

Asia Week Ahead: Bank of Japan likely to retain yield curve control

The Bank of Japan meets next week and will likely maintain its yield curve control policy. Elsewhere, Korea reports 4Q GDP and Singapore inflation should stay elevated



BoJ to maintain YCC

The Bank of Japan is expected to maintain its YCC policy and negative short-term rate policy at its January meeting. Inflation will likely slow further in January and the cautionary mood following the recent earthquake will prevail.

Meanwhile, Tokyo CPI inflation is expected to decelerate to 2.2% year-on-year in January with government subsidies on energy bills and a high base last year contributing as well.

Japan's export sector to show gains

December exports should gain 6.0% YoY on the back of a recovery in IT machinery and motor vehicle exports. We believe the recent earthquake hasn't interrupted production much while the

service sector-led recovery continues, with the flash PMIs confirming the trend.

Korea's GDP report

Tighter credit terms and news of a major construction company's debt restructuring will hamper business and consumer sentiment in December. For 4Q GDP, stronger-than-expected exports will be the main engine of growth, yet partially offset by the contraction of construction investment and private consumption. Thus, we expect 4Q GDP to decelerate to 0.4% quarter-on-quarter (seasonally adjusted) from the previous quarter's 0.6% growth.

Singapore inflation to stay elevated

Price pressures in Singapore likely persisted at the end of 2023 with December headline inflation likely settling at 3.6% YoY. CPI unexpectedly dipped in November and we could see prices up 0.2% on a month-on-month basis.

Core inflation, which is the central bank's preferred inflation gauge, should remain at 3.2% YoY, suggesting that the Monetary Authority of Singapore will likely maintain its current policy settings at its first meeting of the year.

Philippine trade balance to stay in substantial deficit

December trade figures will likely show imports rising modestly while we could see a surprise bounce in exports. Imports are tipped to gain by almost 4% YoY due to robust inbound consumer goods imports linked to strong domestic demand.

Meanwhile, exports could benefit from a favourable base and outbound shipments of non-electronic items. The overall trade balance, however, will likely remain in deep deficit with the shortfall likely hitting \$4.4bn. This development suggests that the current account remains in deficit, pointing to sustained pressure on the Philippine peso.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Monday 22 January				
China	0115 Jan Loan Prime Rate 1Y	3.45		3.45
	0115 Jan Loan Prime Rate 5Y	4.2		4.2
Indonesia	0400 Dec M2 Money Supply (YoY%)	-		3.3
Taiwan	0800 Dec Unemployment rate (%)	-		3.37
Tuesday 23 January				
Japan	2350 Dec Exports (YoY%)	6		-0.2
	2350 Dec Imports (YoY%)	-3		-11.9
	2350 Dec Trade Balance Total Yen	-700		-780.4
	- JP BOJ Rate Decision	-0.1		-0.1
Australia	2200 Jan Manufacturing PMI Flash	-		47.6
	2200 Jan Services PMI Flash	-		47.1
	2200 Jan Composite PMI Flash	-		46.9
Singapore	0500 Dec Core CPI (YoY%)	3.2		3.2
	0500 Dec CPI (YoY%)	3.6		3.6
	0500 Dec CPI (MoM%)	0.2		-0.2
Taiwan	0800 Dec Industrial Output (YoY%)	-		-2.48
South Korea	2100 Jan BoK Consumer Sentiment Index	98		99.5
Wednesday 24 January				
Japan	0030 Jan Manufacturing PMI Flash	48		47.9
	0030 Jan Services PMI Flash	51		51.5
	0030 Jan Composite PMI Flash	49.5		50
	2330 Jan Tokyo CPI (YoY %)	2.2		2.4
	2330 Jan Tokyo CPI Ex-Fresh Food (YoY %)	2		2.1
	2330 Jan Tokyo CPI Ex-Fresh Food, Energy (YoY %)	3.4		3.5
Taiwan	0820 Dec Money Supply - M2 (YoY%)	-		5.33
South Korea	2100 Feb BOK Manufacturing BSI	70		72
	2300 Q4 GDP Growth (QoQ%/YoY%)	0.4/2.0		0.6/1.4
Friday 26 January				
Japan	0500 Nov Leading Indicator Revised	-		-1.2
Philippines	0100 Dec Exports (YoY%)	8.7		-13.7
	0100 Dec Imports (YoY%)	3.9		0.02
	0100 Dec Trade Balance	-4416		-4693
Singapore	0500 Dec Manufacturing Output (MoM%/YoY%)	2.2/-6.1	/	-7.8/1

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