

Asia Week Ahead: Bank of Korea rate hike in the offing

A policy meeting in Korea, GDP figures from Singapore and inflation figures from China and India are next week's highlights



One of the main highlights of the Asian economic calendar next week is the Bank of Korea's policy setting meeting. With a new member of the monetary policy board, Park Ki Young, forecasting the result is a little harder as there is no voting history to go by. But the economic backdrop is supportive of a hike. Above target inflation, reasonable economic activity but a very weak currency, make us think that there is a chance the BoK will not wait until November, as the consensus believes, but will hike again at this October meeting.

There is also food for thought for other central banks – the Reserve Bank of Australia has been adamant about maintaining its accommodative stance and will probably find some further excuse to continue that, with another set of likely weak employment figures (stemming from the latest round of lockdowns) justifying a continuation of their dovish guidance. Still, a strong pick-up in vaccination rates may quickly result in this situation changing in the months ahead.

India's Reserve Bank, meanwhile, may take some comfort from CPI inflation falling back below 5% year-on-year in September, though with energy and imported commodity prices rising and the rupee weakening, this trend may be short-lived.

Trade data for both the Philippines and Indonesia are also set for release next week. We expect Indonesia's trade balance to remain in surplus for another month as exports benefit from higher commodity prices. But the Philippines will likely see its trade deficit widen as imports rebound after mobility restrictions were relaxed.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 October					
China	-	Sep M2 Money Supply (YoY)	-	8.2	8.2
	-	Sep FDI (YTD)	-		22.3
Indonesia	0500	Aug Retail Sales Index (YoY)	-		-2.9
Tuesday 12 October					
Japan	0050	Sep M2 Money Supply (YoY%)	4.3	4.3	4.7
India	1300	Sep CPI Inflation (YoY%)	4.8	4.5	5.3
	1300	Aug Industrial Output (YoY%)	12.1	12.2	11.5
Philippines	0200	Aug Exports (YoY%)	14.6		12.7
	0200	Aug Imports (YoY%)	21.2		24
	0200	Aug Trade Balance	-3004		-3290
South Korea	0200	Oct Bank of Korea Base Rate	1	0.75	0.75
	0000	Sep Unemployment Rate	3.1		2.8
Wednesday 13 October					
China	-	Sep Exports	-		25.6
	-	Sep Imports	-		33.1
	-	Sep Trade Balance	-		58.3
Thursday 14 October					
Australia	0130	Sep Unemployment Rate	4.5		4.5
Australia	0130	Employment change (total, in 000s)	-125		-146
China	0230	Sep CPI (MoM%/YoY%)	-		0.1/0.8
India	0730	Sep WPI Inflation (YoY%)	-		11.39
Singapore	0100	Q3 GDP Flash (QoQ%/YoY%)	-/-		-7.2/14.7
Friday 15 October					
India	1230	Sep Fiscal Deficit - USD	-		22.9
	1230	Sep Imports - USD	-		56.4
	1230	Sep Exports - USD	-		33.4
Indonesia	0500	Sep Consumer Confidence Index	-		77.3
	0500	Sep Trade Balance (Bln of \$)	2.62		4.7
	0500	Sep Exports Growth (YoY%)	26.1		64.1
	0500	Sep Imports Growth (YoY%)	29.4		55.3

Source: Refinitiv, ING, *GMT

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