

## Asia week ahead: Are we at the end of it?

The Asian economic calendar is packed with the usual start-of-the-month releases on trade, manufacturing, and inflation. But the trade war will remain the running theme for markets



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### ➔ Are we at the end of it? Not yet...

First of all, let's hope for no more escalation of the US-China trade rhetoric over the coming weekend even as a portion of new US tariffs on Chinese products takes effect on Sunday, 1 September. On a positive note, China's Commerce Ministry has just ruled out an immediate retaliation to last weekend's US tariff increase.

*China has ample means for retaliation but thinks the question that should be discussed now is about removing the new tariffs to prevent escalation. - Ministry of Commerce spokesman Gao Feng*

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Absent additional trade bashing, the focus should return to where we are in terms of the real impact so far. China's purchasing managers index (PMI) and Korea's export growth, the first August releases from the region due over the coming weekend, may provide some insight. While we anticipate no departure from the recent trend of weak exports depressing manufacturing, at least the trend doesn't seem to have got any worse either. Nor has it bottomed.

The recent escalation of the tariff war provides no hopes of a near-term trade deal. As such, we are in for a long stretch of slow growth and increasingly challenging policy environment, as some central bankers have warned.

### ➔ RBA policy meeting – a non-event

The Reserve Bank of Australia's Governor Philip Lowe has recently pointed to policy challenges as "political shocks are turning into economic shocks" and argued about government stimulus as more impactful than cutting interest rates, which risks pushing up asset prices.

This suggests the RBA meeting next week will likely pass as a non-event, while Australia's GDP growth has continued to slow (2Q GDP data is due next week). We, in line with consensus, expect no change to the 1.0% RBA policy rate, and a slowdown in GDP growth to 1.5% year-on-year from 1.8% in 1Q. However, continued negative capex growth in 2Q imparts a downside risk to our growth view. That said, we expect the RBA policy pause to continue until the end of the year.

### ➔ More good news for BSP's easing, not for BI's

Meanwhile, the August inflation releases in Indonesia and the Philippines will inform on central bank policy paths in these countries. The consensus view of a sharp fall in inflation below 2% (to 1.8% from 2.4% in July – the lowest in three years) would delight the Bangko Sentral ng Pilipinas (Philippines central bank) looking to cut rates further.

In Indonesia, we see inflation ticking up in August (to 3.5% from 3.2%), supporting our view of no more rate cuts from Bank Indonesia for the rest of the year.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 31 August</b>					
China	0200	Aug Manufacturing PMI	49.5	49.6	49.7
	0200	Aug Non-manufacturing PMI	53.1	53.7	53.7
<b>Sunday 1 September</b>					
South Korea	0100	Aug Trade balance (US\$mn)	-	2420	2403
	0100	Aug Exports (YoY%)	-	-12.5	-11.0
	0100	Aug Imports (YoY%)	-	-4.5	-2.7
<b>Monday 2 September</b>					
China	0245	Aug Caixin Manufacturing PMI	49.7	49.8	49.9
India	0600	Aug Nikkei Manufacturing PMI	-	-	52.5
Indonesia	-	Aug CPI (YoY%)	3.5	3.47	3.32
	-	Aug CPI core (YoY%)	-	3.17	3.18
Taiwan	0130	Aug Nikkei Manufacturing PMI	48.5	-	48.1
Thailand	0500	Aug CPI (YoY%)	0.8	-	1.0
	0500	Aug Core-CPI (YoY%)	0.4	-	0.4
South Korea	0130	Aug Nikkei Manufacturing PMI	-	-	47.3
<b>Tuesday 3 September</b>					
Singapore	1400	Aug Purchasing Managers Index	-	-	49.8
South Korea	0000	2Q F GDP (QoQ/YoY%)	-/-	-/2.1	1.1/2.1
	0000	Aug CPI (MoM/YoY%)	-/-	-/-	-0.3/0.6
<b>Wednesday 4 September</b>					
India	0600	Aug Nikkei Services PMI	-	-	53.8
Hong Kong	0130	Aug Nikkei PMI	-	-	43.8
Malaysia	0500	Jul Exports (YoY%)	-5.0	-	-3.1
	0500	Jul Imports (YoY%)	-4.0	-	-9.2
	0500	Jul Trade balance (RM bn)	7.1	-	10.3
<b>Thursday 5 September</b>					
India	-	2Q Current account balance (Q) (US\$bn)	-	-	-4.6
Philippines	0200	Aug CPI (YoY%)	-	-	2.4
<b>Friday 6 September</b>					
Hong Kong	-	Aug Forex Reserves (US\$bn)	-	-	448.5
Malaysia	0800	Aug Forex reserves- Month end (US\$bn)	-	-	103.1
Philippines	-	Aug Forex reserves (US\$bn)	-	-	85175.76
Taiwan	0900	Aug CPI (YoY%)	0.9	-	0.4
	0900	Aug WPI (YoY%)	0.5	-	-3.4

Source: ING, Bloomberg, \*GMT

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