

Asia week ahead: Bank of Korea rate decision and key data from China, Taiwan, Japan, India

The Bank of Korea is expected to hold the rates steady. Meanwhile, data highlights include Chinese industrial profits, Tokyo inflation, Korean and Taiwanese industrial production and Indian GDP



South Korea: BOK to stand pat, while industrial production continues growing

The Bank of Korea will likely keep the policy rate at 2.50% on Thursday for another month, with a minor dissent vote expected. The Bank of Korea is likely to prioritise concerns about financial instability over inflation. Given no clear signs that housing prices have settled and the FX market remains volatile, the BoK has reason to keep rates unchanged. Also Thursday, the BoK releases its outlook report. Amid easing trade tensions and a stronger-than-anticipated semiconductor cycle, we believe the BoK will revise up its 2025 GDP forecast to 1.1% from 0.8% and its 2026 forecast to

1.9% from 1.6%. A GDP outlook below 2% is likely to support the BoK's continued easing policy stance. The recent hike in KTB yields reflected Governor Rhee's hawkish remarks - signalling a possible change of policy direction - during an earlier media interview. We think his remarks at press conference should be more balanced and highlight that policy decisions are data-dependent.

Industrial production is forecasted to increase for a second consecutive month, driven by strong chip output. The longer-than-expected Chuseok holiday, combined with the 2nd cash payout program, should boost service activity.

China: Industrial profit data expected to continue improving

China's industrial profits data, out Thursday, will round out the month's data releases. The data has been showing signs of improvement in the past few months, with profits so far up 3.2% YoY, year-to-date, through September, thanks to two straight months of YoY profit growth above 20% in August and September. This was boosted by a supportive base effect. Support from this effect should gradually wane in the 4Q data, but be enough to keep profit growth solidly positive in October. The industries that have been seeing strong export demand such as rail, ships, and aerospace, computers, communication, other electronic equipment manufacturing, and electrical machinery & equipment manufacturing have generally been outperformers so far this year. This trend should continue.

Japan: Tokyo CPI inflation supported by solid wage gains

Tokyo's consumer price index inflation is expected to rise 2.7% YoY in November, supported by solid wage gains. The weaker JPY probably added upward pressure. Industrial production will likely remain positive following Japan's trade agreement with the US. Despite a contraction in the third quarter, recent data suggest an economic recovery, supporting the Bank of Japan's continued policy normalisation. Market expectations for a December rate hike have fallen sharply over the week. We believe that recent BoJ comments indicate at least three board members support a more hawkish stance. However, it remains unclear if others will agree. We continue to forecast a rate hike in December, though the likelihood of a delay to January is rising.

Taiwan: Industrial production expected to accelerate slightly

We expect Taiwan's industrial production data, out Tuesday, to continue its streak of strong growth, accelerating slightly to 18.1% YoY. Strength has been quite heavily concentrated in the Information & Electronic Industries and remains vulnerable to a downturn if demand in this sector slows. While market debate on this possibility has increased recently, we do not yet see it affecting the October data.

India: Q3 GDP growth expected to slow modestly

We expect India's GDP growth in the third quarter to slow down modestly to 7.5% YoY. Export growth began to slow in 3Q due to the impact of 50% tariffs on US exports. But private consumption growth remained relatively strong, driven by GST rate cuts and the consequent boost in consumer goods purchases.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 24 November				
Singapore	1300 Oct	Core CPI (YoY%)	-	0,4
	1300 Oct	CPI (MoM%/YoY%)	-1.0	0.4/0.7
Taiwan	1600 Oct	Unemployment Rate	-	3,4
	1620 Oct	Money Supply - M2 (YoY%)	-	5,4
Tuesday 25 November				
South Korea	0500 Nov	BoK Consumer Sentiment Index	109	109,8
Taiwan	1600 Oct	Industrial Output (YoY%)	18,1	15,5
Wednesday 26 November				
South Korea	0500 Nov	BoK Business Survey Manufacturing/Non-Manufacturing	93/90	92.4/89.5
Philippines	1300 Oct	Budget Balance (PHP bn)	-	-248,1
Singapore	1300 Oct	Manufacturing Output (MoM%/YoY%)	-/-	26.3/16.1
Thursday 27 November				
South Korea	0900	Bank of Korea Base Rate	2,5	2,50
China	0930	Industrial Profits YTD (YoY%)	-	3,2
Friday 28 November				
Japan	0730 Nov	Tokyo Core CPI (YoY%)	2,7	2,8
	0730 Nov	Tokyo CPI (YoY%)	2,7	2,8
	0730 Oct	Unemployment Rate	2,5	2,6
	0750 Oct	Industrial Output (MoM%/YoY%)	0.5/-0.2	2.6/3.8
	0750 Oct	Retail Sales (MoM%/YoY%)	1.0/0.8	0.3/0.5
	1300 Oct	Housing Starts (YoY%)	-	-7,3
India	1830 Q3	GDP (YoY%)	7,5	7,8
	1830 Oct	Industrial Output (YoY%)	-	4
South Korea	0700 Oct	Industrial Output (MoM%/YoY%)	0.5/2.0	-1.2/11.6
Philippines	0900 Oct	Imports (YoY%)	-	2,1
	0900 Oct	Exports (YoY%)	-	15,9
Singapore	0900 Oct	Trade Balance (USD bn)	-	-4,4
	1130 Oct	PPI (YoY%)	-	3,7
Taiwan	1630 Q3	GDP Final (YoY%)	-	7,6

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