

Asia week ahead: Regional PMI reports and India GDP

Regional PMI reports and India's second-quarter GDP are the highlights for the coming week



Regional PMI readings

Next week features PMI manufacturing data for the region with China's report on 31 August to set the tone. We expect the recent drought to have reduced power supply, a key component of PMI. Thus we expect another month of PMI staying under 50. Real estate construction should still be slow and pose a drag on non-manufacturing PMI. The good news is that inbound travel gained some momentum, which should offset the drag by the construction sector. Increased activity due to inbound travel for the services sector should be enough to keep non-manufacturing PMI in expansion and above 50.

Meanwhile, in Korea, we expect the July industrial production to improve due to better vehicle manufacturing geared for exports. Gains may be capped however due to some slowdown caused by softer semiconductor demand. Positive developments in industrial production and local business surveys suggest a mild recovery for the manufacturing outlook and PMI is expected to

retrace back above the 50 level.

Australia's building approvals

Australian building approvals and construction work done could show how the economy is standing up to the Reserve Bank of Australia's (RBA) recent rate tightening endeavours, ahead of data on home loan advancement. We also get second-quarter private capital expenditure, which will set the scene for the 2Q22 GDP release on 7 September, just after the next RBA rate meeting on 9 September.

India's 2Q GDP report

India also releases 2Q22 GDP which should probably show the economy on track to achieve a full-year growth rate of a little above 7%. Deficit figures for July are also due. Data released so far this fiscal year show that India is on track to meet the government's 6.4% deficit target, though recent commodity price spikes may have taken their toll as the government has absorbed some of the inflation surge to limit pass through to consumers and businesses.

Inflation readings from Indonesia and Korea

Korea's headline CPI inflation is expected to moderate in August mostly due to base effects. Gasoline prices continued to decline during the month although fresh food prices surged due to the recent floods.

In Indonesia, headline and core inflation are both expected to head north. Expensive food and utilities are both likely to push headline inflation to 5.3% year-on-year while core inflation could jump to 3.2%. The planned increase in subsidised fuel will likely keep prices elevated in the coming months which could prompt Bank Indonesia to follow up with additional rate hikes at the September and October meetings.

Other key reports out next week: Japan's labour market data and Korea's trade figures

The week also features trade data out from Korea. The August trade deficit should widen as preliminary data reports suggest weak semiconductor exports and low numbers for outbound shipments to China.

Meanwhile, Japan releases data on the labour market and the unemployment rate is expected to be unchanged at 2.6%. High-frequency mobility data improved despite the resurgence of Covid-19 cases which should encourage service sector hiring. Lastly, Japan's July industrial production is expected to increase modestly thanks to the improving global supply chain situation for the automotive industry.

Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
Saturday 27 August					
China	0230	Jul Industrial Profit (YoY%)	-		0.8
Monday 29 August					
Japan	0030	Jul Unemployment Rate	2.6		2.6
Wednesday 31 August					
Japan	0050	Jul Industrial O/P Prelim (MoM%/YoY%)	0.5/-2.0		9.2/-2.8
	0050	Jul Retail Sales (YoY%)	2.0		1.5
China	0230	Aug NBS Manufacturing PMI	-		49
	0230	Aug NBS Non-Manufacturing PMI	-		53.8
India	1300	Q1 GDP Quarterly (YoY%)	-		4.1
South Korea	0000	Q2 GDP Growth (QoQ%/YoY%)	0.7/2.9		0.7/2.9
	0000	Jul Industrial Output (YoY%)	3.7		1.4
	0000	Jul Industrial Output Growth	2.0		1.9
Thursday 1 September					
Japan	0130	Aug Jibun Bank Manufacturing PMI	51		51
China	0245	Aug Caixin Manufacturing PMI Final	-		50.4
India	0600	Aug IHS S&P Global Manufacturing PMI	-		56.4
		- Aug Fiscal Deficit - USD Prelim	-		30
		- Aug Imports/Exports - USD Prelim	-		66.27/36.27
Indonesia	0130	Aug IHS S&P Global PMI	-		51.3
	0500	Aug Inflation (YoY%)	5.3		4.94
	0500	Aug Inflation (MoM%/YoY%)	0.4/3.2		0.64/2.86
Philippines	0130	Aug Manufacturing PMI SA	-		50.8
Taiwan	0130	Aug IHS S&P Global Manufacturing PMI	-		44.6
South Korea	0100	Aug Import/Export Growth Prelim	22.0/8.2		21.8/9.2
	0100	Aug Trade Balance Prelim	-5.5		-4.8
	0130	Aug IHS S&P Global Manufacturing PMI	50		49.8
Friday 2 September					
Singapore	1400	Aug Manufacturing PMI	-		50.1
South Korea	0000	Aug CPI Growth (MoM%/YoY%)	0.2/6.0		0.5/6.3

Source: Refinitiv, ING

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