

Asia week ahead: Bank of Korea likely to hike rates next week

A rate hike by the Bank of Korea, and inflation data from Tokyo and Singapore are just some of the highlights in the region next week



BoK to hike rates but expect a slower pace of tightening

The Bank of Korea (BoK) will meet next Thursday and we expect it to carry out a 25bp hike. Consumer prices edged up in October but inflation appears to have passed its peak. The recent FX market move probably would be one factor for BoK to adjust its pace of tightening after its recent jumbo increase. However, given that financial market stresses remain high, the BoK will need to consider market stability for its policy decision.

Inflation remains elevated in Japan and Singapore

Next week, Japan will release November CPI inflation for Tokyo. We expect Tokyo inflation to accelerate to 3.6% year-on-year, from 3.5% in October. The travel voucher programme probably cooled down some of the service price pressures although other commodity prices rose to offset this decline.

In Singapore, inflation is expected to remain elevated for both headline and core, although the headline number may dip from last month. Evident price pressure should keep the Monetary Authority of Singapore hawkish to close out the year as it monitors the impact of recent tightening.

Export and manufacturing data for Taiwan

Taiwan will release data on export orders and industrial production. We project both figures to post a YoY contraction due to softer demand for semiconductors. Demand for electronics has been dampened by a mix of high inflation data in some economies and slower growth for others. More upside however could be anticipated in next month's data as China's Covid-19 measures have been eased.

Other important data reports: Loan rates in China steady and growth downgraded in Singapore

China will release its Loan Prime Rate next Monday and we expect no change from the current 3.65% for 1Y and 4.3% for 5Y. Loan prime rates will likely be untouched as the Medium Lending Facility Rate was put on hold by the People's Bank of China.

Lastly, Singapore will report revised third-quarter GDP figures and we expect a downward revision to the earlier report. Both retail sales and non-oil domestic exports have shown signs of moderation as higher inflation and slowing global trade appear to be taking their toll on the growth momentum.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 21 November				
China	0115 Nov	Loan Prime Rate 1Y/5Y	3.65/4.30	3.65/4.3
South Korea	2100 Nov	BoK Consumer Sentiment Index	85	88.8
Taiwan	0800	Export orders (YoY%)	-5.4	-3.1
Tuesday 22 November				
Australia	2200 Nov	Manufacturing PMI Flash	-	52.7
	2200 Nov	Services PMI Flash	-	49.3
	2200 Nov	Composite PMI Flash	-	49.8
Taiwan	0800 Oct	Unemployment rate (%)	3.64	3.64
South Korea	2000 Dec	BOK Manufacturing BSI	72	75
Wednesday 23 November				
Indonesia	0300 Oct	M2 Money Supply (YoY%)	-	9.1
Philippines	-	Oct Budget Balance	-	-179.8
Singapore	0500 Oct	Core CPI (YoY%)	5.3	5.3
	0500 Oct	CPI (YoY%)	7.2	7.5
	0500 Oct	CPI (MoM%) NSA	0.3	0.4
Taiwan	0800 Oct	Industrial Output (YoY%)	-8.5	-4.8
Thursday 24 November				
Taiwan	0820 Oct	Money Supply - M2 (YoY%)	6.8	6.83
South Korea	0100 Nov	Bank of Korea Base Rate	3.25	3
Friday 25 November				
Singapore	0000 Q3	GDP Final (QoQ%/YoY%)	1.3/4.2	6.3/4.4
	0500 Oct	Manufacturing Output (MoM%/YoY%)	-/-	0/0.9

Source: Refinitiv, ING