

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

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