

Asia week ahead: China activity data, Japan's GDP and BSP policy decision

Next week kicks off with China activity data followed by growth data from Japan and a policy meeting in the Philippines



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China activity data

We start the week with a flurry of data from China on Monday. Upcoming reports include industrial production, retail sales, and fixed asset investment but the focus will be on new home prices and property investment.

Some cities in China have probably experienced home prices edging higher, as reported in the media, but most should still face downward pressure. We don't expect any surprises in property investment. Meanwhile, the gap in construction activity should be partly filled by infrastructure outlays.

Next week also features the People's Bank of China policy decision with the central bank announcing the Medium Lending Facility policy rate sometime between 13-18 August. We expect

a pause (2.85%) as the central bank is currently absorbing liquidity after a big jump in loan growth in June. A rate cut would offset the central bank's previous liquidity absorption efforts.

Japan's GDP, trade, and core machinery orders

Japan's data release calendar is loaded with GDP, trade and core machinery orders. We expect Japan's 2Q GDP to rebound to 0.6% quarter-on-quarter from a mild contraction of -0.1% in the first quarter. The rebound will likely be due to a recovery in consumption and investment. However, Japan's trade performance will continue to weigh on GDP with the trade balance recording a substantial deficit in August.

Other key events: BSP policy meeting and Indonesia's trade report

Trade data out of Indonesia next week will likely show that the recent trend has been sustained, with exports and imports both registering double-digit gains. Exports, however, will likely outpace imports again this month, resulting in a healthy trade surplus. Indonesia has benefited largely from the commodity price spike and demand for energy, and these trade surpluses will likely support the Indonesian rupiah in the near term.

Bangko Sentral ng Pilipinas (BSP) is widely expected to tighten next week. BSP Governor Medalla pointed to a 50bp rate hike and we believe that's still likely despite the recent disappointing GDP report. BSP will probably retain its hawkish rhetoric as inflation stays above the central bank's target. We have the policy rate settling at 4.5% by year-end.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 15 August					
China	0300	Jul Industrial Output (YoY%)	3.1	4.5	3.9
	0300	Jul Retail Sales (YoY%)	16.0	5.0	3.1
	0300	Jul Fixed Assets Investments (YTD YoY%)	5.9		6.1
Japan	0050	Q2 GDP (QoQ%)	0.6	0.6	-0.1
Indonesia	0500	Jul Trade Balance (USD bn)	3.90		5.09
	0500	Jul Imports/Exports Growth (YoY%)	22.1/35.7		21.98/40.68
Tuesday 16 August					
India	0730	Jul WPI Inflation (YoY%)	-		15.18
Wednesday 17 August					
Japan	0050	Jul Imports/Exports (YoY%)	-		46.1/19.4
	0050	Jul Trade Balance Total (Yen)	-		-1383.8
	-	Core machinery orders (MoM%)	-		-5.6
Thursday 18 August					
China	0300	Surveyed Jobless Rate (%)	5.4		5.5
	1Y	Medium Lending Facility rate (%)	2.85		2.85
Australia	0230	Jul Unemployment Rate	-		3.5
	0230	Jul Reserve Assets Total	-		82004
Philippines	0800	Policy Interest Rate	3.75		3.25
Friday 19 August					
Japan	0030	Jul National CPI (YoY%)	2.5		2.4

Source: Refinitiv, ING

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