

Asia week ahead: Beginning of a new month

Given the pandemic shows no signs of subsiding, a weak economic tone will almost certainly be carried over to August. Unfortunately, central bank monetary easing to support growth has also reached its limits



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Start-of-the-month activity data

Next week's Asian economic calendar is rammed with the usual start-of-the-month activity data and much more.

The week will kick-off with July manufacturing purchasing manager index releases, which may show some pick-up in manufacturing around the region. As of June, PMIs of the most Asian economies were below 50, indicating a contraction.

July exports figures from China, Korea, and Taiwan will shed light on how global demand is behaving as the second wave of Covid-19 pandemic gains traction. On a positive note, [Korea's business survey indicator](#) for August this week revealed exports are recovering. We expect hard data to show export gains on a monthly basis but year-on-year growth rates continuing in the negative region.

A slew of countries will report consumer price data for July. Low-to-negative inflation has been the order of the day amid weak demand as will be underpinned by consumer confidence and retail sales figures from some countries.

Lastly, on the data front, Indonesia and the Philippines will report GDP for 2Q20. No prizes for guessing the numbers will be worse than 1Q - most likely the worst-ever.

➔ And some central bank noise

Three Asian central banks are meeting next week – the Reserve Bank of Australia, the Reserve Bank of India, and the Bank of Thailand.

With their policy rates at all-time lows and focus on monetary easing working its way into the real economy, Australia and Thailand's central bank meetings in all likelihood will pass as non-events. We aren't expecting either Bank to alter policy next week. Meanwhile, the RBA's policy minutes may provide some insights about the future policy course.

Thailand's central bank has been saving available policy space for a worst-case scenario, as Assistant Governor, Titanun Mallikamas, indicated recently. With the policy rate of 0.5%, there isn't much left. However, speculation about quantitative easing is likely to gain traction amid a change of reign at the central bank.

This means all action is likely to be saved for India's central bank meeting. We have been calling for one more 25bp cut in this cycle. However, a spike in CPI inflation during the pandemic above the RBI's 6% policy limit has taken the steam out of this forecast. Still, we are keeping our rate cut forecast for next week.

The consensus is almost evenly split on a '25bp rate cut' and an 'on-hold' outcome.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 1 August					
South Korea	0100	Jul Imports (YoY%)	-	-12.2	-11.2
	0100	Jul Exports (YoY%)	-	-11.1	-10.9
	0100	Jul Trade balance (US\$m)	-	3700	3632
Monday 3 August					
China	0245	Jul Caixin Manufacturing PMI	51.2	51	51.2
India	0600	Jul Nikkei Manufacturing PMI	-	-	47.2
Indonesia	0500	Jul CPI core (YoY%)	-	-	2.26
	0500	Jul CPI (YoY%)	1.6	-	1.96
Philippines	0130	Jul Nikkei Manufacturing PMI	-	-	49.7
Singapore	1400	Jul Purchasing Managers Index	-	-	48.0
Taiwan	0130	Jul Nikkei Manufacturing PMI	47.3	-	46.2
South Korea	0130	Jul Nikkei Manufacturing PMI	-	-	43.4
Tuesday 4 August					
South Korea	0000	Jul CPI (MoM/YoY%)	-/-	-/-	0.2/0.0
Wednesday 5 August					
India	0600	Jul Nikkei Services PMI	-	-	33.7
Hong Kong	0130	Jul Nikkei PMI	-	-	49.6
Indonesia	0500	2Q GDP (YoY%)	-5.1	-	2.97
	0500	2Q GDP (QoQ%)	-	-	-2.41
Philippines	0200	Jun Trade balance (US\$m)	-1573.6	-	-1865
	0200	Jun Exports (YoY%)	-24	-	-35.6
	0200	Jun Imports (YoY%)	-27.6	-	-40.6
	0200	Jul CPI (YoY%)	2.6	-	2.5
Singapore	0600	Jun Retail sales value (MoM/YoY%)	-/-32.0	-/-	-21.5/-52.1
Thailand	0430	Jul CPI (YoY%)	-	-	-1.57
	0430	Jul Core-CPI (YoY%)	-	-	-0.05
	0805	Benchmark Interest Rate	-	-	0.5
Thursday 6 August					
India	0715	Aug 6 RBI policy decision (repo rate, %)	3.75	-	4.0
Philippines	0300	2Q GDP (YoY%)	-	-	-0.2
	0300	2Q GDP (Q) (QoQ% SA)	-	-	-5.1
Taiwan	0900	Jul WPI (YoY%)	-8.9	-	-10.36
	0900	Jul CPI (YoY%)	-0.2	-	-0.76
Friday 7 August					
China	-	Jul Exports (YoY%)	-0.5	-	0.5
	-	Jul Imports (YoY%)	8.8	-	2.7
	-	Jul Trade Balance (US\$bn)	43.4	-	46.4
	-	Jul Forex Reserves (US\$bn)	3122.8	-	3112.3
Hong Kong	-	Jul Forex Reserves (US\$bn)	-	-	445.9
Malaysia	0500	Jun Industrial production (YoY%)	-9.5	-	-22.1
	0800	Jul 30 Forex reserves- Month end (US\$bn)	-	-	104.0
Indonesia	-	Jul Forex reserves (US\$bn)	130.1	-	131.7
Philippines	-	Jul Forex reserves (US\$bn)	93.9	-	93.3
Taiwan	0900	Jul Exports (YoY%)	-3.4	-	-3.8
	0900	Jul Imports (YoY%)	-7.5	-	-8.6
	0900	Jul Trade Balance (US\$bn)	4.3	-	4.8

Source: ING, Bloomberg, *GMT

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