

## Asia week ahead: GDP data dominates

The Asian economic calendar will be filled with the usual end-of-the-month economic releases next week. Second quarter GDP reports from northeast Asia will steal the spotlight



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### ➔ 2Q GDP and inflation reports

Korea and Taiwan are next in line to unveil their 2Q GDP performance next week. Based on our house forecasts, the quarter-on-quarter growth rates of both economies moderated in the last quarter, though close to 6% YoY growth is still a decent performance considering their ongoing plight with Covid-19.

We expect a slowdown in Korean 2Q GDP growth to 0.6% quarter-on-quarter in 2Q from 1.7% QoQ in 1Q, though the year-on-year growth rate accelerates to 5.8% from 1.9% over the same period.

The strong surge in exports (up 7% QoQ and 42% YoY), thanks to the global semiconductor upswing, may have softened the impact of weaker domestic demand due to rising Covid cases and tighter movement restrictions.

In Taiwan, 2Q GDP growth likely eased to 6.1% YoY in 2Q from 8.9% in the previous period. The main factors at work here, besides Covid-19, are water and electricity shortages in June, which were particularly detrimental to the semiconductor sector. The water shortages may have eased now thanks to recent rainfall, but power cuts remain a drag on production, while the semiconductor industry has also been operating close to full capacity and new orders continue to pile up amid the global chip shortage.

Down under, a spike in Australian 2Q CPI to 3.5% from 1.1% in 1Q will likely be brushed off by the Reserve Bank of Australia as transitory and base-driven. There could be some market response from a surprise on either side, as higher inflation is now being interpreted by markets as a force for slower future growth via tighter monetary policy, causing bond yields to fall and FX to sell-off.

## ➔ Other June activity data

The rest of the calendar is filled with the usual end-of-the-month data releases from around the region. Most of these will be for June, capping the economic picture for 2Q.

Strong export growth augurs well for June's industrial production figures from Japan, Korea and Singapore. However, the already-released 2Q GDP figures make June IP prints from Korea and Singapore almost redundant. Their importance is reduced to what they say about any likely GDP revisions – and are unlikely to be big market movers.

Instead, the forward-looking sentiment indicators will be worth a look. This puts the focus on Korean consumer and business confidence indicators. Likewise, China's industrial profits data will shed light on the prospect of capex spending by companies.

## Asia Economic Calendar

Country	Time Data/event	ING Survey	Prev.
<b>Monday 26 July</b>			
Singapore	0600 Jun Manufacturing Output (MoM/YoY%)	-4.7/27.5	7.2/30.0
South Korea	0000 Q2 GDP Growth (QoQ/YoY%)	0.6/5.8	1.7/1.9
<b>Tuesday 27 July</b>			
China	0230 Jun Industrial Profit (YoY%)	33.5	36.4
South Korea	2200 Jul BoK Consumer Sentiment Index	109.7	110.3
<b>Wednesday 28 July</b>			
Australia	0230 Q2 CPI (QoQ/YoY%)	0.7/3.5	0.6/1.1
Malaysia	0500 Jun Trade Balance (MYR bn)	20.9	13.7
	0500 Jun Exports (YoY%)	15	47.3
	0500 Jun Imports (YoY%)	20	50.3
<b>Thursday 29 July</b>			
Japan	0030 Jun Unemployment Rate	3.1	3
	0050 Jun Industrial O/P Prelim (MoM%/YoY%)	6.0/11	-6.5/21.1
Singapore	0330 Q2 Unemployment Rate Prelim SA	3.1	2.9
South Korea	2200 Aug BOK Manufacturing BSI	98	101.0
	0000 Jun Industrial Output (MoM/YoY%)	0.7/9.3	-0.7/15.6
<b>Friday 30 July</b>			
Malaysia	0800 Jun Money Supply (YoY%)	-	3.8
Thailand	0830 Jun Industrial Output Growth (YoY%)	17	25.8
Indonesia	0500 Jun M2 Money Supply (YoY%)	-	8.1
Taiwan	0900 Q2 GDP (YoY%) Prelim	6.1	8.9
Thailand	0830 Jun Current Account (\$bn)	-2.3	-2.6

Source: Refinitiv, ING, \*GMT

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