

Asia week ahead: China inflation data and South Korea's unemployment rate

China's deflation is expected to continue, while the government releases data on retail sales, fixed asset investment, and industrial production. South Korea will release the unemployment rate



China: Deflation expected to persist, with continued weakness in retail sales and FAI

China releases its CPI inflation data for October on Sunday morning. We expect deflation to persist with a -0.2% YoY read. Non-food prices have been recovering while food prices continue to drag on inflation. The bulk of the data will be out on the coming Friday, where October data is expected to remain under pressure. We expect retail sales to moderate to 2.6% YoY as the impact of the trade-in policy continues to fade. Weak confidence should continue to restrict investment, with FAI expected to slump further to -0.8% YoY ytd. Industrial production is expected to continue to outperform, but purchasing managers' data signals some moderation may be on the way in October. We're forecasting 5.7% YoY growth for the month.

South Korea: Unemployment rate expected to edge up slightly

We expect a slight increase in the unemployment rate, which should increase to 2.6%. This is largely due to the effects of the longer-than-usual Chuseok holiday in October, which should result in less employment in manufacturing and some services. On a brighter note, we should see an increase in employment in leisure-related sectors such as hotels and dining out. Additionally, we are expecting to see some moderation in the weakness we have been observing in construction throughout this year as recently we saw modest pickup in housing starts. This aligns with our view that the contraction in construction, which has lasted for more than a year, is likely to come to an end in fourth quarter.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Sunday 9 November				
China	0930	CPI (MoM%/YoY%)	-/-0.2	0.1/-0.3
	0930	PPI (YoY%)	-	-2,3
Monday 10 November				
Indonesia	1100	Sep Retail Sales Index (YoY%)	-	3,5
Tuesday 11 November				
China	-	Oct M2 Money Supply (YoY%)	-	8,4
Wednesday 12 November				
India	1830	Oct CPI Inflation (MoM%/YoY%)	-	0.1/1.5
South Korea	0700	Oct Unemployment Rate	2,6	2,5
Thursday 13 November				
Japan	0750	PPI (MoM%/YoY%)	0.3/2.5	0.3/2.7
Australia	0830	Oct Unemployment Rate	-	4,5
Friday 14 November				
China	1000	Oct Fixed Asset Investment (YoY% . ytd)	-0,8	-0,5
	1000	Oct Industrial Output (YoY%)	5,7	6,5
	1000	Oct Retail Sales (YoY%)	2,6	3
India	-	FDI (YoY%)	-	-10,4
	1430	Oct WPI Inflation (YoY%)	-	0,13
	1930	Oct Fiscal Deficit (USD bn)	-	32,15
	1930	Oct Imports (USD bn)	-	68,53
	1930	Oct Exports (USD bn)	-	36,38
-	1930	FX Reserves (USD bn)	-	695

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