

# 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



## 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.
<b>Monday 15 August</b>					
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
<b>Tuesday 16 August</b>					
India	0730	Jul WPI Inflation (YoY%)	-		15.18
<b>Wednesday 17 August</b>					
Japan	0050	Jul Imports/Exports (YoY%)	-		46.1/19.4
	0050	Jul Trade Balance Total (Yen)	-		-1383.8
		- Core machinery orders (MoM%)	-		-5.6
<b>Thursday 18 August</b>					
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
<b>Friday 19 August</b>					
Japan	0030	Jul National CPI (YoY%)	2.5		2.4

Source: Refinitiv, ING

## Author

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.