

Asia week ahead: Reserve Bank of Australia takes centre stage

The rate decision from the Reserve Bank of Australia (RBA) will be a close call but we and the market expect a 25bp rate cut. Markets will closely monitor whether the positive momentum in China's property prices continues. LPRs are expected to remain unchanged with no major announcements. Additionally, Japan's flash PMI and CPI will be released



Australia: Market looks for 25bp rate cut from RBA

The market is pricing in the first 25bp rate cut from the Reserve Bank of Australia (RBA) next week on 18 February. While this is in line with our view and we place a 60% probability on it, we think the decision to cut or pause will be a close one – and it's therefore not a done deal. Key to our thinking is that the wage pressures have eased more than expected and household consumption growth has been weaker than expected, which should give the RBA more comfort to ease. However, the unemployment rate is still below the central bank's target, which could result in more uncertainty

on the pace and timing of rate cuts.

China: property price data and LPRs in focus

The main economic data dump will not be published in February as the government tends to bundle most January-February monthly data together to avoid distortions from the Lunar New Year. However, next Wednesday will still feature the 70-city property price data, where markets will watch to see if the positive momentum from the last few months can continue. We expect to see prices eventually bottom out sometime this year. On Thursday, the loan prime rates will be published, where we expect rates to remain unchanged at 3.1% and 3.6% for the one and five-year LPRs, respectively, after no major monetary policy moves were announced this month.

Taiwan: exports orders set to contract amid Lunar New Year

It is a fairly quiet week ahead for Taiwan. The main data point ahead will be the January export orders data, where we are expecting new orders to contract at -3.3% year-on-year amid the impact from the Lunar New Year as well as the end of export frontloading.

Japan: services sector growth and CPI

Healthy growth and rising inflation will be the key themes we expect from next week's data. 4Q24 GDP is expected to rise 0.4% quarter-on-quarter (seasonally adjusted) on the back of a recovery in private spending and exports. Monthly activity data pointed to an improvement in wages and retail sales, and the rise in domestic asset prices should have a positive impact on private spending. Meanwhile, the normalisation of car production should have a positive impact on exports. Exports are expected to grow solidly by 7.7% year-on-year in January, but this is partly due to last year's low base caused by the earthquakes. The positive tone of the data can be seen in the flash PMI. We expect service-led growth to continue in the coming months, thus services PMI should gain, while the manufacturing PMI should remain somewhat subdued. On the inflation front, we expect the CPI to rise to 4.0 % YoY in January, mainly due to a surge in fresh food prices, including rice, the main staple food item. This will add to the upward pressure on services with a time lag, as eating-out prices are likely to rise.

South Korea: sentiment surveys to show continued recovery

Consumer and business sentiment surveys should show a continued recovery after the December dip. However, uncertainty about the global economy is likely to limit the pace of recovery.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 17 February				
Japan	0750	Q4 GDP (QoQ%, QoQ%. ann)	0.4/1.4	0.3/1.2
Indonesia	1200	Jan Trade Balance (USD bn)	-	2.24
	1200	Jan Exports Growth (YoY%)	-	4.78
	1200	Jan Imports Growth (YoY%)	-	11.07
Thailand	1030	2024 Full Year GDP Growth	-	1.9
	1030	Q4 GDP Growth (QoQ%/YoY%)	-/-	1.2/3
Tuesday 18 February				
Australia	1130	RBA Cash Rate	4.1	4.35
Wednesday 19 February				
Japan	0750	Jan Exports (YoY%)	7.7	2.8
	0750	Jan Imports (YoY%)	6.6	1.8
	0750	Jan Trade Balance (JPY bn)	-1800	130.9
	0750	Core Machine Orders (MoM%/YoY%)	0.5/8.0	3.4/10.3
New Zealand	0900	RBNZ Cash Rate	-	4.25
Indonesia	1530	BI-Rate	5.75	5.75
Thursday 20 February				
Australia	0830	Jan Unemployment Rate	-	4
China	0900	Feb Loan Prime Rate 1Y	3.1	3.10
	0900	Feb Loan Prime Rate 5Y	3.6	3.60
Hong Kong	1630	Jan CPI (MoM%/YoY%)	-/-	0.1/1.4
South Korea	0500	Feb BoK Consumer Sentiment Index	93	91.2
Malaysia	1200	Jan Trade Balance (MYR bn)	-	19.2
	1200	Jan Exports (YoY%)	-	16.9
	1200	Jan Imports (YoY%)	-	11.9
Taiwan	1600	Jan Export Orders (YoY%)	-3.3	20.8
Friday 21 February				
Japan	0730	Jan CPI (MoM%/YoY%)	0.5/4.0	0.6/3.6
	0730	Jan Core CPI ex Fresh Food (MoM%/YoY%)	0.2/3.1	0.4/3.0
	0830	Feb Jibun Bank Manufacturing PMI Flash	49	48.7
	0830	Feb Jibun Bank Services PMI Flash	53.2	53
	0830	Feb Jibun Bank Composite PMI Flash	51.5	51.1
Australia	0600	Feb Judo Bank Manufacturing PMI Flash	-	50.2
	0600	Feb Judo Bank Services PMI Flash	-	51.2
	0600	Feb Judo Bank Composite PMI Flash	-	51.1
New Zealand	0545	Jan Trade Balance (NZD bn)	-	219
Malaysia	1200	Jan CPI (MoM%/YoY%)	-/-	0.1/1.7
South Korea	0500	Feb Composite Business Survey Manufacturing	92	89
	0500	Feb Composite Business Survey Non-Manufacturing	84	83.6

Source: Refinitiv, ING

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