

Article | 30 May 2025

ASIA WEEK AHEAD CHINA JAPAN

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 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
	0500	Apr Imports Growth (YoY%)	-	5.34
Philippines	0130	May Manufacturing PMI SA	-	53
Singapore	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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