)	38.6		68.7
South Korea	0300	Jul Bank of Korea Base Rate	0.5		0.5
		Friday 16 July			
Japan	-	1 JP BOJ Rate Decision	-0.1		-0.1
Singapore	0230	Jun Non-oil domestic exports (MoM/YoY%)	3.2/11.6		-0.1/8.8

Source: Refinitiv, ING, *GMT

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