

Asia week ahead: Busy week for central banks

Look out for central bank meetings, China activity data, Indian inflation, an Australian labour report, and Indonesian trade figures



Lots of central bank activity in the coming week

The Bank of Japan (BoJ) is scheduled to hold a rate decision meeting next Friday, and no change is expected. Governor Kuroda and other members have publicly stated on several occasions that the BoJ will retain its current accommodative monetary policy stance, as the recent cost-push inflation will be temporary and that a weak yen benefits the economy as a whole. The European Central Bank is getting closer to hiking rates and the Federal Reserve will likely be hiking another 50bp just before the BoJ meeting. The current JPY weakness is expected to deepen with rate differentials widening.

Taiwan's central bank (CBC) will also meet next week and is expected to raise interest rates by 12.5bps. While a 25bp hike is possible, an aggressive move could dampen growth as new Covid cases are still high and power outages are still a possibility due to the hot summer.

Also, China will report its 1-year medium-term lending facility rate. We expect this to remain unchanged as the central bank is looking more towards policies focused on helping SMEs following the Shanghai lockdown.

Meanwhile, the Bank of Korea will release its May MPC meeting minutes on Thursday, which will show how hawkish the committee is, predicting the path of rate hikes in the third quarter. We'll be watching closely.

China activity data

The coming week also features China retail sales, which should continue to contract on a year-on-year basis in May due to the lockdowns. Industrial production should also contract slightly in May for the same reason. We expect fixed-asset investment to exceed last month's amount as more local governments have increased infrastructure spending to support economic growth.

Indian inflation

India releases CPI inflation for May, and this should dip from 7.8% in April to about 7.0% in May thanks to a cut in fuel excise duties. This will be partially offset by higher food prices. Agricultural prices have risen across the board, though encouraging signs of a normal monsoon could help turn this around in the coming months.

Australia labour report

Following its latest rate hike, the Reserve Bank of Australia (RBA) made it clear that policymakers would be watching the labour market closely for signs of additional inflationary pressure. The surge in full-time employment last month and dive in part-time employment should give way to flatter figures for both in May. But there is still a good chance that the unemployment rate will fall to a new all-time low. And that could raise speculation about more RBA hiking in the near term.

Indonesia trade balance

Indonesia's trade data should show import growth sustaining its double-digit pace as the economy reopens. Meanwhile, exports will likely remain in expansion mode, but the recent palm oil export ban could cap the pace of growth. The overall trade balance should stay in surplus, but we can expect a narrower surplus given our outlook for exports.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Friday 10 June				
China		- May M2 Money Supply (YoY)	10.0	10.5
		1Y Medium Facility Lending rate (%) (13-16 June)	2.85	2.85
Monday 13 June				
	1230	May Imports - USD	-	60.62
	1230	May Exports - USD	-	37.3
	1300	Apr Industrial Output (YoY%)	-	1.9
Indonesia	0500	Apr Retail Sales Index (YoY%)	-	9.3
Tuesday 14 June				
India	0730	May WPI Inflation (YoY%)	15	15.08
	1300	May CPI Inflation (YoY%)	7	7.1
South Korea	0000	May Unemployment Rate	2.9	2.7
Wednesday 15 June				
Japan	0050	May Exports (YoY%)	14.0	12.5
	0050	May Imports (YoY%)	30.0	28.2
	0050	May Trade Balance Total Yen	-1254	-842
China	0300	May Industrial Output (YoY%)	-1.5	-2.9
	0300	May Retail Sales (YoY%)	-5.0	-11.1
	0300	May Fixed Assets Investments (YoY% YTD)	7.0	6.8
Indonesia	0500	May Trade Balance (Bln of \$)	-	7.56
	0500	May Exports Growth (YoY%)	-	47.76
	0500	May Imports Growth (YoY%)	-	21.97
Thursday 16 June				
Australia	0230	May Unemployment Rate	3.8	3.9
	0230	May Reserve Assets Total	-	80089
Taiwan		- Q2 Discount Rate	1.50	1.375
Friday 17 June				
Japan		- JP BOJ Rate Decision	-0.1	-0.1

Source: Refinitiv, ING, *GMT

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