

Asia week ahead: BoJ decision and GDP from Korea and Taiwan

The market will pay attention to the Bank of Japan's rate action as the latest comments from the BoJ officials are leaning towards being hawkish. Meanwhile, Taiwan is expected to log a solid growth rate while South Korea's GDP will show how the recent political turmoil dampened the economy



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

The highlight of the week is the Bank of Japan's meeting on 24 January. Recent inflation and wage data have been encouraging and support the Bank of Japan's decision to raise interest rates at next week's meeting. Latest comments from Bank of Japan officials have also shown increased confidence in sustainable wage growth. But, we should closely watch Trump's inauguration which should deliver a negative impact on the global and Japanese economy. Japan will release trade and core machinery orders data early next week, as well as inflation on policy announcement day.

Inflation is expected to rise quite sharply in December. The end of the government's energy subsidy programme is likely to temporarily push it well above 3% year-on-year. Exports are expected to pick up, supported by front-loading exports ahead of the implementation of Trump trade policies and robust IT demand.

South Korea: Surveys and GDP are likely to confirm a deteriorating economy

Business and consumer sentiment is likely to have continued to weaken in the wake of the tragic plane crash at the end of December. High frequency data suggest that consumption slowed down quite significantly during the national mourning period. We expect 4Q24 GDP to rise by 0.2% quarter-on-quarter (vs. 0.1% in 3Q24), mainly due to a positive contribution from net exports, while domestic growth deteriorates.

Taiwan: Relatively upbeat GDP and IP outcomes expected

Taiwan has several data releases scheduled in the week ahead, with the main highlight being fourth quarter and 2024 full year GDP, set for release next Friday. We've held a more upbeat forecast relative to the market on Taiwan's growth, and expect the full year GDP to end the year at 4.7% YoY, up from 1.4% YoY in 2023. Aside from the GDP data, Taiwan will also release its export orders data on Tuesday, which are expected to have rebounded to 15.9% YoY to end the year, as well as Taiwan's industrial production data Thursday, where we are expecting an uptick to 13.4% YoY from 10.3% YoY in November.

China: Quiet after data dump week

After the Friday data dump, China's data calendar enters the quietest period of the year. The loan prime rates will be announced on Monday, with no change expected after the People's Bank of China kept benchmark rates unchanged. All eyes will be on Trump's inauguration and whether or not we see any immediate tariff action announced against China.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 20 January				
Japan	0750	Nov Core Machinery Orders (MoM%, YoY%)	0/5.1	2.1/5.6
China	0915	Jan Loan Prime Rate 1Y	3,1	3,1
	0915	Jan Loan Prime Rate 5Y	3,6	3,6
Tuesday 21 January				
Taiwan	1600	Dec Export Orders (YoY%)	15,9	3,3
Wednesday 22 January				
South Korea	0500	Jan BoK Consumer Sentiment Index	80	88,4
Taiwan	1600	Dec Unemployment Rate	3,4	3,4
Thursday 23 January				
Japan	0750	Dec Exports (YoY%)	1,6	3,8
	0750	Dec Imports (YoY%)	4,1	-3,8
	0750	Dec Trade Balance (JPY bn)	-200	-117,6
Australia	0830	Dec NAB Business Confidence	-	-3
South Korea	0500	Jan BoK Business Sentiment Index	78	82,4
	0700	Q4 GDP (QoQ%/YoY%)	0.2/1.4	0.1/1.5
Singapore	1300	Dec Core CPI (YoY%)	-	1,9
	1300	Dec CPI (MoM%/YoY%)	-/-	0/1.6
Taiwan	1600	Dec Industrial Output (YoY%)	13,5	10,29
Friday 24 January				
Japan	0730	Dec CPI (MoM%/YoY%)	0.5/3.4	0.4/2.9
	1100	BoJ Rate Decision	0,5	0,25
Australia	0600	Jan Judo Bank Manufacturing PMI Flash	-	47,8
	0600	Jan Judo Bank Services PMI Flash	-	50,8
	0600	Jan Judo Bank Composite PMI Flash	-	50,2
Philippines	0900	Dec Imports (YoY%)	-	-4,9
	0900	Dec Exports (YoY%)	-	-8,7
	0900	Dec Trade Balance (USD bn)	-	-4,8
Singapore	1300	Dec Manufacturing Output (MoM%/YoY%)	-/-	-0.4/8.5
Taiwan	1600	Q4 GDP (YoY%)	3,3	4,2

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