

Asia week ahead: Inflation dominates the calendar in Asia - could free up some local policy easing

Inflation data from Japan, Australia, and Singapore could shed light on the monetary outlooks in these economies. Further declines in consumer and business sentiment in Korea will increase pressure on the BoK to consider easing, and the Reserve Bank of Australia will meet, but there is no chance they will ease anytime soon



Australia: RBA rate likely to remain unchanged

The Reserve Bank of Australia will meet to discuss policy interest rates on 24 September. As the minutes of the August meeting indicated that the RBA considered hiking rates at that time, any thoughts of rate cuts at this meeting can be swiftly banished. There has been some more moderation in inflation, but it has made no progress in net terms since the beginning of the year. However, labour conditions still look reasonably robust, so a no-change meeting is about the only

plausible outcome. The statement tone may be a bit more positive about the outlook for reaching the inflation target over a reasonable timeframe.

August inflation data is also released in the coming week. This should show some further progress towards the RBA's target range. We estimate that inflation will drop to 3.3%YoY from 3.5% in July, which will take it lower than it was at the end of 2023 for the first time this year. A decent chunk of this is going to come from much lower retail gasoline prices that reflect lower crude oil prices. Consequently, there is not likely to be as much progress on core measures of inflation and this could dampen any enthusiasm that follows a headline rate closer to the RBA's 2-3% target range.

Korea: sentiments likely to weaken

Surveys should show further deterioration in sentiment. The consumer sentiment index should drop below 100 due to tight macro-prudential measures on mortgages and the poor performance of asset markets. Meanwhile, business sentiment is also likely to weaken due to rising policy uncertainty ahead of the Fed decision and heightened political uncertainty surrounding the US election.

Japan: Flash PMI and Tokyo CPI

The flash PMI should advance to 53 with both the manufacturing and service PMIs rising on the back of the normalization of car production and solid wage growth. Meanwhile, Tokyo's CPI inflation is likely to ease in September mainly due to the resumption of utility subsidies.

Singapore: CPI and industrial production data

August inflation will likely show some further progress taking it closer to 2%, and on some estimates, it may even come in under 2%. This is an important release given that the activity backdrop remains fairly weak and so anything that provides some room for the MAS to adjust their monetary policy stance at their scheduled October meeting would be helpful.

Singapore's industrial production figures for August are also due out and will likely track the recent non-oil domestic exports figures, which pulled back after a strong July. Still, the August 2023 figures were very weak, so we still expect the year-on-year rate of industrial production to accelerate, albeit not for very compelling reasons.

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 23 September				
Australia	0700 Sep	Manufacturing PMI Flash	47,8	48,5
	0700 Sep	Services PMI Flash	53,2	52,5
	0700 Sep	Composite PMI Flash	-	51,7
New Zealand	0645 Aug	Trade Balance (NZD bn)	-	-0,963
India	1300 Sep	HSBC Manufacturing PMI Flash	57,4	57,5
	1300 Sep	HSBC Services PMI Flash	60,7	60,9
	1300 Sep	HSBC Composite PMI Flash	-	60,5
Malaysia	1200 Aug	CPI (MoM%/YoY%)	-/-	0.1/2
Tuesday 24 September				
Japan	0830 Sep	Jibun Bank Manufacturing PMI Flash	50	49,8
	0830 Sep	Jibun Bank Services PMI Flash	53,8	53,7
	0830 Sep	Jibun Bank Composite PMI Flash	53	52,9
Australia	1230 RBA	Cash Rate	4,35	4,35
	1330 RBA	Press Conference	-	-
South Korea	0500 Aug	PPI (MoM%/YoY%)	0.3/2.2	0.3/2.6
Wednesday 25 September				
Australia	0930 Aug	CPI Index (YoY%)	3,3	3,5
South Korea	0500 Sep	Consumer Confidence	99	100,8
Singapore	1300 Aug	CPI (MoM%/YoY%)	0.5/2.1	-0.3/2.4
	1300 Aug	Core CPI (YoY%)	2,4	2,5
Thursday 26 September				
Japan	0750 BoJ	Monetary Policy Meeting Minutes	-	-
Singapore	1300 Aug	Industrial Production (MoM%/YoY%)	-4.5/7.8	10.1/1.8
Hong Kong	1630 Aug	Trade Balance (HKD bn)	-	-21,8
Friday 27 September				
Japan	0730 Sep	Tokyo CPI (YoY%)	2,1	2,6
	0730 Sep	Tokyo Core CPI (YoY%)	2,2	2,4
South Korea	0500 Sep	Business Confidence	70	71

Authors

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.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 <http://www.ing.com>.