

MNI Asia Pac Weekly Macro Wrap

20 June 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, Stephen Petrie & Gavin Stacey

JAPAN

- The BoJ decided to keep its policy rate unchanged at 0.50%, a move fully expected by markets and consensus economists. The decision was made by a unanimous 9-0 vote. From the second quarter of 2026 through the first quarter of 2027, the BoJ will slow the pace of QT to ¥200 billion per quarter, a decision backed by an 8-1 vote.
- On May inflation, our Japan policy team noted, "Services prices, a key BOJ focus for assessing the strength of the wage-price cycle, rose 1.4% y/y in May, slightly up from 1.3% in April, but remained below the 2% mark, indicating weak momentum and the need for further gains to achieve the BOJ's inflation target sustainably."

AUSTRALIA

- Employment fell 2.5k but full-time jobs increased 38.7%, hours worked rose sharply and underemployment fell. The unemployment rate was stable at 4.1%, the fifth straight month. The data is consistent with the RBA remaining cautious.
- A decision will be made at the July 8 RBA monetary policy meeting on the publication of anonymous votes.

NEW ZEALAND

- Q1 NZ production-based GDP rose 0.8% q/q resulting in the annual rate falling 0.7% but up from -1.3% in Q4. Expenditure GDP rose 0.9% q/q, the fastest since Q2 2023, to be down 0.2% y/y after -1.1% in Q4. Growth in Q1 was fairly broad based and substantially above the RBNZ's May forecast.
- Monthly price data was mixed in May with food, power, accommodation and alcohol seeing a rise in inflation, while air travel, rents and petrol fell. The series released account for 46.5% of the quarterly CPI.
- The Q1 current account deficit eased to 5.7% of GDP down from 6.1%, the lowest since Q3 2021 and 3.5pp less than the Q4 2022 peak.

SHORT TERM RATES

- Interest rate expectations across dollar-bloc economies are broadly firmer over the past week, with all markets showing net changes of 5-10bps through December 2025.

CHINA

- China's new and used home prices turned down again in May. China's Residential Property Sales and Property Investment YTD also turned down again. Property Investment YTD YoY declined -10.7% in May, from -10.3% in April and the worst result in over five years.
- The retail sales figures for May confirm the strength of the consumer that supports an improving domestic economy. While for a second consecutive month, China's industrial production grew less than the prior month. It peaked in March just prior to the implementation of tariffs at +7.7%, May was lower at +5.8%.

ASIA

- Thailand's customs exports rose 18.4% y/y in May from 10.2%, due to frontloading of shipments to the US. Imports rose 18% y/y from 16.1%, likely boosted by imports from China rerouted on their way to the US.

ASIA EQUITY FLOWS

- Aggregate equity inflow momentum has struggled the past week, amid increased Middle East geopolitical tensions.

JAPAN**BOJ: On Hold As Expected, Pace Of Bond Taper Slows**

The BoJ kept rates at 0.50%, as widely expected. That decision from the central bank board was unanimous. The bond buying program is unchanged through to end March 2026. The central bank did announce that it would trim bond buying by ¥200bn per quarter from April 2026 next year. The current pace had been at a reduction of ¥400bn per quarter. There was one dissenter to this decision, board member Tamura, who wanted to keep the pace around ¥400bn. He also argued that long term rates should be determined by the market.

- The BoJ said it would also respond nimbly to rapid yield rises.
- Elsewhere the central bank noted the price trend is likely to meeting its goal in the second half of the outlook. A well outlined expectation from the central bank. It also reiterated that uncertainties remain extremely high.
- The market reaction has been relatively muted, with USD/JPY last near 144.75/80, close to unchanged for the session. JGB yields are a touch higher.
- The shift in bond purchases announced by the BoJ from March next year, was within the range expected by the market.

BOJ: MNI BoJ Review – June 2025: QT Taper Mildly More Dovish

- The BoJ decided to keep its policy rate unchanged at 0.50%, a move fully expected by markets and consensus economists. The decision was made by a unanimous 9-0 vote from the Monetary Policy Committee (MPC).
- The primary focus of the meeting was the pace of quantitative tightening (QT) beyond the near term. From the second quarter of 2026 through the first quarter of 2027, it will slow that pace to ¥200 billion per quarter, a decision backed by an 8-1 vote.
- The BoJ's policy statement maintained its existing economic and inflation outlook, aside from technical changes to incorporate recent higher inflation prints.
- Importantly, Ueda stated that the BoJ may consider raising interest rates without needing to see clear-cut new signs of rising inflation, should the economic outlook and forecast trajectory warrant such action.
- Overall, the BoJ continues to signal a gradual, data-dependent approach to policy normalisation, balancing market stability, inflation developments, and global uncertainties as it proceeds with cautious tapering into 2026 and beyond.
- Full review [here](#).

JAPAN DATA: Core Measures Post Upside Surprise, But Services Inflation Modest :

Japan's May nationwide CPI saw headline at 3.5% y/y, which was as expected (the April outcome printed at 3.6%). The ex fresh food core measure rose 3.7% y/y (against a 3.6% forecast and 3.5% prior outcome). The measure which excludes fresh food and energy was 3.3% y/y, also above expectations and prior outcomes (3.2% forecast and 3.0% in April).

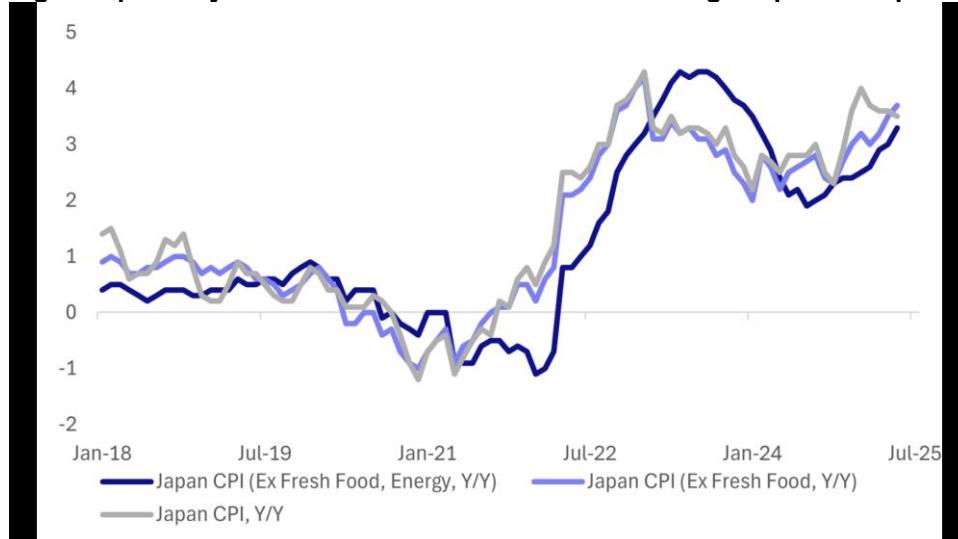
* The chart below plots these three inflation metrics in y/y terms. The core measures continue to accelerate and are tracking towards recent cycle highs, particularly for core, ex fresh food.

* The core measure which excludes all food and energy was 1.6% y/y, unchanged from the April outcome.

* In m/m terms, the headline rose 0.3%, and the core measures maintained positive trends. Goods prices rose 0.5% m/m, while services were +0.2%, although this often gets revised to flat. Our Japan policy team noted, "Services prices, a key BoJ focus for assessing the strength of the wage-price cycle, rose 1.4% y/y in May, slightly up from 1.3% in April, but remained below the 2% mark, indicating weak momentum and the need for further gains to achieve the BoJ's inflation target sustainably."

* In terms of the sub-indices we had fresh food down -2.6% m/m, but aggregate food +0.3% m/m. Utilities rose 2.8% m/m, while household goods and entertainment were also up in the month. Transport and education both fell modestly.

* Given growth/trade uncertainties, today's print is unlikely to shift BoJ near term thinking. A point reinforced by the still sub 2% y/y level for services inflation.

Fig 1: Japan May Inflation Y/Y - Core Measures Post Slight Upside Surprise

Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Exports Dip Y/Y, Trade Surplus With US Narrows

Japan's May trade data was close to expectations, with export growth at -1.7% y/y, versus -3.7% forecast. The April outcome was +2.0%. On the import side, we were -7.7% y/y, against a -5.9% forecast (-2.2% was recorded for April). The trade deficit was -¥637.6bn, close to forecasts but wider than the -¥115.6bn print in April. In seasonally adjusted terms the trade position was -¥305.5bn, close to forecasts and the April outcome.

- Exports to the US fell by 11.1% y/y and were down to China by 8.8%, but up 4.9% to the EU. In volume terms exports fell 1.4% y/y to the US, and were down 7.9% y/y to China.
- The trade surplus with the US continued to narrow, now at ¥451.7bn from ¥1012.01bn at the end of last year.
- The faltering export growth backdrop for Japan is in line with other parts of the region (ex Taiwan) that have seen slowing growth in the wake of higher US tariffs. Still, the US side is likely to take comfort from the declining trade surplus. Car exports to the US fell 24.7% in May Bloomberg notes.
- The terms of trade have taken a hit in terms of the recent oil price/energy price rise (the Citi proxy is at multi month lows). If sustained this could weigh on Japan's trade position.

JAPAN DATA: Core Machine Orders Dip In April, Weaker Exports May Weigh

Japan April core machine orders fell sharply, but in line with market projections. We were down -9.1% m/m (-9.5% forecast and following a 13.0% gain in March). In y/y terms, we were slightly better than forecasts at +6.6% (+4.2% was projected, while 8.4% was the March outcome).

- The chart below plots core machine orders y/y (the white line on the chart) against a Japan Capex (ex software), which is also in y/y terms. It's still painting a fairly resilient backdrop in the earlier stages of Q2.
- Still, this comes ahead of trade headlines, with earlier data showing faltering export growth. The second chart below plots the machine orders against export growth (y/y), which is the orange line on the chart.

Fig 1: Japan Core Machine Orders & Capex (Y/Y)

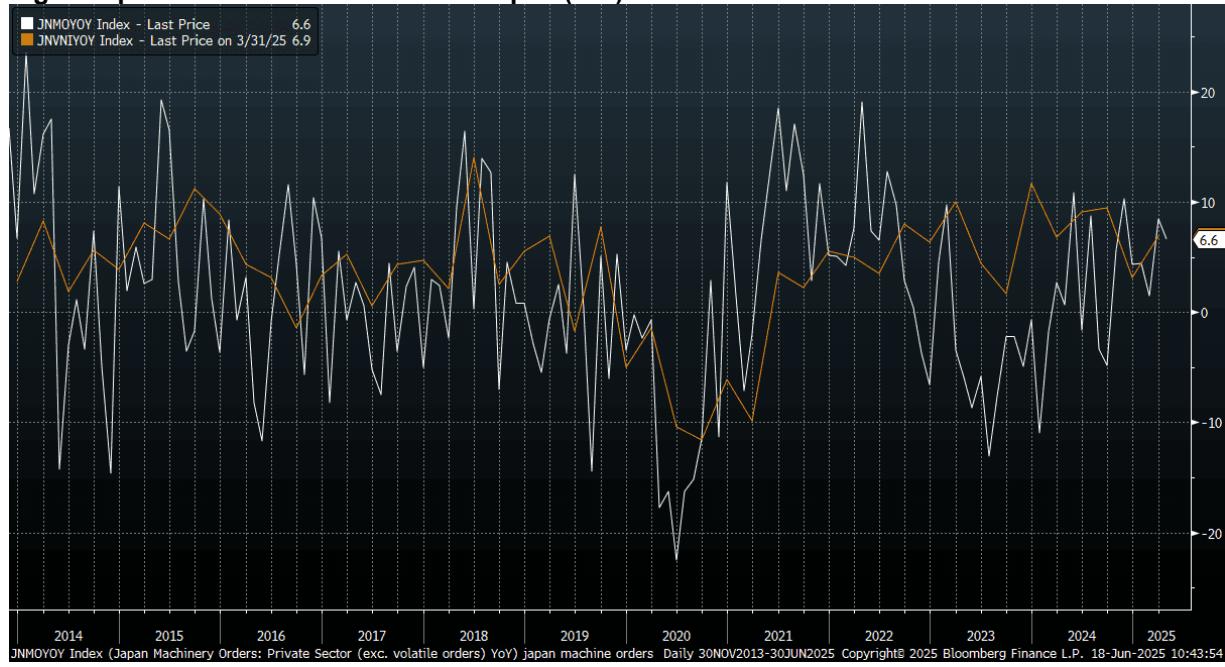


Fig 2: Japan Core Machine Orders & Exports (Y/Y)



JAPAN DATA: Local Investors Offshore Bond Purchases Rebound

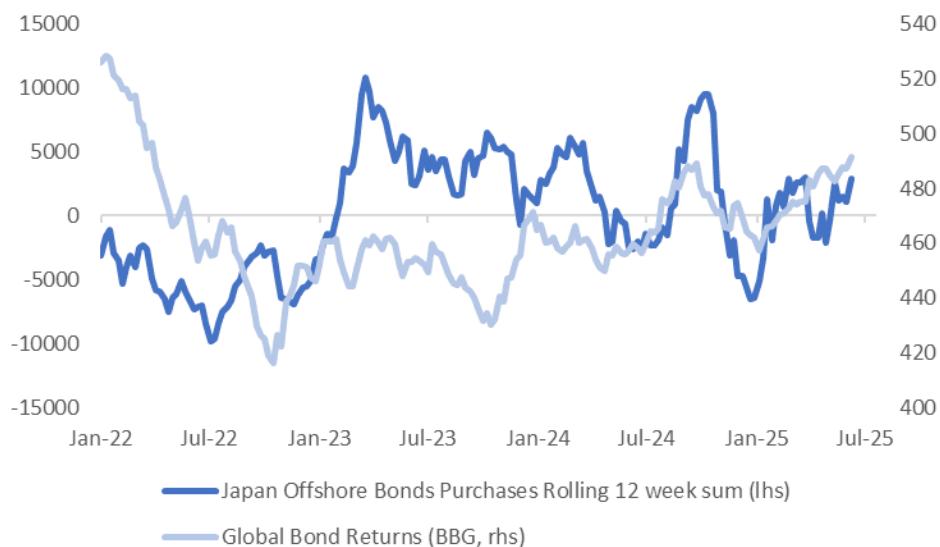
The standout from last week's offshore weekly investment flows was a surge in Japan buying of overseas bonds, see the table below. The near ¥1.6trln in net purchases was the largest since mid May and ends a run of consecutive weeks of outflows in this space. This did coincide with a pick up in global bond returns to the end of last week. The chart below plots rolling 12 week sum of offshore bond purchases against global bond returns. At face value, local investors remaining net buyers of offshore debt will be reassuring from the standpoint of Japan's important role in providing capital to global markets in this space (at least from this short term standpoint of Q2).

- Elsewhere, Japan investors sold overseas equities for the 5th straight week, albeit in reduced sized compared to the prior week.
- In terms of inflows into Japan assets, offshore investors were net buyers of both local equities and bonds. For equities this marked the 11th straight week of net buying.

Table 1: Japan Weekly Offshore Investment Flows

Billion Yen	Week ending June 13	Prior Week
Foreign Buying Japan Stocks	473.4	179.8
Foreign Buying Japan Bonds	434.5	220.4
Japan Buying Foreign Bonds	1571.3	-453.6
Japan Buying Foreign Stocks	-84.5	-1489

Source: Bloomberg Finance L.P./MNI

Fig 1: Japan Rolling Offshore Bond Purchases & Global Bond Returns

Source: Bloomberg Finance L.P./MNI

AUSTRALIA

RBA: Decision On Publishing Votes To Be Made In July

A decision will be made at the July 8 RBA monetary policy meeting on the publication of anonymous votes. According to a government spokesperson quoted by Bloomberg, Governor Bullocks met with Treasurer Chalmers last week to finalise the Conduct of Monetary Policy. The view of both the RBA and Treasury is that votes should be published when a consensus agreement on rates wasn't achieved but without attribution, similar to the RBNZ. A number of recommendations from the review of the RBA have been implemented including establishing two boards, one for monetary policy and one for governance, post-meeting press conferences and fewer meetings.

AUSTRALIA DATA: Westpac Lead Index Signals Slower Growth

The Westpac lead indicator fell 0.06% m/m in May after -0.01% but this resulted in the 6-month annualised rate falling to -0.08%, the weakest since September but importantly signalling that growth could ease to below trend over the second half of the year. The measure peaked in February and has been trending lower since as global uncertainty has risen and some domestic factors were also soft but Westpac believes these local "drags" are "temporary".

- A disappointing recovery is likely to add to the argument for the RBA to ease policy further, especially if underlying inflation moves towards the 2.5% band mid-point. Westpac continues to expect the Board to be cautious given labour market tightness (May data print June 19) and be on hold on July 8 but then cut 25bp on August 12.
- The domestic economy appears to be struggling due to the end of public spending on some big projects but the private sector remains sluggish. Global uncertainty is also delaying investment decisions.
- A large share of the deterioration in the 6-month rate has been due to the stalling in the recovery of residential building approvals and the drop in hours worked, which hasn't been helped by higher consumer inflation and unemployment expectations. Commodity and equity prices have also been a drag but to a lesser degree. However, US IP has added to the lead index.

Australia Westpac LI vs GDP growth

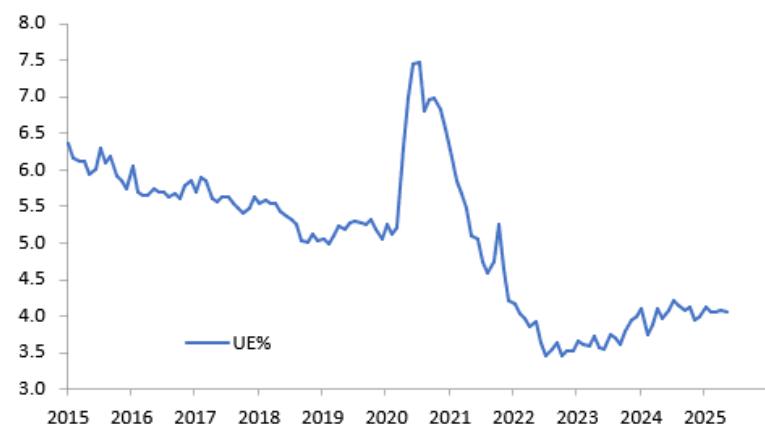


Source: MNI - Market News/LSEG

AUSTRALIA DATA: Q2 Labour Market Conditions Little Changed

While headline new jobs were softer than expected, the details remained quite strong and signalled no easing in labour market conditions. Employment fell 2.5k but full-time jobs increased 38.7%, hours worked rose sharply and underemployment fell. The unemployment rate was stable at 4.1%, the fifth straight month. The data is consistent with the RBA remaining cautious.

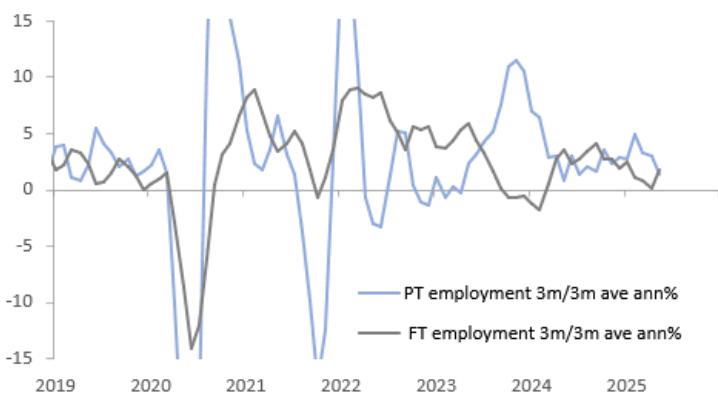
Australia unemployment rate %



Source: MNI - Market News/ABS

- The May unemployment rate remained a low 4.1% at 4.057% after 4.07%. The RBA is forecasting Q2 unemployment at 4.2%. The number of unemployed fell 2.6k in May and is up only 28.2k or 4.8% over the last year.
- The labour force was flat in May but up 109k YTD or 2.4% y/y, while employment rose 91.4k YTD or 2.3% y/y. Thus the economy is almost creating enough jobs for those entering the market.
- Full-time (FT) employment rose 38.7k in May compared with a 41.2k drop in part-time (PT) with growth rates at 2.6% y/y and 1.7% y/y respectively. 3-month momentum is now stronger for FT than PT for the first time since November.
- FT outperforming PT again is a sign of continued strength in the labour market as firms are confident enough to increase hours or hire FT employees. The 1.3% m/m & 3.1% y/y rise in total hours worked was also concentrated in FT up 1.5% m/m & 3.4% y/y with PT +0.4% & 1.7% y/y. It rebounded following April holidays and extreme weather.
- Averages suggest that there has been little change in labour market conditions in Q2 with employment growth averaging 2.4% y/y up from Q1's 2.3%, above the RBA's 2.1% Q2 forecast. The unemployment rate has been steady in Q2 and the growth in hours worked unchanged at 2.1% y/y.

Australia full-time vs part-time employment %



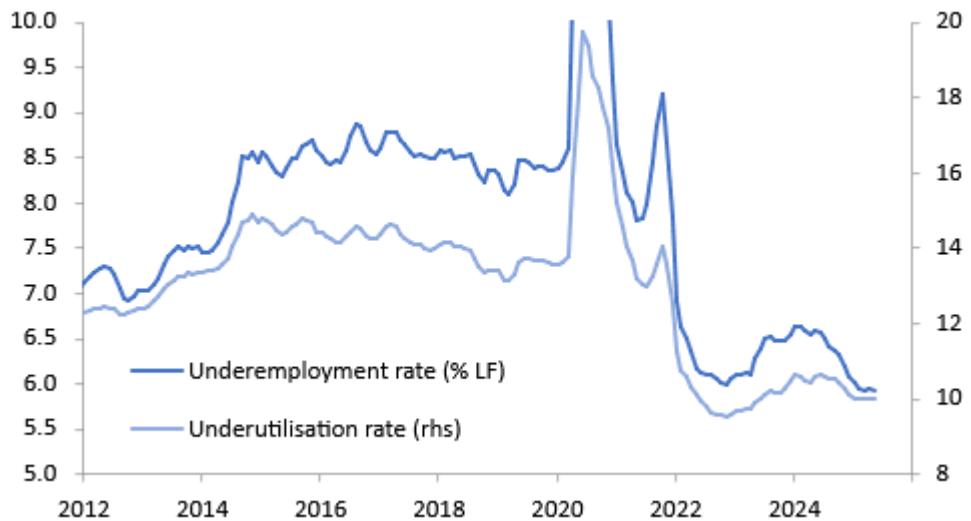
Source: MNI - Market News/ABS

RBA: Underemployment Lower, Youth Unemployment Higher, Vacancies Trending Down

The RBA looks beyond headline employment and unemployment rate data to try and gauge labour market developments. In terms of the indicators it has said it monitors, underemployment fell in May and hours worked are recovering, while vacancies-to-unemployment is trending lower and the youth unemployment rate rose last month but remains close to its recent trend. The mixed data suggest that like the Q2 averages, there was unlikely a material shift in labour market conditions this quarter.

- The underemployment rate fell 0.1pp to 5.9% after it rose to 6% in April. It has been steady around 5.9% since December, while underutilisation has been around 10% all year and below the 10.5% 2024 average.

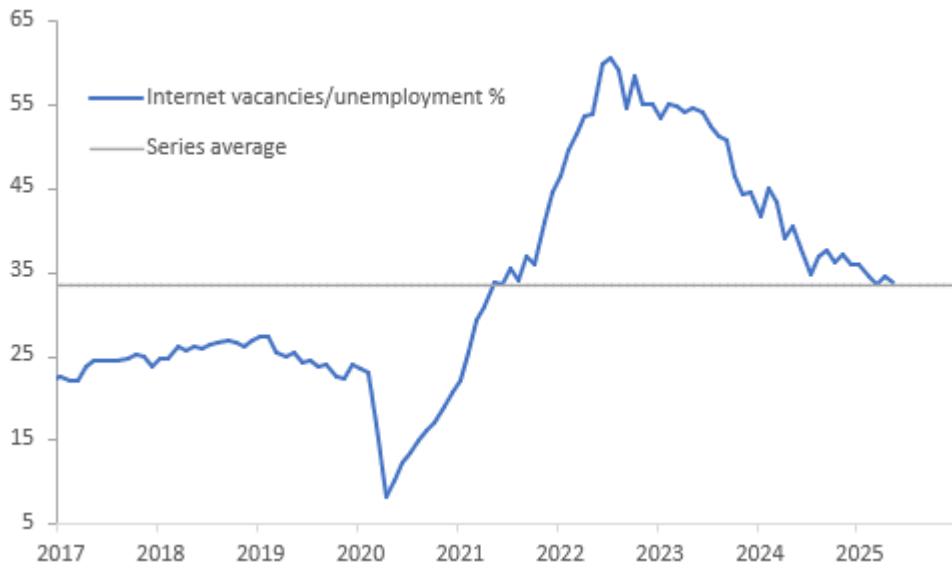
Australia underemployment vs underutilisation rates % 3-mth ma



Source: MNI - Market News/ABS

- The youth unemployment rate rose 0.5pp in May to 9.4%, the highest since August 2024. The Q2 average to date is 9.1% up slightly from Q1's 9.0%. The RBA sees it as a lead indicator of the labour market but the series can also be volatile.
- Hours worked were impacted by April holidays and severe weather events in Queensland and NSW. But they rebounded in May driven by full-time jobs to be up 3.1% y/y and 3-month momentum also turned.
- Vacancies continue trending lower with the internet vacancy-to-unemployment ratio returning to the historical average in May. SEEK job ads fell 0.3% m/m last month to be down 5.6% y/y and April applicants per job continued rising signalling solid labour supply growth. The Q2 ABS data prints on June 26.

Australia internet vacancies/unemployment

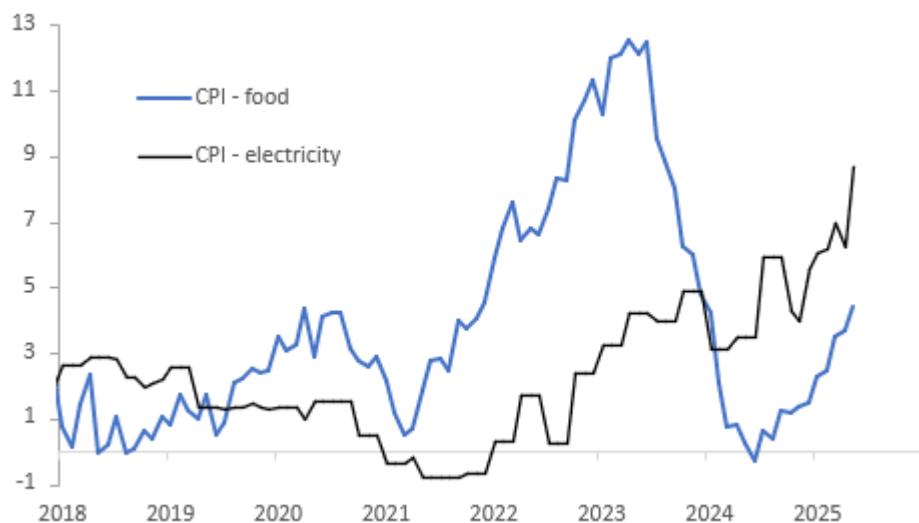


Source: MNI - Market News/ABS/LSEG

NEW ZEALAND**NEW ZEALAND: Food & Power Inflation Higher As Petrol & Rents Ease**

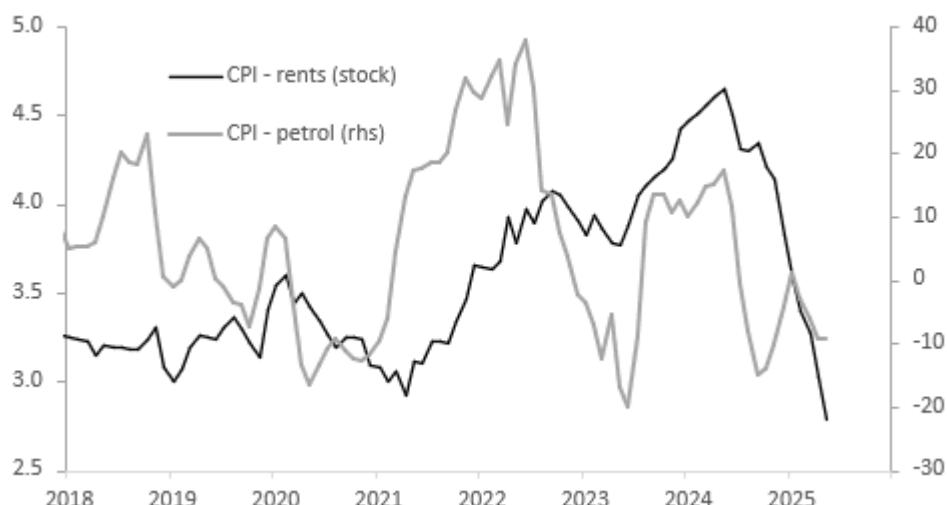
Monthly price data was mixed in May with food, power, accommodation and alcohol seeing a rise in inflation, while air travel, rents and petrol fell. The series released account for 46.5% of the quarterly CPI with Q2 due to be released on July 21, which the RBNZ expects to rise 0.5% q/q & 2.6% y/y. June monthly indices print earlier on July 17. RBNZ and NZIER compiled consensus accept a near-term pick up in inflation but continue to have it returning to the mid-point of the 1-3% target band.

- Food prices rose 0.5% m/m to be up 4.4% y/y up from 3.7% y/y in April. They have been trending higher since the June 2024 trough of -0.3% y/y. There has been a sharp increase in annual dairy and beef inflation. Groceries fell 0.7% m/m to be steady at 5.2% y/y in May.

NZ inflation y/y%

Source: MNI - Market News/LSEG/Statistics NZ

- Existing rents rose 0.1% m/m to be up 2.8% y/y, lowest rate in over 10 years and a moderation from April's 3.0%. They have been trending lower since reaching 4.6% y/y in May 2024.
- Petrol prices fell 2.7% m/m, the fourth consecutive monthly decline, to be down 9.4% y/y after -9.2% in April. This component should put downward pressure on Q2 headline inflation.

NZ inflation y/y%

Source: MNI - Market News/Statistics NZ

- Power prices were higher though with electricity up 2.3% m/m & 8.7% y/y after 6.2% y/y and gas +0.7% & 15.4% down slightly from April's 15.8%. They have been trending higher since November and August 2024 respectively.
- Both domestic and overseas air travel were down sharply in May after a strong rise in April to be down on the year, but accommodation rose to be 5.6% y/y higher up from 4.4%.

NEW ZEALAND: Q1 Growth Materially Stronger Than RBNZ Forecast

Q1 NZ production-based GDP was stronger than expected rising 0.8% q/q resulting in the annual rate falling 0.7% y/y but up from the downwardly-revised -1.3% in Q4. Expenditure GDP rose 0.9% q/q, the fastest since Q2 2023, to be down 0.2% y/y after -1.1% in Q4. Growth in Q1 was fairly broad based and substantially above the RBNZ's May forecast. While it is backward-looking data, it may allow the central bank to pause in July especially given the pickup in inflation.

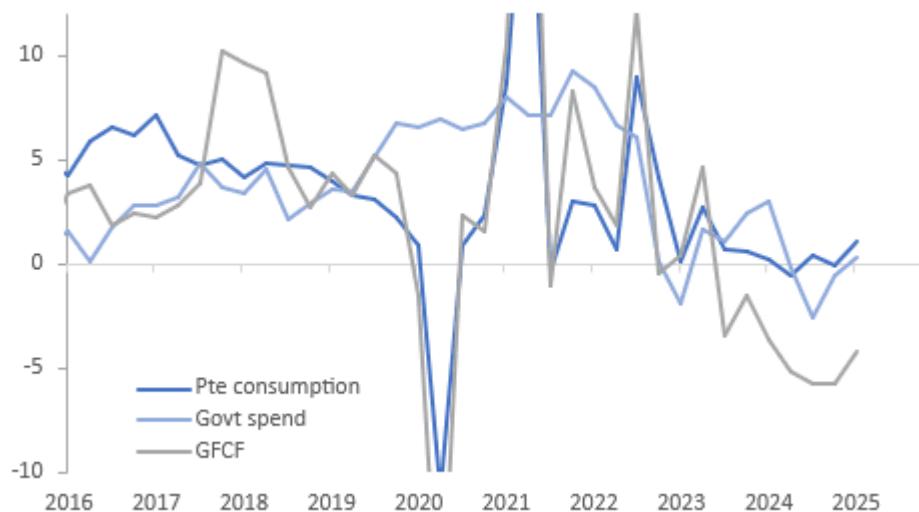
NZ production-based GDP %



Source: MNI - Market News/LSEG

- Nine of sixteen industries posted an increase in growth with primary, goods and services sectors all positive.
- Domestic demand was robust rising 1.1% q/q to be down 0.3% y/y after -1.5% y/y in Q4. This was the second straight quarter of growth.
- Private consumption rose 1.3% q/q driven by spending on services, durables and non-durables. It was the strongest quarter since Q1 2022 which was impacted by the post-Covid recovery. This strength is in contrast to card transaction and consumer sentiment data, which have been flat and pessimistic respectively.
- Government spending rose 1.1% q/q to be 0.3% y/y higher up from -0.6% y/y.
- GFCF rose 0.6% q/q, the first positive after 7 consecutive declines. The pickup was driven by a 2% q/q rise in residential building, a sign that the construction sector is recovering. Other GFCF fell 0.1% q/q.
- Net exports detracted 0.1pp from growth due to slightly higher goods & services imports but a sharp 8.5% q/q drop in services exports offsetting the 3.6% q/q rise in goods shipments.
- Productivity rose 0.8% q/q and rose 0.4% y/y, the second consecutive quarterly increase, which the RBNZ will want to see continue as low productivity growth has been a concern.
- GDP per capita increased 0.5% q/q in Q1.

NZ domestic demand y/y%

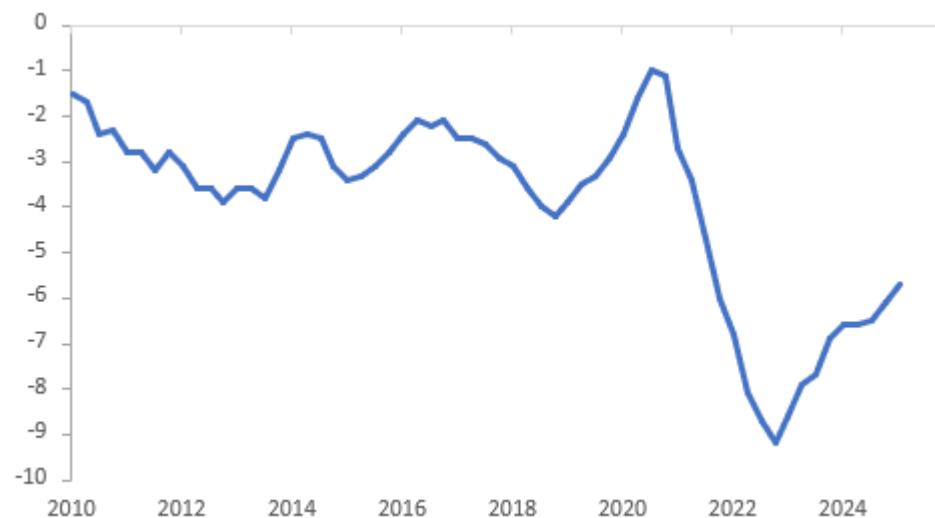


Source: MNI - Market News/LSEG

NEW ZEALAND: Q1 Current Account Narrows On Strong Goods Exports

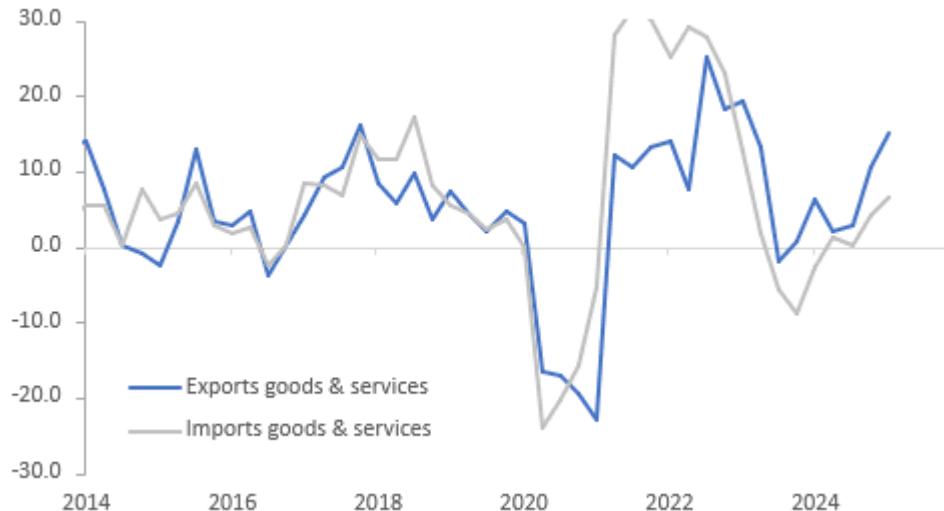
The Q1 non-seasonally adjusted current account deficit narrowed substantially to \$2.32bn from a downwardly-revised \$6.80bn but seasonally adjusted it was similar to Q4 at \$5.55bn. This brought it to 5.7% of GDP down from 6.1%, the lowest since Q3 2021 and 3.5pp less than the Q4 2022 peak. The trade deficit narrowed to \$1.22bn from \$1.63bn, the lowest since Covid-impacted Q2 2021, due to a strong pickup in goods exports. Robust shipments in Q1 are likely to support GDP growth when it is released on Thursday.

NZ current account % GDP



Source: MNI - Market News/LSEG

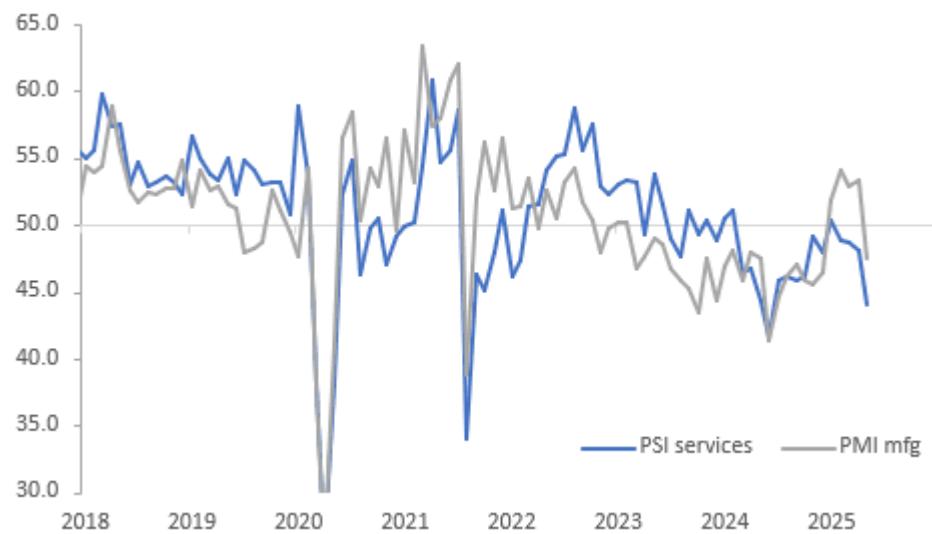
- Goods exports rose 11.9% q/q in Q1 to be up 18% y/y driven by agricultural products and higher prices for dairy and meat. Imports rose 5.5% q/q to be up 6% y/y driven by intermediate items including processed fuels. Durable consumer goods also saw a robust rise.
- The services balance returned to a deficit in Q1 after a small surplus in Q4, as exports fell 5.9% q/q due to lower visitor expenditure while imports rose 2.4% q/q driven by transport services.
- The net international investment liability position narrowed to \$212.2bn in Q1 from \$213.6bn, as the value of assets fell by less than liabilities due to global market uncertainty.

NZ goods & services exports vs imports y/y%

Source: MNI - Market News/LSEG

NEW ZEALAND: BNZ Indices Signal Economic Slowdown & Job Shedding

BNZ's manufacturing and services PMIs both deteriorated in May and are below the breakeven-50 level and senior economist Steel warned that they are consistent with a return to a recession. With rates now in the "neutral zone" and the RBNZ Governor Hawkesby saying the MPC doesn't have a bias, it looks like the RBNZ will be on hold on July 9 as it waits for more data, but it does monitor these indices and they suggest that the meeting will be "live". The June PMIs are not released until July 10 & 13.

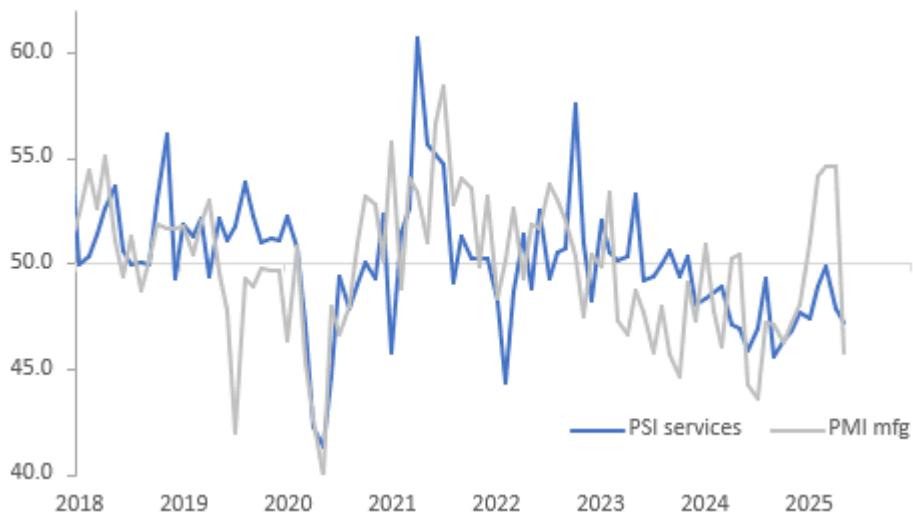
NZ BNZ PMI vs PSI

Source: MNI - Market News/BNZ/LSEG

- The performance of services index fell 4.1 points to 44.0 in May, the lowest since June 2024 signalling that the sector contracted at its fastest rate in almost a year. The decline was driven by sharp drops in new orders and activity/sales. All components are in negative territory.
- BNZ noted that negative comments from services businesses rose to 65.6% in May from 61.8% in April and 56.7% in March. They cited "rising costs, economic uncertainty and low consumer confidence" as reasons for the increase and that customers remain cautious.

- Services employment fell at a slightly faster pace in May at 47.2 than April's 47.9. There was also job shedding in the manufacturing sector with the employment index falling to 45.7 from 54.6, the lowest since July 2024 and suggesting that recent global developments have impacted hiring plans. This does not bode well for Q2 employment with both sectors so weak.
- The manufacturing PMI in May shifted into contractionary territory for the first time in 2025 at 47.5 with all components except inventories contracting. New orders deteriorated to 45.3 from 50.8.

NZ BNZ PMI vs PSI - Employment



Source: MNI - Market News/BNZ/LSEG

NEW ZEALAND: Slower Growth Expected But Inflation Eases To Band Mid-Point

The NZIER June survey of forecasters has been published and is showing a downward revision to NZ growth this financial year and next compared with the March results. FY25 is down 0.3pp to 1.1% and FY26 0.2pp to 1.9%, the recovery remains in place supported by lower rates. Residential investment is the main driver of the projection changes with the NZIER citing "reduced pipeline of housing construction". However, inflation was revised up 0.2pp to 2.5% for FY25 but FY26 was unchanged at 2.2% and it holds around the RBNZ's 2.0% band mid-point thereafter.

- Despite expectations for slower growth the unemployment rate was revised down 0.1pp to 5.1% in FY25 & FY26 but employment growth is weaker in FY25 down 0.3pp to -0.7% but FY26 remains at 1.4%.
- Forecasters revised up near-term export expectations due to increased demand for food stuffs. However, the current highly uncertain global growth environment and increased trade protectionism drove a downward revision in FY27 with FY28 unchanged.
- See NZIER "Consensus Forecasts" [here](#).

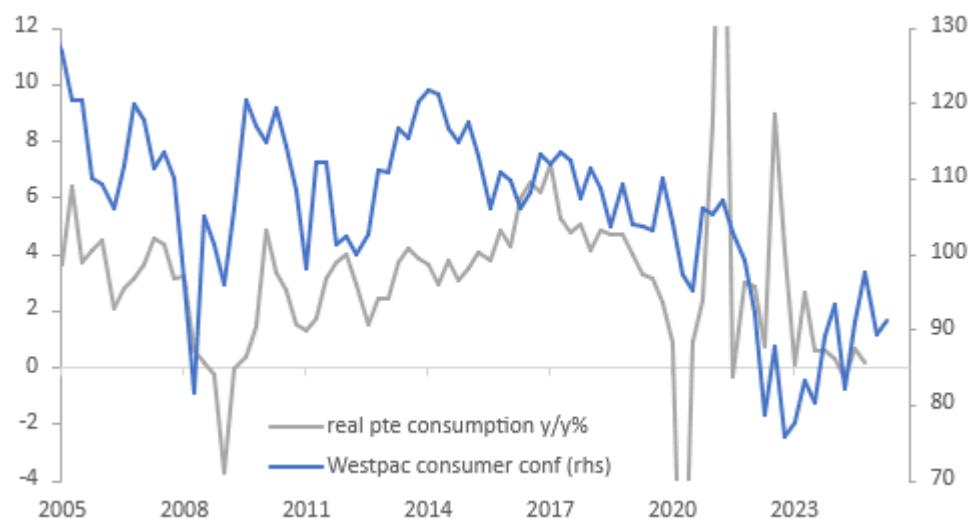
NEW ZEALAND: Westpac Consumer Confidence Signals Spending Outlook Remains Soft

Westpac Q2 consumer confidence picked up to 91.2 from 89.2 in Q1, while the number of pessimists declined they continue to outnumber optimists with the breakeven-index 100. Sentiment also remains below Q4 2024's 97.5. Households remain cautious about the outlook despite 225bp of RBNZ easing given heightened global uncertainty, an unbalanced recovery and a soft labour market.

- While most regions saw a rise in consumer confidence, only one posted a reading above 100.
- Present conditions remained weak at 81.7 up from 80.2 with the assessment of current financial conditions falling to -27 from -24.1. Westpac notes that finances are being impacted by rises in living costs. Q1 CPI inflation rose 2.5% y/y up from 2.2% while May data showed food and electricity inflation rising further.
- The outlook is more positive with expected conditions rising 2.3 points to 97.5, still below the 10-year average, and the expected financial situation improving 2.6 points to 7.4.

- It is still not a “good time to buy” a major item but it improved 6.1 points to -9.5 but the 10-year average is at +4.5. Recent consumption data have been lacklustre and show that households remain cautious. The Westpac survey found that a net 31% have reduced discretionary spending.

NZ consumer outlook



Source: MNI - Market News/LSEG

SHORT-TERM RATES: \$-Bloc Markets Firmer Over Past Week, FOMC Had A Hawkish Tilt:

Interest rate expectations across dollar-bloc economies are broadly firmer over the past week, with all markets showing net changes of 5-10bps through December 2025.

* The June FOMC communications had a hawkish tilt overall, despite the immediate dovish reaction to the updated Dot Plot retaining the median expectation of 50bp in rate cuts by end-2025.

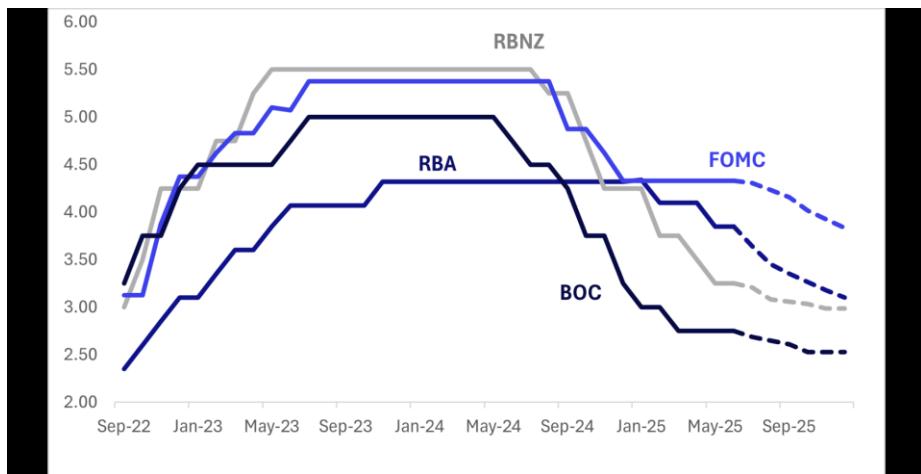
* Fed Chair Powell was far from emphatic about the prospect of rate cuts, all but taking a cut at the July meeting off the table. His comments all but reversed the initial dovish market reaction. That said, the FOMC remains committed to cutting, if only half-heartedly and patiently. (See MNI Fed Review here:

https://media.marketnews.com/Fed_Review_Jun2025_f90c5487e6.pdf?utm_source=ema&utm_medium=email&utm_campaign=20250618

* The next major event for the region is the RBA's meeting on July 8, where markets are assigning a 79% probability to a 25bp rate cut. The RBNZ follows the next day, with a 16% chance of a similar move currently priced in.

* Looking ahead to December 2025, current market-implied policy rates and cumulative expected easing are as follows: US (FOMC): 3.84%, -49bps; Canada (BOC): 2.53%, -22bps; Australia (RBA): 3.10%, -75bps; and New Zealand (RBNZ): 2.98%, -27bps.

Figure 1: \$-Bloc STIR (%)



Source: Bloomberg Finance LP / MN

CHINA

CHINA DATA: Property Data Turns Down Again

- As new and used home prices (ex Shanghai) continue in their deflationary spiral, other data is showing signs of turning downwards after periods of improvement.
- China's Residential Property Sales and Property Investment YTD turned down again in May.
- Residential Property sales YTD YoY fell -2.8% (from -1.9% in April), the worst result this year.
- Property Investment YTD YoY declined -10.7% in May, from -10.3% in April and the worst result in over five years.
- There has been speculation as to the need for further policy stimulus with bond markets rallying post the data release.

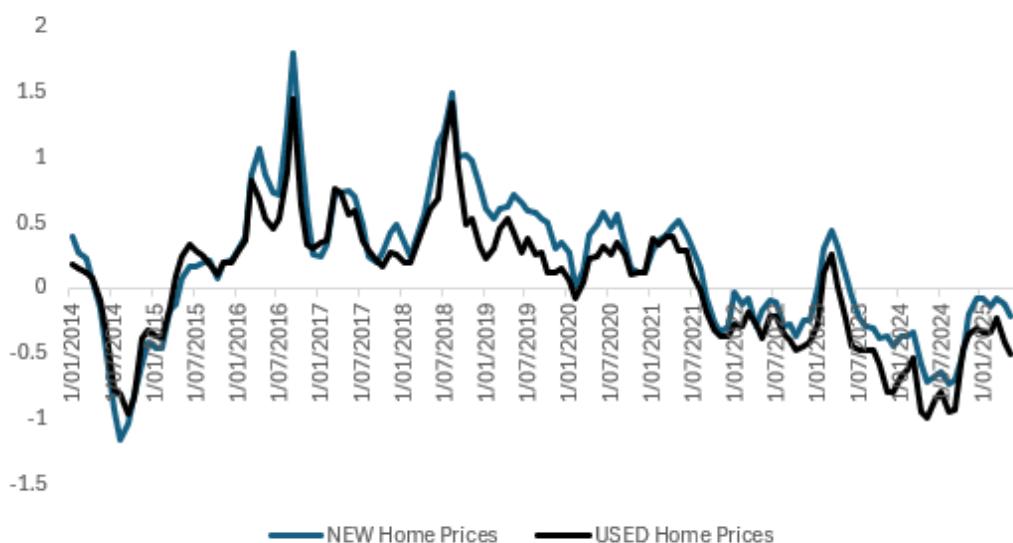


source: Bloomberg Finance LP / MNI

CHINA: House Prices Trending Lower Again

- China released its new and used home price data for May today and prices have turned down again.
- New home prices were down -0.22% MoM in May, from -0.12% in April representing the 24th consecutive downturn and the worst result since November last year.
- Used home prices were down -0.50% MoM in May, from -0.41% in April and have not printed a positive print since April 2023.
- New home prices rose in 13 cities in May, down from 22 in April
- Used home prices rose in just 3 cities in May, compared to 5 in April.
- No cities have year on year used price gains.
- Shanghai new homes rose +0.7% MoM; +5.9% YoY
- Beijing new home prices -0.4% MoM; -4.3% YoY
- Shanghai existing home prices -0.7% MoM; -0.1% YoY
- Beijing existing home prices -0.8% MoM; -0.7% YoY

Changes in Residential Property Prices MoM
New and Used



source: Bloomberg Finance LP / MNI

CHINA: Retail Sales Strong with Urban Leading

- The retail sales figures for May confirm the strength of the consumer that supports an improving domestic economy.
- Urban retail sales grew strongly, expanding by +6.5% whilst rural increased to +5.4%.
- Strong expansion in household electronics which expanded by +53%.
- Online retail sales jumped +8.5% YoY.



CHINA: Industrial Production Expands +5.8% YoY in May

- For a second consecutive month, China's industrial production grew less than the prior month.
- Peaking in March just prior to the implementation of tariffs at +7.7% May's result was lower at +5.8%.
- The 3 year average for Industrial Production expansion is +4.5%.
- Mining was flat on last month at +5.7%.
- Manufacturing was lower at +6.2% (from +6.6%).
- Auto manufacturing rose by +11.2%.



SOUTH KOREA

SOUTH KOREA DATA: Import Prices Point to Further Pressure for CPI

- Import prices in Korea declined -3.7% in May due primarily to the lower oil prices and a firmer Won and for a fourth consecutive month.
- Import prices are a key input into CPI as they directly feed through to production costs
- The Year on Year decline was larger, down -5% in May
- The export price index fell 3.4 percent in May from the previous month, marking the sharpest decline since November 2023, when the index dropped 3.4 percent and has been bouncing between deflation and zero for some time.
- The last CPI print for Korea saw a steady Year on Year result of +2.1% with the Month on Month figure barely positive at +0.1%
- The BOK cut rates at their last meeting, citing concerns as to the growth dynamic.
- The bond market has moved rapidly since with no just -17bps of cuts priced in over the next 12 month and only -3bps of cuts in the next 3 months.

ASIA

SINGAPORE: Singapore Exports Below Forecast, Exports To US Slump

Singapore exports for May were below forecasts. The headline fell -3.5% y/y, versus a +7.8% forecast (the April rise was 12.4%). Electronic exports slowed to 1.7% y/y from a revised 23.4% gain in April.

- Headline (non-oil domestic) exports were down -12m/m, suggesting some tariff related impact. Non-electronic exports were -5.3% y/y, with weakness evident across sub categories except for Pharmaceuticals. Electronic sub categories were mixed.
- By country, exports to the US were weakest, down 20.6% y/y, from 1.2% in April. Parts of Asia were also weaker, notably Thailand and Malaysia. Exports to the EU also fell -4.8% y/y.
- The chart below plots export growth for key EM Asia economies, Singapore the light blue line, has weakened, with most other parts of the region also slowing. Taiwan, the orange line, remains the standout.

Fig 1: Key EM Asia Economies Export Growth - Y/Y



Source: Bloomberg Finance L.P./MNI

THAILAND: Export Growth Elevated Driven By Global Developments

After posting a deficit in April, a strong rise in May exports returned the customs trade balance to a surplus of \$1116mn. Export growth jumped to 18.4% y/y from 10.2% in April, while imports rose 18% y/y from 16.1%, likely boosted by imports from China rerouted on their way to the US. The export outlook remains unclear.

- Customs export growth was its fastest since March 2022 due to continued frontloading of shipments ahead of the end of the delay to the implementation of US reciprocal tariffs on July 8. The surplus with the US was \$4.1bn in May.
- Thailand faces a 36% duty and has said it will present its trade proposals to the US on June 20 and is hoping to only face the minimum universal 10%. Thailand had one of the Asia's largest export shares to the US in 2024 at 20% worth around 11% of GDP, while it was 12.7% to China (7.2% of GDP).
- The rush to get goods to the US may drive a slowdown in Thai exports in H2 which would be exacerbated by the imposition of an outsized tariff.
- The deficit with China was \$4.1bn in May as China diverts shipments to other countries to avoid US tariffs as it continues to negotiate. Thailand will have to prove to the US that it has practices in place to stop China using it to reroute goods.

Thailand customs exports vs imports y/y% 3-mth ma



Source: MNI - Market News/LSEG

INDIA: Trade Data Contracts

- India's trade data for May was weak as the ripple effect from the trade war creates an uneven period for importers and exporters.
- India's YoY exports contracted -2.2% for May, following April's expansion of +9.0%. It is not unusual for exports in India to contract with 13 out of the last 24 months contracting. The nominal amount exported inched up as it appears that the bottlenecks created in April are starting to clear.
- India's YoY imports contracted -1.7% following a +19% expansion in April. As with exports, it is not unusual for imports to contract with 10 out of the last 24 months contracting. The drop in imports was underpinned by lower oil and gold imports.
- The resultant trade deficit narrowed to \$21.8bn, from \$26.4bn

ASIA EQUITY FLOWS: Large Outflows for Korea and Taiwan

* South Korea: Recorded outflows of -\$158m yesterday, bringing the 5-day total to -\$275m. 2025 to date flows are -\$7,968. The 5-day average is -\$55m, the 20-day average is +\$177m and the 100-day average of -\$85m.

* Taiwan: Had outflows of -\$772m as of yesterday, with total outflows of -\$79 m over the past 5 days. YTD flows are negative at -\$10,447. The 5-day average is -\$16m, the 20-day average of -\$10m and the 100-day average of -\$79m.

* India: Had outflows of -\$69m as of the 18th, with total outflows of -\$480m over the past 5 days. YTD flows are negative -\$10,673m. The 5-day average is -\$96m, the 20-day average of -\$33m and the 100-day average of -\$66m.

* Indonesia: Had outflows of -\$76m yesterday, with total outflows of -\$79m over the prior five days. YTD flows are negative -\$3,043m. The 5-day average is -\$16m, the 20-day average -\$5m and the 100-day average -\$29m.

* Thailand: Recorded outflows of -\$21m as of yesterday, with outflows totaling -\$173m over the past 5 days. YTD flows are negative at -\$2,331m. The 5-day average is -\$35m, the 20-day average of -\$30m and the 100-day average of -\$21m.

* Malaysia: Recorded outflows of -\$26m as of yesterday, totaling -\$135m over the past 5 days. YTD flows are negative at -\$3,705m. The 5-day average is -\$21m, the 20-day average of -\$28m and the 100-day average of -\$23m.

* Philippines: Recorded inflows of +\$6m yesterday, with net outflows of -\$36m over the past 5 days. YTD flows are negative at -\$562m. The 5-day average is -\$7m, the 20-day average of -\$16m the 100-day average of -\$5m.

	Yesterday	Past 5 Trading Days	2025 To Date	
South Korea (USDmn)	-158	-275	-	7,968
Taiwan (USDmn)	-772	-79	-	10,447
India (USDmn)*	-69	-480	-	10,673
Indonesia (USDmn)	-76	-79	-	3,043
Thailand (USDmn)	-21	-173	-	2,331
Malaysia (USDmn)	-26	-135	-	3,705
Philippines (USDmn)	6	-36	-	562
Total	-1137	-1430	-	41,024

* as of 18 June.

Source: Bloomberg Finance L.P / MNI

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