

## Asia week ahead: Key central bank meetings in Japan and Indonesia

The Bank of Japan meeting could be a close call, while Bank Indonesia is likely to extend its pause. Meanwhile, Korea reports GDP figures and Singapore reports inflation



### Australia's second quarter CPI data are a key variable for the central bank

The highlight for the week will be the second quarter CPI release in Australia on Wednesday. The inflation outlook will help determine whether the Reserve Bank of Australia (RBA) hikes rates again in the second half of the year. The unemployment data released earlier today showed that the unemployment in June stood at 3.5%, slightly lower than the consensus of 3.6%. The improvement in the labour market could point to solid economic activity despite the recent string of tightening. As such, CPI for the second quarter is likely to remain elevated but lower compared to the first quarter.

## Taiwan's industrial output to continue decline

Given the poor performance of China's second-quarter data, industrial output in export-reliant Taiwan is likely to have remained in contraction last month. Semiconductor production plays an integral role in Taiwan's industrial output. A report released by TrendForce recently showed that global foundry sales will decrease by 4% year-on-year in 2023, with many major firms suggesting no significant rebound in orders.

## Korea's GDP to pickup

Korea's GDP growth in the second quarter is expected to accelerate to 0.5% quarter-on-quarter seasonally-adjusted compared to the first quarter's 0.3%. The improvement in net export contributions is likely to have driven overall growth on the back of a sharp decline in imports, while private consumption growth will probably remain flat. Monthly activity data should stay soft with construction and service activity declining in June.

## BoJ meeting to be a close call?

The Bank of Japan (BoJ) will meet on Friday and we believe that recent swings in the FX and Japanese government bond markets reflect market expectations for policy adjustment. It is a close call, but we still think yield curve control (YCC) tweaks are possible, given that recent data support steady inflation growth and a sustained economic recovery.

## BI expected to pause

Bank Indonesia (BI) is set to extend its pause, keeping policy rates at 5.75%. Inflation has returned to target but pressure on the Indonesian rupiah (IDR) of late may give Governor Perry Warjiyo reason to keep rates steady. We expect BI to stay on hold for a couple more meetings and only consider a potential rate cut once the IDR stabilises.

## Singapore inflation to slow

Favourable base effects and moderating commodity prices could help both headline and core inflation dip in Singapore. Headline inflation may edge lower to 4.6% YoY with core inflation also expected to slow. The Monetary Authority of Singapore will be weighing the upside GDP growth surprise alongside the improving price outlook for its meeting later this year.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
<b>Monday 24 July</b>					
Japan	0130	Jul Manufacturing PMI Flash	50		49.8
	0130	Jul Services PMI Flash	54.5		54.0
	0130	Jul Composite PMI Flash	52.5		52.1
Singapore	0600	Jun Core CPI (YoY%)	4.6		4.7
	0600	Jun CPI (YoY%)	4.6		5.1
Taiwan	0900	Jun Industrial Output (YoY%)	-		-15.73
	0900	Jun Unemployment rate (%)	-		3.5
	0920	Jun Money Supply - M2 (YoY%)	-		6.63
Australia	0000	Jul Manufacturing PMI Flash	-		48.2
	0000	Jul Services PMI Flash	-		50.3
	0000	Jul Composite PMI Flash	-		50.1
<b>Tuesday 25 July</b>					
Indonesia	0800	Jul 7-Day Reverse Repo	5.75		5.75
	0500	Jun M2 Money Supply (YoY%)	-		6.1
South Korea	0000	Q2 GDP Growth (QoQ%/YoY%)	0.5/0.7	/	0.3/0.9
	2200	Jul BoK Consumer Sentiment Index	101		100.7
<b>Wednesday 26 July</b>					
Japan	0600	May Leading Indicator Revised	-		1.4
Australia	0230	Q2 CPI (QoQ%/YoY%)	-6,0	/	1.4/7
Philippines	-	Jun Budget Balance	-		-122.2
Singapore	0600	Jun Manufacturing Output (MoM%/YoY%)	5,0/-9,2	/	-3.9/-10.8
<b>Thursday 27 July</b>					
Singapore	0330	Q2 Unemployment Rate Prelim SA	1.9		1.8
South Korea	2200	Aug BOK Manufacturing BSI	74		72
<b>Friday 28 July</b>					
Japan	-	JP BOJ Rate Decision	-0.1		-0.1
	0030	Tokyo CPI (YoY %)	3.0		3.1
Taiwan	0900	Q2 GDP (YoY%) Prelim	-		-2.87
	0000	Jun Industrial Output (YoY%)	-6.5		-7.3
	0000	Jun Industrial Output Growth	-1.0		3.2

Source: Refinitiv, ING

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