

Asia week ahead: Inflation has peaked

Inflation relief is here for Asian central banks which still need to provide monetary policy support amid the ongoing pandemic. While policies remain in a holding pattern, forward guidance will be the key driver for the markets



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➔ Inflation relief on the way

Aside from the notable exception of India, consumer price inflation in Asia appears to have peaked. The June inflation data from Indonesia and Korea this week attested to this view and we expect inflation releases next week from China, Taiwan, the Philippines, and Thailand to reinforce this message further.

Renewed Covid-19 restrictions across Asia have weakened spending and as a result, price

pressures have softened. The retail sales figures for May from Australia and Singapore will offer the markets a glimpse into the hit to demand as both countries reimposed movement restrictions in May.

➔ RBA and BNM meetings

The reversal of the latest inflation spikes will be a significant relief to central banks, which still need to provide monetary policy support amid the ongoing pandemic.

The Reserve Bank of Australia and the Bank Negara Malaysia are set to review their current policy settings next week. Although both central banks will leave policies unchanged, there will be some interest in their forward guidance, especially from the RBA whose last policy minutes noted a likely decision on future bond purchases and the target bond maturity (see our latest note on this, [“Australia: Main policy decisions pushed out until July RBA meeting”](#)).

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 July					
Japan	0030	May All Household Spending (MoM/YoY%)	-		0.1/13
Australia	0230	May Retail Sales (MoM%)	-		0.1
China	0245	Jun Caixin Services PMI	54		55.1
Philippines	-	Jun Forex Reserves USD	106.1		107.0
Singapore	0600	May Retail Sales (MoM/YoY%)	-18.0/59.0		-1.3/54.0
Taiwan	0920	Jun Foreign Exchange Reserve	542		542.978
Thailand	-	Jun CPI Headline Inflation (YoY%)	0.9		2.4
	-	Jun CPI Core Inflation (YoY%)	0.5		0.5
Tuesday 6 July					
Australia	0530	Jul RBA Cash Rate	0.10	0.10	0.10
Philippines	0200	Jun CPI (MoM/YoY%)	0.2/4.3		0.1/4.5
Taiwan	0900	May Unemployment rate (%)	-		3.7
South Korea	0000	May Current Account Balance NSA	-		1.9
Wednesday 7 July					
Japan	0050	May Current Account NSA	-		1321.8
China	-	Jun FX Reserves (\$ tn)	3.240		3.222
Indonesia	-	Jun Forex Reserves	135.5		136.4
Taiwan	0900	Jun WPI (YoY% NSA)	11.00		11.33
	0900	Jun CPI (YoY% NSA)	2.45		2.48
	0900	Jun Imports	47.0		40.9
	0900	Jun Exports	42.0		38.6
	0900	Jun Trade Balance (\$bn)	5.70		6.16
Thursday 8 July					
Malaysia	0800	BNM Policy Rate (%)	1.75		1.75
Friday 9 July					
China	0230	Jun CPI (YoY%)	1.2		1.3
	0230	Jun PPI (YoY%)	11.2		9
Philippines	0200	May Exports (YoY%)	30.3		72.1
	0200	May Imports (YoY%)	44.7		140.9
	0200	May Trade Balance	-2568		-2734

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