

Asia week ahead: China data and regional trade reports out

We're expecting China's 2Q GDP report next week to reflect the contraction of activity given Covid-19 lockdowns, while the calendar also features a couple of data points that could help central banks chart their next moves



China growth and activity data

The coming week features several data reports from China bannered by growth figures for the second quarter. China's GDP report for 2Q22 should reflect the contraction of activity given the lockdowns experienced during the period.

Recent activity data for June should signal a recovery for retail sales as Covid-19 measures were relaxed and fewer lockdowns were implemented during the month. As such, we do not expect any change in the 1Y Medium Lending Facility policy rate, and loan growth should pick up as the government has urged banks to lend.

Data that could help shape central bank decisions in the near term

Next week also features a couple of data points that could help central banks chart their next set of moves.

The Reserve Bank of Australia's (RBA's) latest statement repeats that "the size and timing of future interest rate increases will be guided by the incoming data and the board's assessment of the outlook for inflation and the labour market", so the latest labour market report (June data), together with inflation data released later in the month, could help determine whether the RBA sticks to 50bp hikes next month, or scales up to 75bp or even larger. We anticipate a 50,000 increase in total employment, evenly split between part-time and full-time jobs, and a fall in the unemployment rate to 3.8%.

Meanwhile, the Reserve Bank of India (RBI) could be monitoring the latest price gauges to help chart its next move. India's June inflation is out next week and will probably stay at 7.0%, down from the recent peak of 7.8% following cuts in fuel excise duties. A slight moderation in food price inflation should keep the monthly CPI gain to only 0.5%. This takes the immediate pressure off the RBI, which has stepped up the pace of its tightening recently, though we still expect another 50bp hike at the 4 August RBI meeting.

Regional trade data

Regional trade data will be in focus in the coming days with both Indonesia and the Philippines reporting their numbers. Indonesia's trade surplus is set to widen further as authorities gave the go signal for the partial resumption of palm oil exports. Exports and imports are both likely to gain by double digits with the trade surplus possibly jumping to \$5.2bn.

On the other hand, the Philippines will be seeing its trade balance move in the opposite direction as its deficit widens to -\$5.3bn. Philippine imports are expected to sustain the robust double-digit pace of growth as the oil import bill more than doubles due to pricey crude oil.

Other important events: a Bank of Korea rate hike

The Bank of Korea will meet on Wednesday. We expect it to raise 50bp at next week's meeting in response to the higher-than-expected CPI inflation for June and rapidly rising inflation expectations.

Lastly, Singapore reports GDP figures and we expect a 4.9% YoY gain for 2Q. Economic reports have been surprising on the upside with NODX, industrial production and retail sales all beating consensus estimates for most of the quarter.

Asia Economic Calendar

Country	Time	Data/event	ING	Surve	Prev.
Saturday 9 July					
China	0230	Jun CPI (YoY%)	2.2		2.1
Monday 11 July					
China		- Jun M2 Money Supply (YoY)	11.0		11.1
Indonesia	0500	May Retail Sales Index (YoY)	-		8.5
Philippines		- Jun Forex Reserves (USD bn)	-		103.5
Tuesday 12 July					
India	1300	May Industrial Output (YoY%)	-		7.1
Philippines	0200	May Imports/Exports (YoY%)	28.6/7.8		22.8/6.0
	0200	May Trade Balance	-5323		-4773
Wednesday 13 July					
China		- Jul 1Y Medium Lending Facility rate (%)	2.8		2.8
China	0400	Jun Imports/Exports	7.0/26.0		4.1/16.9
	0400	Jun Trade Balance	160.0		78.8
India	1230	Jun Fiscal Deficit (USD bn)	-		25.6
	1230	Jun Imports/Exports (USD bn)	-		63.58/37.94
South Korea	0000	Jun Unemployment Rate	2.9		2.8
	0200	Jul Bank of Korea Base Rate	2.25		1.75
Thursday 14 July					
Australia	0230	Jun Unemployment Rate	-		3.9
India	0730	Jun WPI Inflation (YoY%)	-		15.88
	1300	Jun CPI Inflation (YoY%)	-		7.04
Singapore	0100	Q2 GDP Flash (QoQ%/YoY%)	-/4.9		1.4/3.7
Friday 15 July					
China	0300	Jun Industrial Output (YoY%)	4.0		0.7
	0300	Jun Retail Sales (YoY%)	0.0		-6.7
	0300	Jun Fixed Assets Investments (YoY% YTD)	6.6		6.0
	0300	Q2 GDP (YoY%)	-1.0		4.8
Indonesia	0500	Jun Trade Balance (USD bn)	5.2		2.9
	0500	Jun Imports/Exports Growth (YoY%)	34.9/14.8		30.7/27.0

Source: Refinitiv, ING

Author

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@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 www.ing.com.