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Article

Asia week ahead: End of the worst quarter in years

With second Covid-19 waves spreading in some countries and first-wave outbreaks not yet over in others, the economic slump in Asia has a long way to go



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Damage assessment continues

The end of lockdowns in most of Asia has markets weighing the activity data for the wreckage left behind by the pandemic. And there's lots of data to wade through next week. Purchasing manager indexes (PMIs) data will take prominence as they usually do at the start of the month.

China's PMIs remains the most market-sensitive of all - and the expectation of it staying above the 50 threshold implies improving business conditions which are at risk from renewed Covid-19 spread in Beijing and neighbouring provinces. In most other Asian economies, manufacturing should have continued to slow albeit at a reduced pace than in May. India and Indonesia are likely to remain at the low end of the Asian spectrum, given worsening Covid-19 situations in these countries. PMIs are soft indicators, prone to respondents' sentiment at the time of the survey. The hard data on exports, manufacturing output, retail sales, and inflation -- all should paint a real picture. The calendar is packed with such indicators from around Asia. Korea's exports for June will be the first from the region to reveal the state of global demand this month. Easing of lockdowns in key markets should result in a smaller year-on-year fall. And, with weak exports and domestic spending, manufacturing growth is likely to remain negative as well. May retail sales figures from Hong Kong and Singapore should reflect the extent of the hit to domestic demand in these economies. We expect the worse, around 50% YoY contraction in sales in both economies, as rising job losses depress spending. Weak consumer spending should keep CPI inflation under downward pressure in most reporting countries next week (Korea, Indonesia, and Thailand), with Thailand's continuing to lead the way down. The end of the worst quarter for Asian and global economies may be here. But, with second Covid-19 waves spreading in some countries and first-wave outbreaks not yet over in others, the economic slump has a long way to go.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 28 June					
China	0230	May Industrial profits (YTD, YoY%)	-5.0	-	-4.3
Monday 29 June					
Hong Kong	0930	May Exports (YoY%)	-3.5	-	-3.7
	0930	May Imports (YoY%)	-7.0	-	-6.7
	0930	May Trade balance (HK\$ bn)	-20.3	-	-23.3
Thailand	0430	May Manufacturing index (YoY%)	-21.0	-	-17.2
South Korea	2200	Jul BOK Business Survey Index, mfg	-	-	49
	2200	Jul BOK Business Survey Index, non-mfg	-	-	56
Tuesday 30 June					
China	0200	Jun Manufacturing PMI	50.6	50.3	50.6
	0200	Jun Non-manufacturing PMI	53.3	-	53.6
India	-	May Fiscal deficit (INR crore)	-	-	-100850.0
Hong Kong	0930	May Retail sales value (MoM/YoY%)	-45.6/-49.2	-	-36.1/-37.5
South Korea	0000	May Industrial production (MoM/YoY%)	-/-	-/-	-6/-4.5
Thailand	0830	May Current account balance (US\$m)	-1400.0	-	-654
Wednesday 1 July					
China	0245	Jun Caixin Manufacturing PMI	50.7	-	50.7
India	0600	Jun Nikkei Manufacturing PMI	-	-	30.8
Indonesia	0500	Jun CPI core (YoY%)	-	-	2.7
Indonesia	0500	Jun CPI (YoY%)	1.85	-	2.2
Philippines	0130	Jun Nikkei Manufacturing PMI	45.8	-	40.1
Taiwan	0130	Jun Nikkei Manufacturing PMI	42.1	-	41.9
South Korea	0100	Jun Imports (YoY%)	-	-	-21.0
	0100	Jun Exports (YoY%)	-	-	-23.6
	0100	Jun Trade balance (US\$m)	-	-	446.0
	0130	Jun Nikkei Manufacturing PMI	-	-	41.3
Thursday 2 July					
South Korea	0000	Jun CPI (MoM/YoY%)	-/-	-/-	-0.2/-0.3
Friday 3 July					
India	0600	Jun Nikkei Services PMI	-	-	12.6
Malaysia	0500	May Exports (YoY%)	-27.0	-	-23.8
	0500	May Imports (YoY%)	-23.0	-	-8.0
Malaysia	0500	May Trade balance (RM bn)	3.6	-	-3.5
Singapore	0600	May Retail sales value (MoM/YoY%)	-20.0/-52.0	-/-	-31.7/-40.5
	1400	Jun Purchasing Managers Index	-	-	46.8
Thailand	0430	Jun CPI (YoY%)	-3.3	-	-3.4
	0430	Jun Core-CPI (YoY%)	0.00	-	0.01

Source: ING, Bloomberg, *GMT

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