

Asia week ahead: A series of inflation reports

The coming week features several inflation readings, a Bank of Japan meeting, and Korea's third-quarter GDP report



Inflation reports out from Australia, Singapore and Japan

Australia is expected to release its 3Q22 CPI inflation data next week. We don't think the 6.1% inflation reading in 2Q22 was the peak, and look for the inflation rate to increase to 6.4%YoY, following a 1.0% QoQ increase. The Reserve Bank of Australia has already stated that it expects inflation to rise further, so this doesn't necessarily imply any deviation from their recent slower pace of tightening at forthcoming meetings, or for that matter, the outlook for the AUD.

Singapore's inflation will be reported on Tuesday and we expect both headline and core inflation to heat up further. Headline inflation could hit 7.6% while core inflation will likely accelerate to 5.2% which should keep pressure on the Monetary Authority of Singapore (MAS) to stay hawkish in the near term.

In Japan, CPI inflation excluding fresh food is expected to climb to 3% in October as the weak JPY

translates to domestic inflation. Unlike other major economies, Japan's PMI and labour market report are expected to show continued recovery, aided by the reopening boost and government stimulus packages.

Korea's growth to decelerate while sentiment indices point to challenging outlook

We expect 3Q22 GDP in Korea to decelerate to 0.1%QoQ sa (vs 0.7% in 2Q). The trade component should contribute negatively to growth for 3Q, mainly due to high commodity prices, while private consumption likely lost its steam after purchasing power faded.

Meanwhile, the consumer and business sentiment surveys will provide a bleaker outlook for the current and coming quarters. Weakness in asset markets, such as housing and equity, likely hurt consumer sentiment while businesses should be cautious given the slowdown in global demand and the weak KRW.

The BoJ to keep rates unchanged despite JPY weakness

Next week also features the Bank of Japan policy meeting and we expect them to stand pat despite the recent JPY weakness. Governor Kuroda could however warn that the recent currency movements would have a negative impact on the nation's economy but we doubt the JPY depreciation will trigger any changes in the BoJ's policy stance.

Taiwan industrial production likely stable

Taiwan industrial production growth should be fairly stable at around 3.5%. Further weakness of demand for semiconductors might not have reflected in this data but we might see weaker growth later in the year.

Asia Economic Calendar

Country	Time Data/event	ING Survey	Prev.
Sunday 23 October			
Australia	2300 Oct Manufacturing PMI Flash	-	53.5
	2300 Oct Services PMI Flash	-	50.6
	2300 Oct Composite PMI Flash	-	50.9
Monday 24 October			
Philippines	- Sep Budget Balance	-	-72
Taiwan	0900 Sep Industrial Output (YoY%)	3.6	3.68
	0900 Sep Unemployment rate (%)	3.65	3.67
	0920 Sep Money Supply - M2 (YoY%)	6.9	6.93
South Korea	2200 Oct BoK Consumer Sentiment Index	85	91.4
Tuesday 25 October			
Singapore	0600 Sep Core CPI (YoY%)	5.2	5.1
	0600 Sep CPI (MoM%/YoY%) NSA	0.3/7.6	0.9/7.5
South Korea	2200 Nov BOK Manufacturing BSI	70	73
Wednesday 26 October			
Australia	0130 CPI (QoQ%/YoY%)	-/-	1.5/6.9 1.8/6.1
Singapore	0600 Sep Manufacturing Output (MoM%/YoY%)	-/-1.5	2/0.5
Thursday 27 October			
China	0230 Jul Industrial Profit (YTD YoY%)	-5.0	-2.1
Singapore	0330 Q3 Unemployment Rate Prelim SA	2.2	2.1
South Korea	0000 GDP Growth (QoQ%/YoY%)	0.1/2.8	0.7/2.9
Friday 28 October			
Japan	- BOJ Rate Decision	-0.1	-0.1
	0030 Sep Unemployment Rate	2.5	2.5
	0030 Oct Tokyo CPI (YoY%)	3.0	2.8
No Release Date Confirmed			
China	- Sep Imports/Exports	3.3/4.0	0.3/7.1
	- Sep Trade Balance	74.1	79.4
	- Sep Industrial Output (YoY%)	5.0	4.2
	- Sep Retail Sales (YoY%)	6.1	5.4
	- Sep Fixed Assets Investments (YTD YoY%)	6.4	5.8
	- Q3 GDP (YoY%)	4.4	0.4

Source: Refinitiv, ING

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