

Asia week ahead: Bank of Korea in the spotlight

Data may show that confidence is weakening in South Korea but the central bank will likely do nothing about it. Industrial production and trade releases dominate the calendar for the rest of Asia



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➔ Korea: Central bank stays on hold

The Bank of Korea meets on Thursday, 27 August. After cutting interest rates by a total of 125 basis points, to 0.50%, in the year through May, the BoK paused at the last meeting held in July. We don't think they will move next week either, which is also the broad consensus.

Just days ahead of this decision are the central bank's monthly confidence indicators. Both

consumer and business confidence indices may exhibit some weakness amid resurgent Covid-19 cases since the previous week. A possible second wave outbreak may tip the balance towards easier macro policy, though our house view remains that the BoK easing cycle has run its course.

➔ Rest of Asia: Manufacturing data dominates

Industrial production and trade releases dominate the calendar for the rest of Asia.

China's industrial profits growth might have softened a bit in July, though the markets should take some comfort from the fact that it remained positive for a third straight month, signalling firming activity and the improved prospect of investment spending. In Hong Kong, trade figures should reveal the pinch from the escalation of US-China tensions over the territory's autonomy.

Taiwan's industrial production should have benefited from firmer exports in July, though that might not be the case in other countries reporting their IP data next week. We see continued negative year-on-year IP growth in Singapore and Thailand, though some of this is also due to the base effect.

Malaysia and Thailand report trade figures for July. We believe a surprising bounce in Malaysia's exports in June was reversed in July, though, as elsewhere, some of this is the base effect noise. In Thailand, we see nothing in the trade data to ease the authorities' discomfort about the strong currency potentially threatening the recovery in exports and tourism. July was another month with a big trade surplus, as import weakness outweighed export weakness.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 24 August				
Singapore	0600 Jul CPI (YoY%)	-0.7	-0.5	-0.5
	0600 Jul CPI core (YoY%)	-0.3	-	-0.2
Taiwan	0900 Jul Industrial production (YoY%)	3.8	-	7.3
	0900 Jul Unemployment rate (%)	3.8	-	4.0
	0920 Jul Money supply (M2) (YoY%)	5.1	-	5.4
Thailand	0430 Jul Exports (Cust est, YoY%)	-	-	-23.2
	0430 Jul Imports (Cust est, YoY%)	-	-	-18.1
	0430 Jul Trade balance (US\$bn)	2.39	-	1.61
South Korea	2200 Aug BOK Consumer Sentiment Index	83.0	-	84.2
Tuesday 25 August				
Philippines	- Jul Budget balance (PHP bn)	-91.3	-	1.77
Thailand	- Jul Manufacturing index (YoY%)	-13.9	-	-17.7
South Korea	2200 Sep BOK Business Survey Index, mfg	59.0	-	57.0
	2200 Sep BOK Business Survey Index, non-mfg	60	-	60.0
Wednesday 26 August				
Hong Kong	0930 Jul Exports (YoY%)	-5.3	-	-1.3
	0930 Jul Imports (YoY%)	-6.7	-	-7.1
	0930 Jul Trade balance (HK\$ bn)	-25.2	-	-33.34
Singapore	0600 Jul Industrial production (MoM/YoY%)	6.1/-5.0	-/-	0.2/-6.7
Thursday 27 August				
China	0230 Jul Industrial profits (YoY%)	7.3	-	11.5
South Korea	- 7-Day Repo Rate	0.5	-	0.5
Friday 28 August				
Malaysia	0500 Jul Exports (YoY%)	-15.0	-	8.83
	0500 Jul Imports (YoY%)	-12.0	-	-5.57
	0500 Jul Trade balance (RM bn)	9.9	-	20.89

Source: ING, Bloomberg, *GMT