

Asia week ahead: Japan inflation intrigue and Bank of Korea rate decision

Japan's month-end data, especially Tokyo's inflation, will be closely watched by Bank of Japan (BoJ) officials. We expect the Bank of Korea (BoK) to cut rates by 25bp, while China's MLF remains unchanged. Taiwan's industrial production likely slowed during Lunar New Year.



Japan: Tokyo inflation in focus amid month-end data dump

Japan: The month-end data dump, led by Tokyo inflation, is the main highlight of the week. We expect Tokyo prices to stabilise at 3.3% in February. Fresh food costs are expected to continue to rise, while some service-sector prices -- especially eating out -- are seen spilling over into broader price gauges. However, the fall in energy prices due to subsidies should offset the overall price hikes. The BoJ will watch closely for signs recent food-cost spikes, especially rice, are being passed on to consumers. Meanwhile, data on broader activity is likely to point to a gradual economic recovery. Industrial production is expected to rise moderately thanks to front-loading of key export items such as cars and IT products amid US President Trump's tariff threats. Retail sales are expected to rise as wage conditions improve and foreign tourists flock to Japan.

South Korea: BoK to cut its policy rate by 25bp

South Korea: The Bank of Korea meets for a policy decision on Tuesday. As mentioned in [our BoK preview](#), we expect a 25 bp cut. But we believe its forward guidance will be somewhat hawkish. Next Saturday, Korea will release export data for February. We think exports will rebound after contracting in January amid Lunar New Year-related noise in trade figures. We believe semiconductors and cars will lead gains.

China: MLF expected to remain unchanged

China: The data calendar is quite light for China in the final week of February. The People's Bank of China's (PBOC) decision on the rate of its medium-term lending facility (MLF) is expected Tuesday. Given the pivot to the 7-day reverse repo rate as the primary policy rate, we don't expect any change to the MLF this month.

Taiwan: industrial production data and update on 4Q GDP

Taiwan: January industrial production data will be published Tuesday. Since most of the Lunar New Year fell in January this year, we expect Taiwan's industrial production will slow significantly from 20% year on year to around 1.7% YoY. Things should rebound in February. Also, the second estimate for fourth-quarter GDP is out on Wednesday.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 24 February				
Singapore	1300	Jan Core CPI (YoY%)	-	1.8
	1300	Jan CPI (MoM%/YoY%)	-/-	0.4/1.6
Taiwan	1620	Jan Money Supply - M2 (YoY%)	-	5.51
Tuesday 25 February				
Taiwan	1600	Jan Industrial Output (YoY%)	1.7	20.0
South Korea	0900	Bank of Korea Base Rate	2.75	3.00
Wednesday 26 February				
Singapore	1300	Jan Manufacturing Output (MoM%/YoY%)	-/-	-0.7/10.6
Taiwan	1600	Q4 GDP Final (YoY%)	1.84	1.84
	1600	Jan Unemployment Rate	-	3.39
Friday 28 February				
Japan	0730	Feb Tokyo Core CPI (YoY%)	2.2	2.5
	0730	Feb Tokyo CPI (YoY%)	3.3	3.4
	0750	Jan Industrial Output (MoM%/YoY%)	0.1 / 3.0	-0.2/-1.6
	0750	Jan Retail Sales (MoM%)	0.8	-0.8
India	1830	Q3 GDP (YoY%)	-	5.4
Philippines	0900	Jan Imports (YoY%)	-	-1.7
	0900	Jan Exports (YoY%)	-	-2.2
	0900	Jan Trade Balance (USD mn)	-	-4135
	1300	Dec Budget Balance (PHP bn)	-	-213
Saturday 1 March				
China	0930	Feb NBS Manufacturing PMI	-	49.1
	0930	Feb NBS Non-Manufacturing PMI	-	50.2
South Korea	0800	Feb Exports (YoY%)	5.6	-10.2
	0800	Feb Imports (YoY%)	12	-6.4
	0800	Feb Trade Balance (USD bn)	1	-1.86

Source: Refinitiv, ING

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