

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



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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

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