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ASIA WEEK AHEAD CHINA JAPAN

Asia week ahead: US-China trade talks and BoJ rate decision

US-China trade talks are expected to yield some positive results. Japanese inflation trends and resilient economic activity are likely to keep the BoJ on hold. Key data include GDP prints from Korea and Taiwan



China: US-China trade talks expected to yield positive results

All eyes will be on the U.S.-China trade talks in the week ahead. They start this weekend with high-level talks in Malaysia led by Vice Premier He Lifeng and Treasury Secretary Scott Bessent. Hopefully, they'll culminate in the long-awaited Xi-Trump meeting in South Korea. After a series of escalations, retaliations, and threats, the leaders of the two largest economies are tentatively set to meet face to face on 30 October for the first time since the G20 in Osaka in 2019.

With the recent cooling of rhetoric and President Trump's comments about reaching a "fantastic deal" with China -- and about visiting China in early 2026 -- we are leaning toward a positive outcome that at least extends, if not builds on, the uneasy trade truce of the past few

months. At the same time, Trump is hedged by suggesting the meeting might not take place at all. Assuming no eleventh-hour cancellation, an in-person meeting will likely take place on the condition that a framework has already been, more or less, agreed upon after the He-Bessent talks.

In terms of data, it is a quieter week. China will release its purchasing managers' index next Friday morning. We expect the manufacturing PMI to remain in contraction in October, falling to 49.6.

Japan: BoJ expected to hold the policy rate

The Bank of Japan is expected to keep its policy rate at 0.5% on 30 October. We believe the division among board members remains, but it has not influenced a shift in the majority's stance. We also believe that inflation has been firmly up, while the economy has shown resilience despite headwinds from US tariffs. Thus, this should support the BoJ's rate hike cycle. But because most board members are wary of premature tightening, a rate increase could be pushed to December. Supporting this view, we expect Tokyo's consumer price index to rise 2.5% year-on-year in October and for monthly activity data such as industrial production and retail sales to recover.

South Korea: GDP growth expected to accelerate

The Bank of Korea will release third-quarter GDP data. Thanks to the government cash handout program and the strong equity rally, private consumption is expected to rise quite meaningfully. Equipment investment is also likely to recover amid strong capex investment in the IT sector. The slowdown in construction activity is expected to persist, though at a gradual rate. Exports should also contribute positively to overall growth with stronger-than-expected semiconductor exports, while soft energy prices will weigh on imports. Overall, we expect 3Q GDP to rise 1.2% quarter on quarter.

Taiwan: Strong exports continue to support GDP growth

Taiwan will publish its 3Q GDP next Friday. We're looking for growth to slow to 5.9% year on year in 3Q, down from the rapid 8.0% growth in the second quarter. Taiwan's export-led growth has continued throughout the third quarter. Strong export order growth also suggests that US tariffs have yet to dent actual demand. Markets have revised up 2025 GDP growth forecasts from a paltry 2.8% YoY at the start of the year to 5.0% YoY by mid-October. If 3Q data comes in solid again, we expect market expectations to converge further toward our 5.7% YoY gauge.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Tuesday 28 October				
India	1830 Sep	Industrial Output (YoY%)	-	4
	1830 Sep	Manufacturing Output (YoY%)	-	3,8
South Korea	0500 Oct	BoK Consumer Sentiment Index	110,5	110,1
	0700 Q3	GDP Growth Advance (QoQ%/YoY%)	1.2/1.7	0.7/0.6
Wednesday 29 October				
Japan	1300	Consumer Confidence	-	35,3
Australia	0830 Q3	CPI (QoQ%/YoY%)	-/-	0.7/2.1
Thursday 30 October				
Japan	1300	BoJ Rate Decision	0,5	0,50
Philippines	0900 Sep	Imports (YoY%)	-	-4,9
	0900 Sep	Exports (YoY%)	-	4,6
	0900 Sep	Trade Balance (USD bn)	-	-3,5
Friday 31 October				
China	0930 Oct	NBS Manufacturing PMI	49,6	49,8
	0930 Oct	NBS Non-Manufacturing PMI	-	50
Japan	0730 Oct	Tokyo Core CPI (YoY%)	2,6	2,5
	0730 Oct	Tokyo CPI (YoY%)	2,5	2,5
	0730 Sep	Unemployment Rate	2,6	2,6
	0750 Sep	Industrial Output (MoM%/YoY%)	1.5/1.0	-1.5/0.1
	0750 Sep	Retail Sales (MoM%)	1	-1,1
	1300 Sep	Housing Starts (YoY%)	-	-9,8
India	0730	FX Reserves (USD bn)	-	697
South Korea	0700 Sep	Industrial Production (MoM%/YoY%)	0/5	2.4/0.9
Taiwan	1600 Q3	GDP (YoY%)	5.9	8

Author

Lynn Song

Chief Economist, Greater China

lynn.song@ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@ing.com

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