

Asia week ahead: Spotlight on Indonesia's central bank

Expect Indonesia's central bank to hike rates by another 25bp to stem the rupiah's weakness. The other highlights include manufacturing releases for May from Korea, Singapore, Taiwan and Thailand



5%

ING forecast of BI policy rate

Up by 25 basis points

Bank Indonesia to tighten policy ... again

Bank Indonesia's monetary policy meeting is the key highlight of the week ahead.

Financial stability will be the main focus of the meeting as an escalation of global trade tensions keep domestic financial assets and the rupiah (IDR) under a weakening pressure. Following its

Philippine counterpart, BI moved to tighten policy in May and raised interest rates by a total 50bp, two 25bp moves taking the main policy rate to 4.75%. Alas, the hikes did little to stem the currency weakness in both countries. Philippine's central bank raised rates by another 25bp this week, and we expect Bank Indonesia to follow suit next week.

On a positive note, however, Indonesia's trade data for May due next week is likely to show a swing in the trade balance to surplus from a deficit. A swing to about \$1bn surplus in May from \$1.6bn deficit in the previous month is what we anticipate, should bring some life into the currency.

52.3 China manufacturing PMI
ING forecast

➔ Trade tension weighs on China's manufacturing

The soft data on China manufacturing PMI for June may not capture the impact of trade war just yet. At least that's what appears from our house forecast of a rise in PMI to 52.3 in June from 51.9 in May. However, we aren't ruling out a downside risk.

The manufacturing PMI has been bouncing around 51 over the past two years, the level associated with about 6% year on year industrial production growth. Any dent in trading from tariffs will also dent manufacturing.

The good news is that China has started pre-emptive [measures to cushion potential trade war impact](#).

➔ So far so good, exports still supporting manufacturing elsewhere

The industrial production releases for May from Korea, Singapore, Taiwan, and Thailand should benefit from firmer exports from these countries. Apart from Thailand, the growth of exports from other economies reporting industrial production data accelerated in May, led by firmer electronics exports.

Industrial production growth closely tracks real GDP growth in most Asian economies, and the combined April-May data will offer a good insight into GDP growth in the current quarter.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 June					
Indonesia	0500	May Imports (YoY%)	11.4	-	34.68
	0500	May Exports (YoY%)	14.5	-	9.01
	0500	May Trade balance (US\$m)	1034	-	-1629.3
Philippines	-	May Budget balance (PHP bn)	-	-	46.3
Singapore	0600	May CPI (YoY%)	0.3	-	0.1
	0600	May CPI core (YoY%)	1.5	-	1.3
Taiwan	0900	May Industrial production (YoY%)	6.5	5.8	8.53
	0920	May Money supply (M2) (YoY%)	3.1	-	3.59
South Korea	2200	Jun BOK Consumer Sentiment Index	-	-	107.9
Tuesday 26 June					
Hong Kong	0930	May Exports (YoY%)	8.5	-	8.1
	0930	May Imports (YoY%)	11.3	-	11.1
	0930	May Trade balance (HK\$ bn)	-48.2	-	-46.9
Singapore	0600	May Industrial production (MoM/YoY%)	2.0/13.0	-/-	0.2/9.1
Wednesday 27 June					
China	0230	May Industrial profits (YTD, YoY%)	17	-	21.9
Thursday 28 June					
Indonesia	-	BI policy decision (7-day reverse repo, %)	5	-	4.75
Thailand	-	May Manufacturing index (YoY%)	3.1	-	4
South Korea	2200	Jul BOK Business Survey Index, mfg	-	-	80
	2200	Jul BOK Business Survey Index, non-mfg	-	-	82
Friday 29 June					
India	1200	May Fiscal deficit (INR crore)	-	-	151967
South Korea	0000	May Industrial production (MoM/YoY%)	2.0/1.9	-/-	3.4/0.9
Saturday 30 June					
China	0900	Jun Official manufacturing PMI	52.3	-	51.9
	0900	Jun Official non-manufacturing PMI	55	-	54.9

Source: ING, Bloomberg

Author

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic
420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com