

Asia week ahead: Fine-tuning 2Q GDP growth estimates

June activity releases will help us to fine-tune 2Q19 growth estimate for Asian economies. With downside growth risks persisting and inflation remaining low, the need for greater policy support will keep regional central banks on their toes



Source: Shutterstock

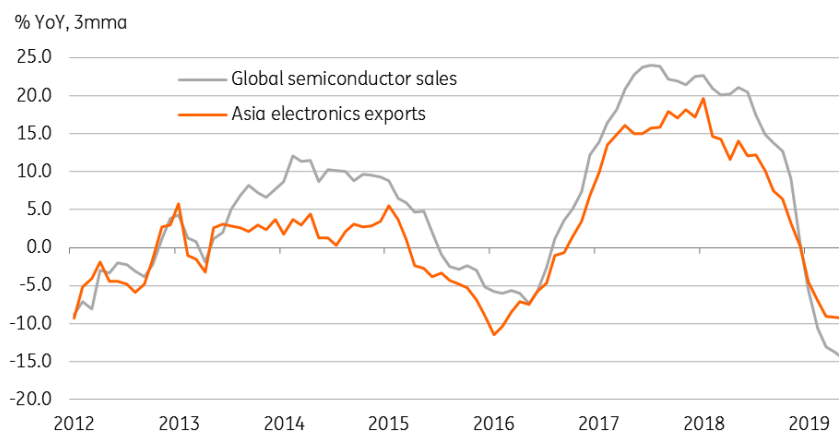
Intensified export-led slowdown

June trade and manufacturing figures are highlights of the Asian economic calendar for next week. Trade figures, and within that exports matter for manufacturing growth, which in turn drive GDP growth. We have seen accelerated export weakness coming through some Asian

countries with electronic heavy-weights Korea and Singapore leading the pack.

A slightly positive turnaround in Taiwan's exports was a hopeful sign of recovery, though hopes are misplaced with the trade tensions between the US and China, and now between Japan and Korea, remaining elevated. As such, the balance of risk is tilted towards further export and manufacturing weakness across the region. Look out for trade data from Hong Kong and Thailand, and Taiwan's export order figures next week.

Asia: At the forefront of the global tech slump



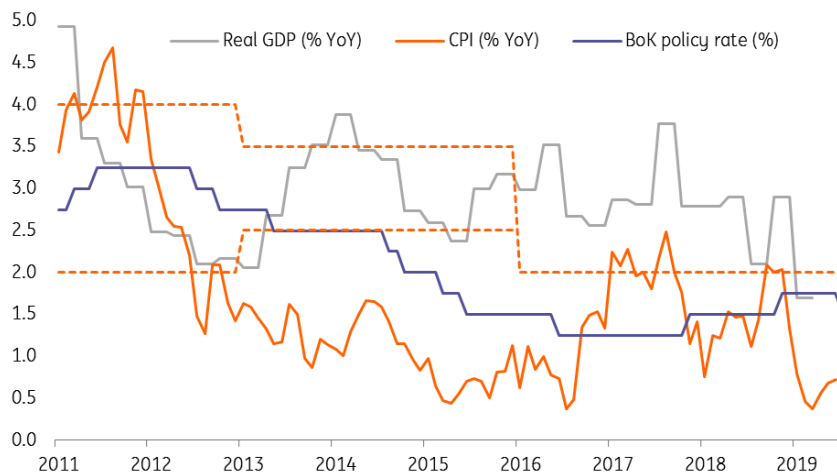
Source: Bloomberg, CEIC, ING

➔ More downside growth risk

Taiwan also reports industrial production figures for June. The average industrial production growth for three months will help us to assess the risk to our 1.4% GDP growth forecast for 2Q19 (data due on 31 July). Likewise, Singapore's industrial production growth for June will indicate the likely direction of revision to 0.1% year-on-year GDP growth released as part of the advance estimate earlier this month (final estimate due in mid-August).

Korea's preliminary GDP data for 2Q19 will test our view that sharp export declines recently have pushed the economy close to a recession. [The Bank of Korea's 25bp policy rate cut](#) today probably heralds a worse growth figure. GDP shrank by 0.4% quarter-on-quarter (seasonally adjusted) in 1Q19. Another such negative print will confirm a (technical) recession. The trade rift with Japan dampens the export outlook, so, a couple more BoK rate cuts by the end of the year won't be an unreasonable view.

Korea: Growth, inflation, and central bank policy rate



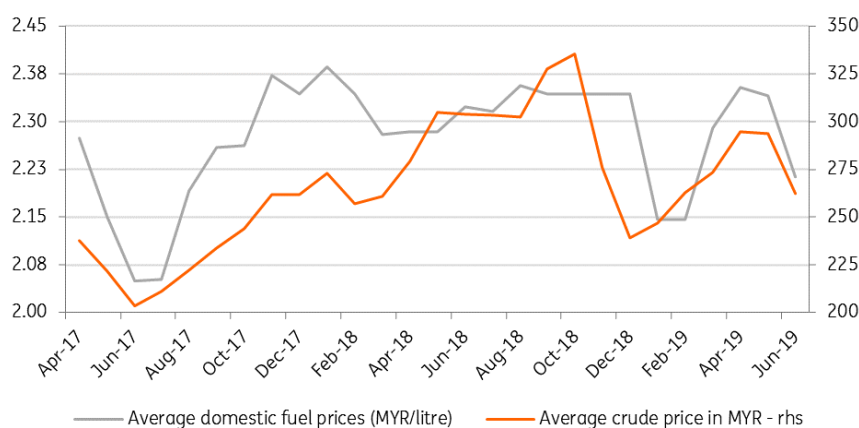
Dotted lines are BoK's inflation target, shifted from a range to point target in 2016.
Source: Bloomberg, CEIC, ING

➔ And subdued inflation

Lately, inflation releases have been largely uninteresting drivers for the markets. We don't think next week's CPI data for June due in Hong Kong, Singapore, and Malaysia will be any different.

Yet, there is likely to be some interest in Malaysia's CPI as the Goods and Services Tax (GST) elimination in June 2018 moved out of the base comparison and likely caused a spike in the year-over-year inflation rate from the near-zero level it had been in the first five months of 2019. On the flip-side, we believe low global crude oil prices drove domestic fuel prices lower and this prevented a sharp rise in headline inflation. Our forecast is 1.1% YoY, up from 0.2% in May. That said, we see average annual inflation in 2019 staying close to the low end of Malaysia's central bank 0.7-1.7% forecast range.

Malaysia: Falling fuel prices keep CPI inflation low



Source: Bloomberg, CEIC, ING

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 22 July					
Hong Kong	0915	Jun Composite CPI (YoY%)	3.0		2.8
Malaysia	0800	Jul 15 Forex reserves- Month end (US\$bn)	-	-	102.7
Philippines	-	Jun Budget balance (PHP bn)	-72.6	-	2.6
Taiwan	0900	Jun Export orders (YoY%)	-	-	-5.8
	0900	Unemployment rate (%)	3.76		3.8
Thailand	-	Jun Exports (customs estimates, YoY%)	-8.5	-	-5.8
	-	Jun Imports (customs estimates, YoY%)	-4.5	-	-0.6
	-	Jun Trade balance (\$m)	831	-	182
Tuesday 23 July					
Singapore	0600	Jun CPI (YoY%)	0.7	-	0.9
	0600	Jun CPI core (YoY%)	1.2	-	1.3
Taiwan	0900	Jun Industrial production (YoY%)	-1.0	-	-3.1
Wednesday 24 July					
Malaysia	0500	Jun CPI (YoY%)	1.1	-	0.2
Taiwan	0920	Jun Money supply (M2) (YoY%)	3.5	-	3.4
Thursday 25 July					
South Korea	0000	2Q P GDP (QoQ/YoY%)	0.0/2.1	-/-	-0.4/1.7
	-	Jul BOK Consumer Sentiment Index	97.2		97.5
Hong Kong	0915	Jun Exports (YoY%)	-2.7		-2.4
	0915	Jun Imports (YoY%)	-3.0		-4.3
	0915	Jun Trade balance (HK\$ bn)	-51.7		-34.7
	2200	Jul BOK Consumer Sentiment Index	-	-	97.5
Friday 26 July					
Singapore	0330	2Q Jobless rate (Q) (%), SA)	2.3	-	2.2
	-	Jun Industrial production (MoM/YoY%)	4.2/-2.1	-/-	-0.7/-2.4

Source: ING, Bloomberg, *GMT

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Economist, Germany
Franziska.Marie.Biehl@ing.de

Rebecca Byrne
Senior Editor and Supervisory Analyst
rebecca.byrne@ing.com

Mirjam Bani
Sector Economist, Commercial Real Estate & Public Sector (Netherlands)
mirjam.bani@ing.com

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Leszek Kasek
Senior Economist, Poland
leszek.kasek@ing.pl

Oleksiy Soroka, CFA
Senior High Yield Credit Strategist
oleksiy.soroka@ing.com

Antoine Bouvet
Head of European Rates Strategy
antoine.bouvet@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma
Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole
FX Strategist
francesco.pesole@ing.com

Rico Luman
Senior Sector Economist, Transport and Logistics
Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist
jurjen.witteveen@ing.com

Dmitry Dolgin
Chief Economist, CIS
dmitry.dolgin@ing.de

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Egor Fedorov
Senior Credit Analyst
egor.fedorov@ing.com

Sebastian Franke
Consumer Economist
sebastian.franke@ing.de

Gerben Hieminga
Senior Sector Economist, Energy
gerben.hieminga@ing.com

Nadège Tillier
Head of Corporates Sector Strategy
nadege.tillier@ing.com

Charlotte de Montpellier
Senior Economist, France and Switzerland
charlotte.de.montpellier@ing.com

Laura Straeter
Behavioural Scientist
+31(0)611172684
laura.Straeter@ing.com

Valentin Tataru
Chief Economist, Romania
valentin.tataru@ing.com

James Smith
Developed Markets Economist, UK
james.smith@ing.com

Suvi Platerink Kosonen
Senior Sector Strategist, Financials
suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific
robert.carnell@asia.ing.com

Karol Pogorzelski
Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com