

## Asia week ahead: China's trade data and an upcoming RBA decision take the spotlight

The coming week features China's trade data as well as the RBA's upcoming policy meeting. India also reports industrial production numbers, Taiwan releases inflation, and Indonesia and the Philippines release first quarter GDP data



### RBA meeting to be closely watched

The 7 May Reserve Bank of Australia (RBA) meeting is worth watching closely. Recent inflation data in Australia looks to have stalled on a monthly basis and has even started to nose higher. That said, Australian inflation has actually performed better than we had been expecting. We had looked for it to rise sooner and by more. On that basis, inflation isn't causing us any undue concern. This looks to us like it will be another no-change meeting. Compared to the US, Australia's economy has slowed more and the labour market softened more significantly.

Time is probably all that is needed for monetary policy to do its work. But at least one analyst has already gone out with a 25bp hike call for this meeting – and we have to admit that this is where the risks to RBA policy lie over the next few meetings. Progress has been slow, but the target rate was not expected to be reached until next year anyway.

## **China's trade data out next week**

The key data release in China next week will be the trade data next Friday. We're expecting data to come in relatively sluggish, with export growth expected to be flat at around 0% year-on-year and import growth faring better at 6.4% YoY. China also publishes its Caixin services and composite PMI on Monday, which the market expects to cool slightly from March. Foreign reserves data will also be released sometime on Tuesday.

## **Robust industrial output report likely from India**

We expect a robust March industrial production release in India. The recent manufacturing PMI data has been running strong consistently and isn't showing any signs of a pullback. There may be some election-related disruption in May/June, but we anticipate the growth rate to rise from 5.7% in February to 6.2% in March.

## **Trade and inflation numbers out from Taiwan**

Taiwan publishes its CPI and PPI inflation on Tuesday, where we will see the first month of impact from the 11% electricity price hike. We expect CPI to pick up in sequential terms but to remain little changed in YoY terms around 2.1% YoY. PPI inflation may see a larger impact from the price hike in the early stages. Taiwan also publishes its trade data on Wednesday, where we are expecting both export and import growth to moderate after a strong March to 10.3% YoY and 4.2% YoY respectively.

## **Indonesia and Philippines report growth numbers**

The coming week also features first quarter GDP reports from Indonesia and the Philippines. We expect Indonesia's first quarter GDP to expand by 5.2% YoY. Robust economic growth was supported by election-related spending after nationwide elections were held in February. Meanwhile, the Philippine economy likely grew by 6.0% YoY in the first quarter. Growth possibly received a boost from a favourable net exports contribution given the stark narrowing of the trade deficit in 2024.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
<b>Monday 6 May</b>					
China	0245	Apr Caixin Services PMI	-		52.7
India	0600	Apr IHS S&P Global Services PMI	-	62	61.7
Indonesia	-	Q1 GDP (QoQ%/YoY%)	0.0/5.2		0.45/5.04
Singapore	1000	Apr Foreign Reserves USD	-		368.5
Taiwan	0920	Apr Foreign Exchange Reserve	-		568.1
<b>Tuesday 7 May</b>					
Japan	0130	Apr Services PMI	54.6		54.6
Australia	0530	May RBA Cash Rate	4.35		4.35
China	0900	Apr FX Reserves (Monthly)	-		3.246
Philippines	0200	Apr CPI (MoM%/YoY%)	0.3/4.2	/	0.1/3.7
	0200	Apr Core CPI (YoY%)	3.2		3.4
	-	Apr Forex Reserves USD	-		104
Taiwan	0900	Apr CPI (YoY%)	2.1		2.14
<b>Wednesday 8 May</b>					
Indonesia	0500	Apr Forex Reserves	-		140.4
Philippines	0200	Mar Exports (YoY%)	-11.8		15.7
	0200	Mar Imports (YoY%)	-12.6		6.3
	0200	Mar Trade Balance	-4234		-3647
Taiwan	0900	Apr Imports	4.2		7.1
	0900	Apr Exports	10.3		18.9
	0900	Apr Trade Balance	-		8.68
South Korea	0000	Mar Current Account Balance NSA	6.0		6.86
<b>Thursday 9 May</b>					
Japan	0030	Mar Labour cash earnings (YoY%)	2.0		1.4
China	-	Apr Exports	0		-7.5
	-	Apr Imports	6.4		-1.9
	-	Apr Trade Balance	-		58.55
Philippines	0300	Q1 GDP (QoQ%/YoY%)	6		2.1/5.6
<b>Friday 10 May</b>					
Japan	0030	Mar All Household Spending (MoM%/YoY%)	-		-0.5
	0030	Mar Current Account Balance NSA	3.5		2.6
China	-	Apr M2 Money Supply (YoY)	-		8.3
	-	Apr FDI (YTD)	-		-26.1
India	1300	Mar Industrial Output (YoY%)	6.2		5.7
	-	Apr Fiscal Deficit - USD bn	-		15.6
	-	Apr Imports - USD bn	-		57.28
	-	Apr Exports - USD bn	-		41.68
Taiwan	0900	Q1 GDP Final (YoY%)	-		6.51

Source: Refinitiv, ING

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