

# Asia week ahead: Korea rate decision, inflation data from China and Taiwan

The Bank of Korea is likely to leave interest rates unchanged, while China and Taiwan release inflation data amid surging global oil prices



## Asia Research highlights of the week

[South Korea's economy benefits from robust chip exports and fiscal support](#)

[Japanese business sentiment remains solid, supporting April BoJ hike](#)

[Oil drives South Korean inflation higher, but government curbs keep it contained](#)

[Slower Tokyo inflation unlikely to deter Bank of Japan's April hike](#)

[South Korean data points to firm first-quarter growth, but Iran risks abound](#)

[Chinese PMI rebounds as Iran impacts start trickling through](#)

## South Korea: BoK expected to keep rates steady

The Bank of Korea is expected to leave policy rates unchanged on Friday. Strong chip demand has helped offset the effects of commodity supply constraints. Oil prices are driving inflation higher, but government measures are keeping it contained. Against this backdrop, the BoK is likely to take

a wait-and-see approach for now to analyse the impact of Middle East shocks. We expect price pressures to increase and financial imbalances to worsen in the coming months. This could prompt the BoK to hike rates in the third quarter.

## Taiwan: Inflation to moderate, but underlying pressures remain

Taiwan's March inflation data is out on Wednesday. We expect inflation to moderate slightly to 1.6% year-on-year, lower than February's Lunar New Year holiday-boosted 1.75% level. The data is likely to show early signs of price pressures emerging in the energy sector. With inflation risks rising and growth consistently beating forecasts, the odds are shifting toward the central bank's next move being a hike rather than a cut. Unless inflation significantly overshoots expectations in the coming months, policymakers will likely stay on hold when they next meet in June.

## China: Inflation data to show some momentum

China releases its March inflation data on Friday. We expect that the positive price momentum from the last couple of months carried over into March, especially with the surge in energy prices amid the Iran War. The price subcomponents of the purchasing managers' index data, which reached their highest monthly levels since 2022, suggest inflation will heat up in March. We expect CPI inflation to remain elevated at 1.2% YoY and PPI inflation to return to positive territory for the first time since 2022, at 0.6%. Markets will also monitor local gasoline price moves, as the bi-weekly adjustment is expected on 7 April. Prices have climbed since the outbreak of the war, but at a much slower pace than overall crude oil prices.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
<b>Monday 6 April</b>				
India	1300 Mar	S&P Global Services PMI Final	-	57,2
Singapore	1300 Feb	Retail Sales (MoM%/YoY%)	-/-	6.1/-0.4
<b>Tuesday 7 April</b>				
China	1600 Mar	FX Reserves (USD bn)	-	3,4
Japan	0730 Feb	All Household Spending (MoM%/YoY%)	3.0/-0.2	-2.5/-1
Philippines	0900 Mar	CPI (MoM%/YoY%)	-/-	0.2/2.4
	1600 Feb	Budget Balance (PHP bn)	-	165,4
Taiwan	1620 Mar	FX Reserve (USD bn)	-	605,5
Singapore	1700 Mar	Foreign Reserves (SGD bn)	-	416,1
<b>Wednesday 8 April</b>				
Japan	0730 Feb	Labour Cash Earnings (YoY%)	2,9	3
India	1230	Rate Decision	-	5,25
South Korea	0700 Feb	Current Account Balance (USD bn)	-	13,3
Indonesia	1100 Mar	Forex Reserves	-	151,9
Taiwan	1600 Mar	CPI (MoM%/YoY%)	1,6	1,8
<b>Thursday 9 April</b>				
Japan	1300 Mar	Consumer Confidence	38	40
<b>Friday 10 April</b>				
China	0930 Mar	CPI (MoM%/YoY%)	1,2	1,3
	0930 Mar	PPI (YoY%)	0,6	-0,9
Japan	0750 Mar	PPI (MoM%/YoY%)	0.5/2.2	-0.1/2
Indonesia	1100 Mar	Consumer Confidence Index	-	125,2
Taiwan	1600 Mar	Imports	-	6,8
	1600 Mar	Exports	-	20,6
	1600 Mar	Trade Balance (USD bn)	-	12,8
South Korea	0900	Rate Decision	2,5	2,50

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