

Asia week ahead: Inflation data from Australia plus growth numbers from India

Next week's calendar features inflation data from Australia and growth from India. Meanwhile, industrial production data will be released in Japan and Korea



Inflation to rise in Australia

Australia's April inflation will likely increase from the previous month. This is partly a base effect-driven phenomenon, though not entirely. And we estimate that food prices rose at a similar 0.4% month-on-month pace in April, with larger increases for alcohol and tobacco, and motor fuel, which should offset any further reduction in housing-related inflation over the month. A 0.5% MoM inflation print will deliver a year-on-year inflation rate of 6.6% for April, up from 6.3% in March. We expect inflation will drop back to 6.2% in May, but that still would leave it barely any lower than it is now, creating a headache for the Reserve Bank of Australia.

Looking beyond India's slowing growth

1Q23 GDP data will come in at about 3.4% YoY, down from 4.4% in 4Q22. This may seem low, but the year-on-year numbers are all still reflecting earlier lockdown and reopening distortions. The 3.4% in the first quarter will still leave the economy on track to deliver growth for the full year of about 6% if our subsequent forecasts turn out to be correct. High-frequency data for India continues to point to relatively robust growth, though there has been a slight slowdown from 2022 growth rates.

Signs of recovery in Japan

April industrial production is expected to rise for the second consecutive month on the back of a solid domestically driven recovery. Auto production will also play a major role in the improvement of IP numbers. Also, ahead of golden week, the jobless rate should have come down a bit with solid service hiring.

Industrial production to fall in Korea

Industrial production in Korea is expected to fall again after a temporary rise in March, as suggested by the weak April export numbers. Although manufacturing and construction activity is expected to be weak, we expect service activity to stay firm as consumer sentiment continues to recover.

The early May exports data has already pointed to a sluggish export trend, which is set to continue through May. We are concerned about the fact that exports to developed markets, especially to the US, are softening. The manufacturing PMI will likely rebound only modestly on the back of an improvement in the global supply chain and China's reopening, but still stay below the neutral level.

Inflation is expected to decelerate to 3.5% YoY in May despite the recent hike in utility prices as base effects bring down the headline rate.

Key events in Asia next week

Country	Time	Data/event	ING Survey	Prev.
Tuesday 30 May				
Japan	0030	Apr Unemployment Rate	2.6	2.8
Wednesday 31 May				
Japan	0600	Apr Housing Starts (YoY%)	-	-3.2
	0050	Apr Industrial O/P Prelim (MoM%/YoY%)	-/-	1.1/7.2
South Korea	0000	Apr Industrial Output (YoY%)	-	-7.6
	0000	Apr Industrial Output Growth	-	5.1
China	0230	May NBS Manufacturing PMI	-	49.2
	0230	May NBS Non-Manufacturing PMI	-	56.4
India	1300	Q4 GDP Quarterly (YoY%)	-	4.4
Thursday 1 June				
Japan	0130	May Jibun Bank Manufacturing PMI	50.8	50.8
	0050	May Monetary Base (YoY%)	-	-1.91
China	0245	May Caixin Manufacturing PMI Final	-	49.5
India	0600	May IHS S&P Global Manufacturing PMI	56.5	57.2
Indonesia	0500	May Core Inflation (YoY%)	-	2.83
	0500	May Inflation (MoM%/YoY%)	-/-	0.33/4.33
Philippines	0130	May Manufacturing PMI SA	-	51.4
Taiwan	0130	May IHS S&P Global Manufacturing PMI	-	47.1
South Korea	0100	May Imports/Export Growth Prelim	-	-13.3/-14.3
	0130	May IHS S&P Global Manufacturing PMI	49	48.1
Friday 2 June				
South Korea	0000	May CPI Growth (MoM%/YoY%)	-/-	0.2/3.7
	0000	Q1 GDP Growth (QoQ%/YoY%)	0.3/0.8	0.3/0.8

Source: Refinitiv, ING

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