

Asia week ahead: Bank Indonesia and Bangko Sentral ng Pilipinas likely to extend pause

Bank Indonesia and Bangko Sentral ng Pilipinas meet next week and we expect both to leave policy settings untouched



BI and BSP likely to extend pause

Bank Indonesia (BI) and the Bangko Sentral ng Pilipinas (BSP) both hold policy meetings next week. Moderating inflation coupled with the Federal Reserve hold at the June meeting means we are expecting both BI and BSP to hold rates steady. BI has been on hold since February, while this will be the second straight meeting that the BSP will leave the policy rate at 6.25%.

We expect BI Governor Perry Warjiyo and BSP Governor Felipe Medalla to be on hold in the near term while assessing the outlook for the Fed.

China rates to dip post PBoC cut

Loan prime rates in China are set to track the recent cut from the People's Bank of China (PBoC). Thus, we are looking for the 1Y loan prime rate to fall to 3.55% (from 3.65%) and the 5Y loan prime rate to settle at 4.2%.

Japan inflation and PMI numbers out next week

Nationwide CPI inflation and PMI indices are due for release in Japan next week. Recently reported Tokyo CPI inflation numbers suggest that we could see a similar downtrend in the national figures with headline inflation possibly dipping to 3.2% year-on-year from 3.5%. Core inflation excluding food and energy however could be sticky and remain close to the 4% range.

PMI indices recently posted record levels of expansion but we feel that we could see a reversal in June. Despite this potential pullback, we still expect both the services and manufacturing indices to report a solid expansion.

Asia Economic Calendar

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
Tuesday 20 June					
China	0215	Jun Loan Prime Rate 1Y	3.55		3.65
	0215	Jun Loan Prime Rate 5Y	4.2		4.3
Thursday 22 June					
Australia	0000	Jun Manufacturing PMI Flash	-		48.4
	0000	Jun Services PMI Flash	-		52.1
	0000	Jun Composite PMI Flash	-		51.6
Indonesia	0800	Jun 7-Day Reverse Repo	5.75		5.75
Philippines	0800	2 Policy Interest Rate	6.25		6.25
Friday 23 June					
India	1230	Q1 C/A Balance (USD bn)	-		-18.2
	1230	Q1 Balance Payments (USD bn)	-		11.1
Japan	0030	National CPI (YoY%)	3.2		3.5
	0130	June Manufacturing PMI Flash	50		50.6
		June Service PMI Flash	55		55.9
	0130	June Composite PMI Flash	53.5		54.3
Singapore	0600	May Core CPI (YoY%)	5		5
	0600	May CPI (YoY%)	5.6		5.7

Source: Refinitiv, ING

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@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.