

## Asia week ahead: Reserve Bank of Australia to decide on rates

Next week's data calendar features a rate decision by the Reserve Bank of Australia, plus we'll get August inflation readings from the region



### RBA to continue rate pause

The Reserve Bank of Australia (RBA) will meet next week to decide if the current rate pause will continue. July's CPI came in at 4.9% year-on-year, lower than June's 5.4% and below the survey consensus of 5.2%. This is the lowest pace of inflation since it peaked last December at 8.4%.

On top of cooling price growth, the latest unemployment rate also increased from 3.5% in June to 3.7% in July. As such, we expect the RBA to hold rates while looking for more signs that inflation is under control.

### Caixin Services PMI to show slower expansion

Caixin will release its service PMI for China next Tuesday. Taking our cues from the official non-

manufacturing PMI released earlier this week, we should see a slower expansion of the service sector with the PMI falling to around 53.8.

## Trade data in the region remain weak

China's imports and exports faced an unexpected plunge last month, with imports falling to 12.4% YoY and exports falling to 14.5% YoY. Both figures are lower than the consensus forecast. For the export side, weakness in global demand is likely to continue to weigh heavily. For imports, domestic demand has not shown any meaningful signs of improvement, so they are also likely to remain weak.

Taiwan's trade data might show some signs that the semiconductor cycle is troughing. Taiwan's exports fell less than expected last month and we expect this slight improvement to carry on. For the Philippines, trade data will also be reported with exports posting another month of modest gains, but the overall trade balance will still likely settle at -\$3.7bn.

## High energy prices to affect region's CPI inflation

Taiwan's CPI inflation rate has been below the target range of 2% for two consecutive months, with the July inflation rate at 1.88% and core inflation at 2.73%. August inflation is likely to remain subdued, helped by high ongoing base effects for energy and food prices.

Meanwhile, inflation in South Korea is facing upward pressure once again after falling to 2.3% last month. It is expected to rise to 2.6% in August with the main contributors being rises in transportation fees, pump prices and fresh food prices. The first two are associated with strong oil prices after recent supply cuts from OPEC+, while fresh food prices have been affected by Typhoon Khaun destroying agriculture yields.

Lastly, Philippine inflation could pick up to 5.0% YoY from 4.7% in July. The recent uptick in energy and rice prices could offset slower inflation for select food items.

## Singapore retail sales to extend gains

The sustained increase in visitor arrivals to Singapore appears to be helping to support retail sales, in particular department store sales and services related to tourism activities. We expect retail sales to post a modest 2.0% YoY gain for the month.

## Key events next week

Country (GMT+8)	Time	Data/event	ING	Survey	Prev.
<b>Monday 4 September</b>					
Japan	0730	Jul All Household Spending (YoY%)	-		-4.2
	0730	Jul All Household Spending (MoM%)	-	-2.5	0.9
South Korea	0700	Aug CPI Growth (MoM%/YoY%)	-/-	0.3/2.7	0.1/2.3
	0700	Q2 GDP Growth (QoQ%/YoY%)	-/-	0.6/0/9	0.6/0.9
<b>Tuesday 5 September</b>					
Japan	0830	Aug Services PMI	-		54.3
Australia	0930	Q2 Current Account Balance SA	-	4	12.3
	1230	Sep RBA Cash Rate	4.1	4.1	4.1
China	0945	Aug Caixin Services PMI	53.8	53.9	54.1
India	1300	Aug IHS S&P Global Services PMI	61.9		62.3
Philippines	0900	Aug CPI (MoM%/YoY%)	0.6/4.9	0.5/4.6	0.1/4.7
	0900	Aug Core CPI (YoY%)	6.7		6.7
Singapore	1300	Jul Retail Sales (MoM%/YoY%)	-/2.0	/3.7	-0.8/1.1
Taiwan	1620	Aug Foreign Exchange Reserve	570		566.493
Thailand	1200	Aug CPI Headline Inflation	-	0.8	0.38
	1200	Aug CPI Core Inflation (YoY%)	-	0.82	0.86
	1200	Aug CPI Index	-		107.82
<b>Wednesday 6 September</b>					
Australia	0930	Q2 Real GDP (QoQ%/YoY%)	0.1/1.5	0.1/1.5	0.2/2.3
Taiwan	1600	Aug CPI (YoY% NSA)	1.92		1.88
<b>Thursday 7 September</b>					
Japan	0750	Q2 GDP Revised (QoQ% ann)	-		6
	0750	Q2 GDP Revised (QoQ%)	-		1.5
Australia	0930	Jul Trade Balance (A\$bn)	11000	10500	11321
China	1100	Aug Exports	-13.2		-14.5
	1100	Aug Imports	-11.8		-12.4
	1100	Aug Trade Balance	77		80.6
		- Aug FX Reserves (Monthly)	3.17		3.204
Indonesia	1200	Aug Forex Reserves	-		137.7
Philippines		- Aug Forex Reserves USD	-		99.7
Singapore	1700	Aug Foreign Reserves USD	-		340.8
Thailand	1100	Aug Consumer Confidence Idx	-		55.6
South Korea	0700	Jul Current Account Balance NSA	-		5.87
<b>Friday 8 September</b>					
Indonesia	1100	Aug Consumer Confidence Index	-		123.5
Philippines	0900	Jul Exports (YoY%)	3.2		0.8
	0900	Jul Imports (YoY%)	-12.4		-15.2
	0900	Jul Trade Balance	-3700		-3918
Taiwan	1600	Aug Imports	-18		-20.9
	1600	Aug Exports	-9.5		-10.4
	1600	Aug Trade Balance	6.5		8.48

Source: Refinitiv, ING

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