Asia week ahead: Activity data from Japan and Korea in focus

The coming week in Asia features activity data from Japan and Korea. Elsewhere, Hong Kong reports trade figures, Taiwan releases industrial production, and Australia and Singapore report inflation

Data deluge from Japan

Given the production interruption of car manufacturers in January and solid February exports, we expect industrial production to rebound strongly to offset the previous month's decline. Retails sales also are expected to improve further, along with an increase in inbound foreign tourists during the Lunar New Year holiday. Labour market conditions are likely remain tight, with the jobless rate staying at 2.4%.

Lastly, Tokyo CPI inflation will be key to watch. The government's energy support programme has been a key reason for the monthly swing in inflation data, and we expect Tokyo CPI to moderate to 2.4% year-on-year from the previous month's 2.6%.

Australia inflation could inch higher

Australian CPI inflation for February may push slightly higher after remaining at 3.4% YoY in December. The February 2023 index rose only 0.2% month-on-month, making this month difficult to undershoot and bring inflation lower, unless we see a continuation of January's price declines. We think it's more likely that there is a slight correction upwards. We forecast inflation to come in at 3.5% YoY, following a 0.3% MoM increase.

A busy week ahead for Korea

Survey data in Korea is expected to show few changes. Consumer sentiment is expected to retreat as equity and housing markets weakened during the month, but is still likely to remain above the 100 level. The manufacturing business survey (BSI) should improve on the back of a strong performance for the IT sector. Non-manufacturing BSI is expected to slide, reflecting weakness in consumer spending and the construction sector.

Meanwhile, monthly industrial production data is expected to contract in February. Chip production should see some gains, but auto exports and early auto sales data are signalling a contraction in production. Retail sales are expected to rebound with inflows of foreign tourists during the Lunar New Year holiday, along with various sales promotions.

China industrial profits to sustain recovery

A quiet week ahead for China sees industrial profits data as the only indicator of note to be released. After a stronger-than-expected start to the year for industrial production, we expect industrial profits to continue to recover. After remaining in negative growth since July 2022, markets will watch to see if we finally witness a return to positive growth in early 2024.

Taiwan industrial production to slow on seasonal factors

Industrial production data will be published next Monday, and we expect seasonal effects to cause a sharp deceleration on both a monthly and yearly basis. With headline growth numbers likely to be skewed, it may be more valuable to gauge if there are any changes to sector level trends. Recent data showed a recovery trend in electrical equipment, auto, and mining sectors.

Hong Kong trade numbers to be impacted by the Lunar New Year effect

February trade data will be released next week, where the Lunar New Year effect is expected to cause a significant slowdown in the YoY growth numbers from January. However, trade growth is expected to have recovered slightly year to date in the first two months of 2024. Hong Kong will also publish its money supply growth data, where markets will look to see if it can snap a three-month streak of declines.

Singapore inflation to show core inflation still elevated

Singapore reports February inflation next week. We expect headline inflation to inch down to 2.8% YoY from 2.9% YoY previously, which would mark a 0.5% increase from the previous month. Meanwhile core inflation, which is the measure more closely watched by the Monetary Authority of Singapore (MAS), should stay elevated at 3.2% YoY. This will likely keep the MAS on guard for at least the first half of the year.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
		Monday 25 March			
Singapore	0500	Feb Core CPI (YoY%)	3.2		3.1
	0500	Feb CPI (YoY%)	2.8		2.9
	0500	Feb CPI (MoM%)	0.5		-0.7
Taiwan	0800	Feb Industrial Output (YoY%)	-		15.98
South Korea	2100	Mar BoK Consumer Sentiment Index	-		101.9
		Tuesday 26 March			
Singapore	0500	Feb Industrial production (MoM%/YoY%)	0.4/14.2	/	-5.7/1.1
South Korea	2100	Apr BOK Manufacturing BSI	-		76
		Wednesday 27 March			
Australia		Feb CPI (YoY%)	0.3/3.5		3.4
		Thursday 28 March			
Japan	2330	Feb Unemployment Rate	-		2.4
	2350	Feb Industrial O/P Prelim (MoM%/YoY%)	-/-	/	-6.7/-3.1
	2350	Feb Retail Sales (YoY%)	-		2.3
South Korea	2300	Feb Industrial Output (YoY%)	-		12.9
	2300	Feb Industrial Output Growth	-		-1.3
		Friday 29 March			
Japan	0500	Feb Housing Starts (YoY%)	-		-7.5

Source: Refinitiv, ING

Author

Min Joo Kang
Senior Economist, South Korea and Japan
min.joo.kang@ing.com

Lynn Song
Chief Economist, Greater China
lynn.song@ing.com

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com