

Asia Week Ahead: Regional PMI figures plus two central bank meetings

Next week features regional PMI readings and inflation from Singapore. We also get Taiwan's export orders and China's loan prime rate plus two central bank decisions



Australia's manufacturing sector still in contraction

PMI data for Australia will probably show the manufacturing sector still in contraction territory with another sub-50 reading (ING f 49.3). The service sector PMI will be higher and above 50, but we think it will also show a slowdown in growth. We expect the service sector PMI to drop from 53.6 to 53.

Strong manufacturing expected in India

India's PMIs have been running at levels consistent with very strong growth, and we expect that to continue in May, though there might be a bit of disruption due to the ongoing elections. So small declines in both service and manufacturing PMIs would not be too surprising or particularly worrying. We forecast the manufacturing PMI at 57.6 down from 58.8, and the service sector PMI

forecast at 59.6 down from 60.8.

China's benchmark loan prime rate and Taiwan's export orders

After a busy week, it looks to be a quiet week ahead for data releases. In China, the benchmark loan prime rate will be set on Monday, with markets expecting no move after the medium-term lending facility rate was left unchanged. The chances of easing in future months are rising though. In Taiwan, export orders will be published on Monday. We are looking for a small uptick in year-on-year growth. Industrial production will be published on Thursday, where a favourable base effect could also see an uptick in the YoY numbers. Hong Kong publishes its CPI inflation on Thursday.

BoK to extend pause

The Bank of Korea meeting is next Thursday. The BoK is widely expected to keep its policy rate at 3.5% but the meeting will still be closely watched as two new members have joined the board since the last meeting and it will be interesting to see if this has changed the view of the board. The updated quarterly outlook report will also present the BoK's view on growth and inflation. First quarter GDP was stronger than expected, thus the GDP outlook will be revised up for 2024 while the inflation outlook is also likely to be pushed up, reflecting higher-than-expected commodity prices and the recent weak Korean won.

Bank Indonesia likely on hold

After surprising market participants with a rate hike at its last meeting, we expect Bank Indonesia (BI) to remain on hold next week. Pressure on the rupiah has dissipated somewhat and we expect BI to retain its hawkish tone and signal a prolonged pause.

Japan's activity data to point to rebound

We believe that the normalisation of auto production and the recovery of global semiconductor demand should be reflected in next week's positive results. We expect the PMI, core machinery orders and exports to show some recovery after the weaker-than-expected 1Q24 GDP outcome.

Singapore's inflation to edge lower

Singapore's headline and core inflation are both expected to ease slightly for April. Despite the slight dip in inflation, price pressures remain and core inflation is still well above the central bank's target of about 2%. We expect MAS to monitor inflation trends in the coming months ahead of the July policy meeting.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 20 May				
China	0215	May Loan Prime Rate 1Y	-	3.45
	0215	May Loan Prime Rate 5Y	-	3.95
South Korea	2200	May BoK Consumer Sentiment Index	100.2	100.7
Tuesday 21 May				
South Korea	2200	Jun BOK Manufacturing BSI	73	71
Wednesday 22 May				
Japan	0050	Apr Exports (YoY%)	11	7.3
	0050	Apr Imports (YoY%)	7.8	-5.1
	0050	Apr Trade Balance Total Yen	-200	387
	0050	Mar Core Machine Orders (MoM%)	0.5	7.7
Indonesia	-	May 7-Day Reverse Repo	6.25	6.25
Taiwan	0900	Apr Unemployment rate (%)	-	3.4
Thursday 23 May				
Japan	0130	May Manufacturing PMI Flash	50.1	49.6
	0130	May Services PMI Flash	54.5	54.3
	0130	May Composite PMI Flash	53	52.3
Australia	0000	May Manufacturing PMI Flash	49.3	49.6
	0000	May Services PMI Flash	53.1	53.6
	0000	May Composite PMI Flash	-	53
Singapore	0600	Apr Core CPI (YoY%)	3.0	3.1
	0600	Apr CPI (MoM%/YoY%)	-2.6	-0.1/2.7
Taiwan	0900	Apr Industrial Output (YoY%)	-	3.99
South Korea	0200	May Bank of Korea Base Rate	3.5	3.5
Friday 24 May				
Japan	0030	Apr CPI (MoM%/YoY%) NSA	0.2/2.2	0.3/2.7
Philippines	0600	Apr Budget Balance	-	-195.9
Singapore	0100	Q1 GDP Final (QoQ%/YoY%)	-2.6	0.2/2.7
	0600	Apr Manufacturing Output (MoM%/YoY%)	-/-	-16/-9.2
Taiwan	0920	Apr Money Supply - M2 (YoY%)	-	6.15

Source: Refinitiv, ING

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.