

Asia week ahead: The slow-burn continues

The global trade war is slowly taking its toll on Asian economies. Even if it's not evident from Chinese data just yet, the slow-burn continues in the background for this front-line economy. The same goes for the rest of Asia, though we note some interesting exceptions



Source: Shutterstock

➔ China: Mixed message from June data

Like the broad consensus, we forecast the June activity data from China will contain mixed messages. While the trade war continues to weigh on exports and manufacturing, monetary indicators testify the fiscal stimulus is doing its best to counter the export-led slowdown.

Despite being a few points below 50, China's unchanged manufacturing PMI in June was quite a bad start to the June data releases. Clearly, trade and new lending will be the focal points next week, while industrial production, fixed asset investment, and retail sales releases – all feeding into the GDP release – aren't due for another two weeks.

For now, markets should take comfort that China's GDP growth remains firmly within the target of 6% - 6.5% for 2019. Anything above the lower end of this target range will be a bonus.

[Watch: China to double fiscal stimulus](#)

➔ Singapore: Second quarter report card arrives

Singapore's advance GDP estimate for 2Q19 is expected next week; no confirmed date, but most likely to be released on 12 July. The advance estimate is typically based on data for the first two months of the quarter. Indeed, export weakness intensified with double-digit year-on-year declines in non-oil domestic exports in April and May. This export weakness transmitted into weak GDP via manufacturing. The manufacturing PMI remained in contractionary territory in June, suggesting that the drag continued into the third month.

The trade and tech war and global tech slump are hanging over the entire region, and we think waiting until the next Singapore central bank meeting in October to downscale the SGD appreciation path might be too long a wait – ING Asia Chief Economist, Rob Carnell

Singapore central bank's managing director, Ravi Menon, flagged 2Q GDP growth coming in weaker than 1Q, hinting at the possibility of an intra-meeting policy adjustment to support growth. If true, will our forecast of 0.8% YoY (-0.2% QoQ annualized) 2Q GDP growth be enough to trigger central bank easing before October? It could quite well possibly be.

➔ Malaysia: Firmer growth, steady policy

Malaysia's central bank reviews its monetary policy next week. But having cut rates by 25 basis points in May, we don't think it's time for another cut to the 3.0% overnight policy rate just yet. We aren't alone - the consensus also agrees with us. The economy doesn't need any more easing, given the firmer activity growth in recent months, which in fact, indicates an unusual acceleration of [GDP growth in 2Q19](#).

With close to zero inflation keeping the real (policy) interest rate high relative to most other Asian economies, there is plenty of space for easing if the economy does pivot in an undesirable direction. For now, we believe the central bank will assess the economic risks as fairly balanced between growth and inflation and save that policy space for the future.

Our baseline view is that growth remains firm and monetary policy will remain stable for the rest of the year.

[Malaysia's exports beat expectations, again](#)

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 7 July					
China	-	Jun Forex Reserves (US\$bn)	3106	3111	3101
Monday 8 July					
Taiwan	0900	Jun Exports (YoY%)	3.4	-	-4.8
	0900	Jun Imports (YoY%)	0.8	-	-5.9
	0900	Jun Trade balance (US\$bn)	6.0	-	4.49
Tuesday 9 July					
China	-	Jun Money supply (M2) (YoY%)	8.5	8.6	8.5
	-	Jun Aggregate finance (Yuan bn)	1900	1895.0	1395.2
	-	Jun Financial institution loans (Yuan bn)	1615	1725.0	1180
Malaysia	0800	Overnight Policy Rate	3.00	-	3.00
Wednesday 10 July					
China	0230	Jun CPI (YoY%)	2.7	2.7	2.7
	0230	Jun PPI (YoY%)	-0.5	0.3	0.6
Philippines	0200	May Exports (YoY%)	-1	-	0.4
	0200	May Imports (YoY%)	-0.2	-	-1.9
	0200	May Trade balance (US\$mn)	-3137.3	-	-3499
South Korea	0000	Jun Unemployment rate (% SA)	4.2	-	4.0
Friday 12 July					
China	-	Jun Trade Balance (US\$bn)	62.7	45.0	41.7
	-	Jun Exports (YoY%)	4.3	-1.3	1.1
	-	Jun Imports (YoY%)	-7.5	-3.5	-8.5
India	1300	Jun CPI (YoY%)	3.2	-	3.1
	1300	May Industrial production (YoY%)	2.7	-	3.4
Malaysia	0500	May Industrial production (YoY%)	3.5	-	4.0
Singapore	-	2Q GDP - advance (%QoQ ann/ YoY)	-0.2/0.8	-	3.8/1.2
	0600	May Retail sales value (MoM SA/YoY%)	-0.8/-1.9	-/-	0.5/-1.8

Source: ING, Bloomberg, *GMT

Author

Olivia Grace

Editor

olivia.grace@ing.com

Julian Geib

Junior Economist, Global Trade

julian.geib@ing.de

Zoltán Homolya

Economic research trainee

zoltan.homolya@ing.com

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

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@ing.com

Michiel Tukker

Senior UK & Eurozone 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
Senior Economist, Healthcare & Technology
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@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

Deputy Global Head of Editorial 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

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 Corporate 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

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@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, 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