

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 |

Author

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.