

Asia week ahead: Central bank policy meetings the highlight next week

Bank of Korea and Bank Indonesia meet next week while Singapore reports on inflation



Bank Indonesia will likely keep rates unchanged at the 24 May meeting

Bank of Korea likely to hike but Bank Indonesia may opt to pause

Bank of Korea (BoK) will meet on 26 May and we expect it to deliver a 25 bp rate hike. Price pressures remain high while fiscal conditions will support growth. This will justify frontloading a rate hike. However, some markets are speculating a possible 50 bps hike in May, but we think that the BoK won't rush and will keep the powder dry for potential future hikes.

Meanwhile, Bank Indonesia (BI) will likely keep rates unchanged at the 24 May meeting although expect BI Governor Perry Warjiyo to whip out a "hawkish pause". A blowout trade surplus recorded in April gave BI some breathing room but the central bank may need to consider tightening in the near term. Expect BI to keep rates unchanged while setting the table for a rate hike at the June meeting.

Singapore's inflation to heat up further

Singapore's core inflation will likely move past 3% as price pressures stay elevated. Accelerating core inflation was one of the main reasons for the Monetary Authority of Singapore tightening, although it believes inflation should moderate by the second half of the year.

Taiwan industrial production and GDP report

Taiwan will release industrial production on Monday, we will then see the impact of China's lockdown on logistics and how this development affects Taiwan's production.

There will be an update on 1Q GDP on Wednesday, and we believe there will be no change at 3.06%YoY from the preliminary release.

China industrial profits could show extent of recent lockdowns

China's industrial profits will be released on Friday and it will be interesting to see if receivables have improved after the government urged state-owned enterprises to clean up outstanding balances with small and medium-sized enterprises (SMEs). This is one of the government's measures to help SMEs survive the recent lockdowns. Receivables have been high for a while as big corporates tend to delay payments to SMEs.

The rest of the field

The coming week also features sentiment indices from Korea. Both consumer and business surveys will continue to improve mainly due to reopening and larger than expected fiscal support. Meanwhile, Japan will report PMI data which should show services benefiting from the reopening, while manufacturing PMI should slide a bit with margin squeeze and supply chain disruption.

Key events next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-------------------------|------|--------------------------------------|-------|--------|-----------|
| Monday 23 May | | | | | |
| Australia | 0000 | May Manufacturing PMI Flash | - | | 58.8 |
| | 0000 | May Services PMI Flash | - | | 56.1 |
| | 0000 | May Composite PMI Flash | - | | 55.9 |
| Philippines | - | Apr Budget Balance | - | | -187.7 |
| Singapore | 0600 | Apr Core CPI (YoY%) | 3.3 | | 2.9 |
| | 0600 | Apr CPI (MoM%/YoY%) | -15.4 | | 1.3/5.4 |
| Taiwan | 0900 | Apr Industrial Output (YoY%) | 0.3 | | 2.2 |
| | 0900 | Apr Unemployment rate (%) | 3.9 | | 3.7 |
| South Korea | 2200 | May BoK Consumer Sentiment Index | 105 | | 103.8 |
| Tuesday 24 May | | | | | |
| Indonesia | - | May 7-Day Reverse Repo | 3.5 | | 3.5 |
| Taiwan | 0920 | Apr Money Supply - M2 (YoY%) | 8.2 | | 8.1 |
| South Korea | 2200 | Jun BOK Manufacturing BSI | 90 | | 88.0 |
| Wednesday 25 May | | | | | |
| Japan | 0600 | Mar Leading Indicator Revised | - | | 0.9 |
| Thursday 26 May | | | | | |
| Singapore | 0600 | Apr Manufacturing Output (MoM%/YoY%) | -16.0 | | -12.6/3.4 |
| South Korea | 0200 | May Bank of Korea Base Rate | 1.75 | | 1.5 |
| Friday 27 May | | | | | |
| China | 0230 | Apr Industrial Profit (YoY% YTD) | -5.4 | | 8.5 |
| Taiwan | 0900 | Q1 GDP Final (YoY%) | 3.06 | | 3.1 |

Source: Refinitiv, ING

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