

## Asia week ahead: Australia's inflation plus regional industrial output

Regional industrial production to show mixed trends while Australia's inflation could decline further



### Inflation in Australia to dip further

May inflation should show a further decline after it jumped in April. We estimate the CPI index rose 0.2% month-on-month, which will result in a fall in annual inflation from 6.8% to 6.3%. Following the guidance from the Reserve Bank of Australia's (RBA) minutes from June, where the decision to hike was a very finely balanced one, this improvement in inflation suggests that July could well provide the bank with a chance to pause.

### Korean output likely to slip but sentiment to rebound

Industrial production is likely to fall in May mainly due to a reduction in semiconductor production. Two major chipmakers announced plans to cut production in early 2023, a process which generally takes about six months to hit target levels. Thus, weak chip manufacturing activity is expected to have led to a decline in overall IP in May.

Meanwhile, survey results will likely show that consumer and business sentiment has improved. Equity markets rebounded on the back of the AI hype, and interest rates did not change much as the BoK paused for two meetings.

## Japan's manufacturing activity and labour market upbeat while inflation likely to heat up

Based on the recent strong PMI readings, we believe that Japan has continued its gradual recovery. Industrial production should show another monthly gain on the back of solid domestic demand and car production. The golden week holiday in May should probably boost service job hiring, and thus labour market conditions are expected to remain healthy.

On the inflation front, Tokyo consumer prices are the key input to the Bank of Japan's policy decision. We think July Tokyo consumer inflation should reaccelerate with both commodity and services prices rising.

## China's industrial profits to remain in the red

May industrial profits are likely to remain very negative. Following a year-to-date year-on-year decline of 18.2% in April, we look for a 21% decline in May.

## Singapore's industrial production to track soft NODX

Industrial production will likely remain in contraction, mirroring weakness reported in the recent non-oil domestic exports figures. While we could see output increase on a monthly basis (1.7%), the overall YoY reading should stay negative (-3.9% YoY). We expect industrial production to struggle in the near term, given our outlook for NODX.

## Asia Economic Calendar

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
<b>Monday 26 June</b>					
Japan	0600	Apr Leading Indicator Revised	-		0.7
Indonesia	0500	May M2 Money Supply (YoY%)	-		5.5
Singapore	0600	May Manufacturing Output (MoM%/YoY%)	1.7/-3.9		-1.9/-6.9
Taiwan	0900	May Industrial Output (YoY%)	-		-22.86
	0920	May Money Supply - M2 (YoY%)	-		6.7
<b>Tuesday 27 June</b>					
Philippines	-	May Budget Balance (PHP bn)	-		66.8
Taiwan	0900	May Unemployment rate (%)	-		3.56
South Korea	2200	Jun BoK Consumer Sentiment Index	100		98
<b>Wednesday 28 June</b>					
Japan	0050	May Retail Sales (YoY%)	-		5
Australia	930	Inflation (MoM%/YoY%)	0.2/6.3		-/6.8
China	930	Industrial profits (YoY%)	-21		-18.2
South Korea	2200	Jul BOK Manufacturing BSI	72		70
<b>Friday 30 June</b>					
Japan	0030	May Unemployment Rate	2.6		2.6
	0030	June Tokyo CPI (YoY%)	3.4		3.2
	0050	May Industrial O/P Prelim (MoM%) SA	0.6		0.7
	0600	May Housing Starts (YoY%)	-		-11.9
China	0230	Jun NBS Manufacturing PMI	-		48.8
	0230	Jun NBS Non-Mfg PMI	-		54.5
South Korea	0000	May Industrial Output (YoY%)	-11.0		-8.9
	0000	May Industrial Output Growth	-1.0		-1.2

Source: Refinitiv, ING

## Author

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

### Nicholas Mapa

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).