

Asia Week Ahead: China's activity data in focus

China's activity data and Australia's labour data will be keenly watched in the coming week



The week ahead

China's activity data tops the list next week as industrial, retail data and more will be announced. Although upcoming reports will not capture the recent lockdowns, they could be a useful measure of the health of China's economy ahead of the closures. Aside from China data, we also have labour data from Australia and India's inflation report. Other data reports in the coming week are Indonesia's trade data and Korea's MPC minutes, which could shed light on future rate hike decisions. Lastly, Japan reports core machinery orders which are expected to dip amid a slow global recovery.

China to share key economic data

We should continue to see weak growth in China's industrial production and smaller growth in fixed asset investment as this will be largely dragged down by residential projects. Retail sales

could show slightly better growth due to the summer holidays, as this year's inbound travel showed more activity than last year due to more flexible social distancing measures.

We expect no change in the 1Y Medium Lending Facility policy rate at 2.75% as the People's Bank of China (PBoC) has adopted a wait-and-see approach after it cut the rate last month. Loan growth should jump in August as the central bank has lowered interest rates and provided guidance for banks to increase lending.

Australia's labour report

Australia's labour market report for August is also set for release next week. The Reserve Bank of Australia has made labour market conditions a key input into its rate-setting behaviour, given that official inflation and wages data are released only quarterly. In July, there was a 40,900 decline in total employment, which runs against all the anecdotal evidence of labour shortages across Australia.

We would look for many of the 86,900 full-time jobs that were apparently lost in July to be replaced, and expect some upside to the +30,000 total median with up to 55,000 jobs possibly added for the month. That could result in a further decline in the unemployment rate but we believe the current 3.4% should hold, as the employment figures and unemployment rate are not directly connected.

India's inflation could inch up to 7% after recent reprieve

Some of the recent moderation in India's high food price inflation may be waning in response to extreme weather and other factors, which could see headline inflation nudging up back towards the 7% year-on-year level. But if energy prices remain under pressure in the months ahead, this increase in inflation may prove short-lived. India also delivers industrial production data for July. This should ease back sharply from the 12.3% YoY rate from June as reopening boosts have run their course.

Indonesia's trade data, BoK minutes and Japan machinery orders

Other data reports in the coming week include Indonesia's August trade data and we expect recent trends to hold. Both exports and imports should remain in expansion mode, but exports are expected to outpace imports again resulting in a hefty surplus. The trade surplus could settle at roughly \$4.5bn which could support the Indonesian rupiah in the near term.

Meanwhile, the minutes from the Bank of Korea's August Monetary Policy Committee (MPC) meeting will be reported on Tuesday, revealing members' views on future rate hike decisions. Korea also reports labour data, with the unemployment rate expected to edge up to 3.0% in August as bad weather adversely affected construction and some services.

Lastly, due to a weak global demand recovery, July's core machinery orders in Japan are expected to decline and export growth is expected to slow down in August.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 12 September					
China		- Aug M2 Money Supply (YoY)	12.2	12.1	12
		- Aug Aggregate Finance (CNY bn)	2500		756
		- Aug New Yuan Loan (CNY bn)	2125		679
India	1300	Aug CPI Inflation (YoY%)	7.0		6.7
	1300	Jul Industrial Output (YoY%)	4.1		12.3
	1230	Q2 C/A Balance (USD bn)	-29.8		-13.4
	1230	Q2 Balance Payments (USD bn)	-		-16
Indonesia	0500	Jul Retail Sales Index (YoY)	-		-
Singapore	0330	Q2 Unemployment Rate Final SA	-		2.1
Tuesday 13 September					
China		- Medium Term Lending Facility Rate (%)	2.75		2.75
India	1230	Aug Fiscal Deficit (USD bn)	-		28.68
	1230	Aug Imports/Exports (USD bn)	-		61.7/33.0
Wednesday 14 September					
India	0730	Aug WPI Inflation (YoY%)	12.8		13.93
Thursday 15 September					
Japan	0050	Aug Imports/Exports (YoY%)	45/25		47.2/19.0
	0050	Aug Trade Balance Total (Yen bn)	-2268		-1436.8
Australia	0230	Aug Unemployment Rate	3.4		3.4
	0230	Aug Reserve Assets Total	-		81090
Indonesia	0500	Aug Trade Balance (USD bn)	4.52		4.22
	0500	Aug Exports Growth (YoY%)	27.9		32.0
	0500	Aug Imports Growth (YoY%)	31.5		39.9
South Korea	0000	Aug Unemployment Rate	3.0		2.9
Friday 16 September					
China	0300	Aug Industrial Output (YoY%)	3.7	4.0	3.8
	0300	Aug Retail Sales (YoY%)	5.9	4.0	2.7
	0300	Aug Fixed Assets Investment (YTD YoY%)	5.1		5.7
	0300	Aug Property Investment (YTD YoY%)	-8.76		-6.4
	0300	Surveyed jobless rate (%)	5.4		5.4

Source: Refinitiv, ING

Author

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@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 www.ing.com.