

Asia week ahead: South Korean election and key data from Korea, Japan, China, and Taiwan

The South Korean presidential election takes place on Tuesday. Markets will be watching a series of key data releases on exports, inflation, and purchasing managers' activity from Korea, Japan, China, and Taiwan.



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South Korea: Presidential election, with export and inflation data

Beyond the data calendar, South Korea's presidential election will be held on 3 June, a key determinant of future economic policy. According to the latest polls, opposition party candidate Lee Jae-myung is in the lead. If elected, we expect fiscal policy to become more accommodative, including the introduction of new social welfare programmes. The next government is inheriting a weak and fragile economy.

Exports are expected to drop by 4% year-on-year in May thanks to the blanket 10% US tariff and 25% tax on autos. However, we still believe that information technology exports will continue to increase. Reasons why include no tariffs on semiconductors, favourable price effects and solid global demand for AI investment. Meanwhile, despite falling energy and fresh food prices, inflation is likely to edge up to 2.2% YoY in May. We expect that processed food and service fees rose and that increased input costs will be passed along to consumers.

Japan: Gradual recovery anticipated, thanks to private spending and investment

It's an important week for Japanese data, including updates on capital spending, labour cash earnings, and household spending. Despite the slowdown in exports, we anticipate a gradual economic recovery, led by firm private spending and investment. We expect equipment investment to rebound in the first quarter of 2025, driven by strong investment in technology. Labour cash earnings are expected to rise following spring wage negotiations. This should lead to an increase in household spending. We continue to believe that private consumption will be the main driver of overall growth in the second quarter.

China: Manufacturing PMI likely to recover

China's purchasing managers' index, out Saturday, will set the tone for the week ahead. We expect the official manufacturing PMI to recover on the month, thanks to the tariff ceasefire, rising from 49.0 to 49.6. The new orders subindex is likely to be watched closely. The non-manufacturing PMI is likely to remain in expansion as well on the month. The Caixin manufacturing PMI data follows on Tuesday.

Taiwan: Inflation expected to decline

Taiwan releases its May consumer price index inflation data on Thursday. We are looking for inflation to cool to 1.8% YoY. Prices have been coming in a little hotter than expected the past few months. Even if the May number cools, we expect the central bank to remain on hold in June.

Key events in Asia next week

| Country | Time (GMT+8) | Data/event | ING | Prev. |
|-------------------------|-----------------|--------------------------------------|-----------|-----------|
| Saturday 31 May | | | | |
| China | 0930 | China Official Manufacturing PMI | 49.6 | 49.0 |
| Sunday 1 June | | | | |
| South Korea | 0100 | May Exports (YoY%) | -4.0 | 3.7 |
| | 0100 | May Imports (YoY%) | -4.0 | -2.7 |
| | 0100 | May Trade Balance (USD bn) | 4.7 | 4.88 |
| Monday 2 June | | | | |
| Japan | 0050 | 1Q Capital Spending (YoY%) | 5.0 | -0.2 |
| | 0130 | May Jibun Bank Manufacturing PMI | 49 | 49 |
| | 0050 | May Monetary Base (YoY%) | - | -5.09 |
| India | 0600 | May IHS S&P Global Manufacturing PMI | - | - |
| Indonesia | 0130 | May IHS S&P Global PMI | - | 46.7 |
| | 0500 | May CPI (YoY%) | - | 1.95 |
| | 0500 | May Inflation (MoM%/YoY%) | -/- | 1.17/2.5 |
| | 0500 | Apr Trade Balance (USD bn) | - | 4.33 |
| | 0500 | Apr Exports Growth (YoY%) | - | 3.16 |
| Philippines | 0500 | Apr Imports Growth (YoY%) | - | 5.34 |
| | 0130 | May Manufacturing PMI SA | - | 53 |
| | 1400 | May Manufacturing PMI | - | 49.6 |
| Taiwan | 0130 | May IHS S&P Global Manufacturing PMI | - | 47.8 |
| South Korea | 0130 | May IHS S&P Global Manufacturing PMI | 48.5 | 47.5 |
| Tuesday 3 June | | | | |
| Australia | 0230 | Q1 Current Account Balance SA | - | -12.5 |
| China | 0245 | May Caixin Manufacturing PMI Final | - | 50.4 |
| Wednesday 4 June | | | | |
| Japan | 0130 | May Services PMI | 50.8 | 50.8 |
| Australia | 0230 | Q1 Real GDP (QoQ%/YoY%) | -/- | 0.6/1.3 |
| India | 0600 | May IHS S&P Global Services PMI | - | - |
| Singapore | 1000 | May Foreign Reserves USD | - | 389.2 |
| South Korea | 0000 | Q1 GDP Growth Revised (QoQ%/YoY%) | -0.2/-0.1 | -0.2/-0.1 |
| | 0000 | May CPI Growth (MoM%/YoY%) | 0.1/2.2 | 0.1/2.1 |
| Thursday 5 June | | | | |
| Japan | 0030 | Apr Labour Cash Earnings (YoY%) | 3.0 | 2.3 |
| China | 0245 | May Caixin Services PMI | - | 50.7 |
| Philippines | 0200 | May CPI (YoY%) | - | 1.4 |
| | 0200 | May CPI (MoM%/YoY%) | -/- | -0.4/2.2 |
| Singapore | 0600 | Apr Retail Sales (MoM%/YoY%) | -/- | -2.8/1.1 |
| Taiwan | 0900 | May CPI (YoY% NSA) | 1.8 | 2.03 |
| | 0920 | May Foreign Exchange Reserve | - | 582.832 |
| South Korea | 0000 | Apr Current Account Balance NSA | 3.0 | 9.14 |
| Friday 6 June | | | | |
| Japan | 0030 | Apr All Household Spending (YoY%) | 2.0 | 2.1 |
| Philippines | 1000 | May Forex Reserves USD | - | 104.6 |
| Saturday 7 June | | | | |
| China | - | May FX Reserves (Monthly) | - | 3.282 |

Source: Refinitiv, ING

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