

## Asia week ahead: Inflation readings from China and India

Next week's data calendar features several inflation reports from China, India, and the Philippines. Meanwhile, we will also get trade data from China and Taiwan plus labour data from South Korea



### Inflation to ease in India

April inflation data in India will likely show another steep decline, taking the inflation rate closer to the mid-point (4%) of the Reserve Bank of India's (RBI's) inflation target. We expect the CPI index for April to rise by 0.4% month-on-month. That is a full percentage point lower than the comparable increase in April 2022, and should take the inflation rate down to 4.7%.

At these levels, a debate about the timing and extent of future easing of the repo rate by the RBI will likely start, and this could weigh on the Indian rupee, though any such change would ultimately be supportive of growth. We still expect easing to commence later this year, perhaps as early as the third quarter.

## Trade data from China and Taiwan

China and Taiwan will release trade data next week. Due to weak external demand, we are expecting exports for both economies to slow. However, we note that China's electric vehicle exports could see an increase on a yearly basis as Chinese car manufacturers are looking to exports as their key strategy, on top of organic growth in the domestic market.

## Jobless rate to rise in Korea

The jobless rate in Korea is expected to rise in May with sluggish construction and manufacturing hiring. Meanwhile, the government's job programme likely added more jobs.

## Loan growth and price figures from China

Next week, China will also announce loan growth, which should be growing mildly starting from April as Chinese banks usually book loans in the first quarter. Slower loan growth in April should not be interpreted as low loan demand as most of the loans for the year have already been booked.

Meanwhile, China should continue to show modest CPI inflation, and weaker manufacturing activities should continue to put deflationary pressures on PPI.

## Philippine GDP to slow as inflation bites

The Philippines will release first-quarter GDP data next week and we are expecting a year-on-year expansion of 6.5% down from 7.2% previously. Growth will be supported by household consumption, although we note a slowing trend as elevated inflation saps some purchasing power. Meanwhile, capital formation will likely be subdued given moderating bank lending after Bangko Sentral ng Pilipinas (BSP) sustained rapid-fire rate hikes. GDP growth should continue to decelerate in the coming quarters as still high inflation and the fallout from central bank rate hikes take hold.

BSP will see both inflation and GDP data ahead of its policy meeting on 16 May.

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 8 May</b>					
Japan	0130	Apr Services PMI	54.9		54.9
	0030	Mar All Household Spending (MoM%/YoY%)	-	1.5/0.4	-2.4/1.6
China		- Apr FX Reserves (Monthly)	-	3.19	3.184
Indonesia	0500	Apr Forex Reserves	-		145.2
		- Q1 Balance of Payments	-		-1.3
		- Q1 Current Account/GDP	-		1.34
Taiwan	0900	Apr Imports/Exports	-16.6/-17.5		-20.1/-19.1
	0900	Apr Trade Balance	3.75		4.22
<b>Tuesday 9 May</b>					
China	0400	Apr Imports/Exports	-0.24/-2.5		-1.4/14.8
	0400	Apr Trade Balance	43.2		88.19
Indonesia	0400	Apr Consumer Confidence Index	-		123.3
	0500	Mar Retail Sales Index (YoY)	-		0.6
Philippines	0200	Mar Imports/Exports (YoY%)	-8.6/-10.2		-12.1/-18.1
	0200	Mar Trade Balance	-4200		-3876
<b>Wednesday 10 May</b>					
China		- M2 (%YoY)	12.6		12.7
		- Aggregate Finance (CNY bn)	1100		5380
		- New Yuan Loan (CNY bn)	795		3890
India		- Apr Fiscal Deficit (USD bn)	-		
		- Apr Imports/Exports (USD bn)	-		
Taiwan	0900	Q1 GDP Final (YoY%)	-3.02		-3.02
South Korea	0000	Mar Current Account Bal NSA	0		-0.52
	0000	Apr Unemployment Rate	3.0		2.7
<b>Thursday 11 May</b>					
Japan	0050	Mar Current Account Bal NSA	2.5		2.1
China	0230	Apr CPI/PPI (YoY%)	3/-3.2		0.7/-2.5
Philippines	0300	Q1 GDP (QoQ%/YoY%)	1,0/6,5		2.4/7.2
<b>Friday 12 May</b>					
India	1300	Mar Industrial Output (YoY%)	-		5.6
	1300	Apr CPI Inflation (MoM%/YoY%)	0.4/4.7		5.66

Source: Refinitiv, ING

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