

## Asia week ahead: Central bank meetings in the spotlight

Central bank meetings in Japan, Indonesia and the Philippines will take centre stage over the week ahead in Asia, alongside an incoming data dump from China and CPI readings across the region



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### China: Last data dump of the year is expected to show continued recovery

The last data dump of the year will be released next Monday. We are looking for the key economic data indicators to continue to recover modestly on the month, with industrial production rising to 5.6% year-on-year, retail sales continuing to accelerate to 5.1% YoY, and fixed asset investment (FAI) likely to remain steady, potentially with a minor uptick to 3.5% YoY year-to-date.

After last month's relatively encouraging property price data, we will also be watching this month's gauge to see if there are more signs of bottoming out signs such as more Tier 1 and 2 cities stabilising or seeing price increases, or an overall slower rate of decline across the 70-city sample

would be welcomed by markets.

## Indonesia: BI is expected to leave policy rate unchanged

We expect Bank Indonesia to leave its policy rate unchanged at 6%. Risks to inflation remain muted, with the most recent headline CPI inflation reading at 1.5% YoY. However, the Indonesian rupiah has fallen by 1.5% vs the US dollar in the last month and we think that BI is therefore likely to tread cautiously in its rate cutting cycle while focusing on IDR stability.

## Japan: BoJ rate decision is a close call - but we expect a rate hike

The Bank of Japan meets on Thursday. Even if it is a close call, we expect a hike next week as the recently released data (solid cash earnings, higher-than-expected inflation, and upward revisions to GDP) support the hike decision.

We think that incoming business surveys, trade and inflation data will also signal a recovery of the economy. Market expectations for a December hike have been fluctuating a lot, and currently there is only a 19% chance of a rate hike at the December meeting. Last month, BoJ Governor Kazuo Ueda mentioned that hikes are nearing, and one of the board's most dovish members said that wouldn't be opposed to rate rises if they're proposed. However, one local wire reported that there is a growing view that a premature rate hike should be avoided unless there is a significant risk of inflation rising.

## Philippines: BSP likely to cut rates

Bangko Sentral ng Pilipinas is likely to cut rates by 25bp, taking the overnight borrowing rate to 5.75% and the overnight deposit facility rate to 5.25%. The real policy rate of 3.5% is at an all-time high, while GDP growth is expected to remain below the government's target of 6-7%.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
<b>Monday 16 December</b>				
China	0930	Nov House Price Index (YoY%)	-	-5.9
	1000	Nov Fixed Asset Investment (YoY%. ytd)	3.5	3.4
	1000	Nov Industrial Output (YoY%)	5.6	5.3
	1000	Nov Retail Sales (YoY%)	5.1	4.8
Japan	1000	Nov Unemployment Rate	-	5.0
	0750	Oct Machinery Orders (MoM%/YoY%)	-/-	-0.7/-4.8
	0830	Dec Jibun Manufacturing PMI Flash	-	49.0
	0830	Dec Jibun Services PMI Flash	-	50.5
Australia	0830	Dec Jibun Composite PMI Flash	-	50.1
	0600	Dec Judo Bank Manufacturing PMI Flash	-	49.4
Indonesia	0600	Dec Judo Bank Services PMI Flash	-	50.5
	0600	Dec Judo Bank Composite PMI Flash	-	50.2
	1000	Nov Trade Balance (USD bn)	-	2.47
	1000	Nov Exports Growth (YoY%)	-	10.25
	1000	Nov Imports Growth (YoY%)	-	17.49
<b>Wednesday 18 December</b>				
Japan	0750	Nov Trade Balance (JPY bn)	-	-461.2
	0750	Nov Exports (YoY%)	-	3.1
	0750	Nov Imports (YoY%)	-	0.4
Australia	0730	Dec Westpac Consumer Confidence Change	-	5.3
Malaysia	1200	Nov Trade Balance (MYR bn)	-	12
	1200	Nov Exports (YoY%)	-	1.6
	1200	Nov Imports (YoY%)	-	2.6
Indonesia	1530	7-Day Reverse Repo Rate	6.00	6.00
Thailand	1500	Interest Rate Decision	-	2.25
<b>Thursday 19 December</b>				
Japan	1100	BoJ Rate Decision	0.50	0.25
New Zealand	0545	Q3 GDP (QoQ%/YoY%)	-/-	-0.2/-0.5
Philippines	1500	Interest Rate Decision	5.75	6.00
Taiwan	1600	Interest Rate Decision	-	2.00
<b>Friday 20 December</b>				
China	0900	Dec Loan Prime Rate 1Y	-	3.10
	0900	Dec Loan Prime Rate 5Y	-	3.60
Japan	0730	Nov CPI (MoM%/YoY%)	-/-	0.6/2.3
	0545	Nov Trade Balance (NZD bn)	-	-1.54
New Zealand	0545	Nov Imports (NZD bn)	-	7.31
	0545	Nov Exports (NZD bn)	-	5.77
Hong Kong	1630	Nov CPI (MoM%/YoY%)	-/-	0.2/1.4
Malaysia	1200	Nov CPI (MoM%/YoY%)	-/-	0.2/1.9
Taiwan	1600	Nov Export Orders (YoY%)	-	4.9

Source: Refinitiv, ING

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