

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



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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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