Asia week ahead: Japan and South Korea inflation, China PMI data

Japan and South Korea will release key inflation figures amid concerns about surging oil prices as the Middle East conflict drags on. Other data include key purchasing managers' indices from China and Korea

Asia Research highlights of the week

New Bank of Korea governor may deliver rate hikes sooner than anticipated
Japan's soft inflation is temporary and won't alter BoJ's rate hike cycle

Japan: CPI expected to remain stable

Markets will focus on Tokyo's consumer price index inflation. Both headline and core inflation are expected to remain stable in March. Rising gasoline prices should be offset by government utility subsidies and steady food costs. Industrial production and retail sales are expected to decline in February, partially reversing strong gains in January.

South Korea: Growth expected in first quarter despite increasing risks

While data is likely to indicate that Korea continued to expand in the first quarter, the outlook remains uncertain. Exports are projected to surge by nearly 50% in March, driven by strong chip sales. Global oil supply issues have not yet affected chip production or demand, but ongoing chip shortages should push prices up firmly. Imports are expected to rise as well. This is partly due to higher commodity prices, though the recent surge may not fully show up in the March data. Industrial production and retail sales are projected to show improvement in February. Still, risks for the upcoming quarter are increasing, as evidenced by softening sentiment. We expect the manufacturing PMI to drop below 50.

China: PMI expected to climb back into expansionary territory

China releases its March PMI data. The official National Bureau of Statistics manufacturing and non-manufacturing PMIs are out on Tuesday. We expect the manufacturing PMI to return to 50.0 in March, up from 49.0 in February. This survey has been in contraction territory for 10 of the past 11 months. So, a move to 50 or above would be welcome news. The RatingDog manufacturing PMI is out on Wednesday. We expect its streak of outperformance versus the NBS indicator to continue.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
		Monday 30 March		
India	1830	Feb Industrial Output (YoY%)	4,4	4,8
		Tuesday 31 March		
China	0930	Mar NBS Manufacturing PMI	50	49
	0930	Mar NBS Non-Manufacturing PMI	-	49,5
Japan	0730	Mar Tokyo Core CPI (YoY%)	1,8	1,8
	0730	Mar Tokyo CPI (YoY%)	1,6	1,6
	0730	Feb Unemployment Rate	2,7	2,7
	0750	Feb Industrial Output (MoM%/YoY%)	-2.0/0.5	4.3/0.7
	0750	Feb Retail Sales (MoM%/YoY%)	-0.5/1.0	4.1/1.8
South Korea	0700	Feb Industrial Output (MoM%/YoY%)	2.0/7.0	-1.9/7.1
	0700	Feb Retail Sales (MoM%)	1,0	2,3
		Wednesday 1 April		
Japan	0830	Mar S&P Manufacturing PMI Final	53	53
China	0945	Mar RatingDog Manufacturing PMI	-	52,1
Indonesia	0830	Mar S&P Global Manufacturing PMI	-	53,8
	1200	Mar CPI (YoY%)	4	4,8
	1200	Mar Inflation (MoM%/YoY%)	-/-	0.7/2.6
	1200	Feb Trade Balance (USD bn)	-	1,0
	1200	Feb Exports Growth (YoY%)	-	3,4
	1200	Feb Imports Growth (YoY%)	-	18,2
Philippines	0830	Mar Manufacturing PMI	-	54,6
Taiwan	0830	Mar S&P Global Manufacturing PMI	-	55,2
South Korea	0800	Mar Exports (YoY%)	47	28,7
	0800	Mar Imports (YoY%)	15	7,5
	0800	Mar Trade Balance (USD bn)	24	15,4
	0830	Mar IHS S&P Global Manufacturing PMI	49,5	51,1
		Thursday 2 April		
Japan	0750	Mar Monetary Base (YoY%)	-	-10,6
South Korea	0700	Mar CPI (MoM%/YoY%)	0.6/2.5	0.3/2
India	1300	Mar HSBC Global Manufacturing PMI	-	56,9
Singapore	2100	Mar Manufacturing PMI	-	50,6
		Friday 3 April		
China	0945	Mar RatingDog Services PMI	-	56,7
Japan	1230	Mar S&P Global Services PMI Final	53,8	53,8
	1230	Mar S&P Global Composite PMI Final	53,9	53,9

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

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.