

## Asia week ahead: Central bank decisions plus RBA minutes to close out 2023

As we approach the end of the year, activity in Asia will be relatively light, so we are previewing all data until year-end. The last few highlights of 2023 include rate decisions from China, Japan and Indonesia, while Korea will release its survey on Business Sentiment



### China LPR expected to remain on hold amidst pressure on the CNY

China will decide on its benchmark lending rate, the 5Y LPR. With the CNY still under depreciation pressure, there is little chance that the LPR will be reduced on this occasion. Were we to see some broader based USD weakness, then this might return as a possibility. Until then, rates will remain unchanged.

### RBA minutes likely to keep options open

The Reserve Bank of Australia's minutes of the "no change" December policy meeting could push

back at the market's view that rates have definitely peaked. While peaked rates is also our view, we still believe that there is some upside risk of a further hike in the first quarter of next year – a view supported by recent strong labour data. The minutes will probably go large on “uncertainty” and “risks” to leave the door open to whatever materialises.

## Taiwan export orders could claw back to positive year-on-year growth

Taiwan will release its November export and industrial production in the next two weeks. Export orders may claw their way back to a positive year-on-year rate in November, after registering a -4.6% YoY rate in October. The semiconductor cycle is showing further signs of recovery, which will help. We are expecting export orders to grow at 4.2% YoY. Industrial output will follow suit and grow at 1.0% YoY.

## BoJ expected to tone down hawkishness as inflation cools

The Bank of Japan is due to meet for the last time this year. We expect the BoJ to maintain all its major policy settings, though the overall tone about future policy at the press conference and statement could start to soften.

Consumer inflation will drop substantially thanks to the government's energy subsidy programs, and inflation is likely to decelerate to 2.7% YoY in November from 3.3% in October.

Industrial production activity will slide modestly, despite stronger output in the IT sector. The production interruptions of several major car makers will be the main driver of the decline.

## Korea surveys to show mixed sentiment

South Korea will release multiple survey results in the last week of the year. The survey outcomes are expected to signal a slowdown for domestic growth. Consumer sentiment could dampen further with the recent tightening of mortgages and weak property market condition. Manufacturing sentiment will likely improve due to the turnaround of the semiconductor cycle, but non-manufacturing sentiment could slide.

We expect industrial production to rebound modestly as indicated by upbeat data for manufacturing, supported by gains in automobile and semiconductor industries. Inflation will likely stabilise further in December. Gasoline prices should decline further but will be partially offset by price rises in services and manufactured food prices.

## Bank Indonesia likely to pause

Bank Indonesia is expected to keep policy rates untouched at 6% at its meeting next week. BI Governor Perry Warjiyo indicated that inflation may accelerate next year and that policy rates may need to remain at current levels to ensure price stability.

On the other hand, BI may prefer to refrain from hiking rates further next week with an eye to supporting growth momentum. GDP growth recently slipped below market expectations so the central bank may want to resort to other tools to support the IDR before it considers raising rates again.

## Singapore inflation to dip but remain relatively elevated

November inflation could dip to 4% YoY in Singapore, down from the previous month due to favorable base effects.

Despite the slowdown, inflation remains elevated ahead of the scheduled implementation of the Goods and Services Tax (GST) early next year. We expect core inflation on the other hand to hover about 3.2% YoY.

## Key events in Asia next week

| Country                      | Time (GMT+8) | Data/event                            | ING      | Survey | Prev.    |
|------------------------------|--------------|---------------------------------------|----------|--------|----------|
| <b>Tuesday 19 December</b>   |              |                                       |          |        |          |
| Japan                        | 2350         | Nov Exports (YoY%)                    | -        | 2.1    | 1.6      |
|                              | 2350         | Nov Imports (YoY%)                    | -        | -8.4   | -12.5    |
|                              | 2350         | Nov Trade Balance Total Yen           | -        |        | -662.5   |
|                              |              | - JP BOJ Rate Decision                | -        |        | -0.1     |
| <b>Wednesday 20 December</b> |              |                                       |          |        |          |
| China                        | 0115         | Dec Loan Prime Rate 1Y                | 3.45     | 3.45   | 3.45     |
|                              | 0115         | Dec Loan Prime Rate 5Y                | 4.2      | 4.2    | 4.2      |
| Taiwan                       | 0400         | Nov Export Orders (YoY%)              | 4.6      |        | -4.2     |
| <b>Thursday 21 December</b>  |              |                                       |          |        |          |
| Japan                        | 2330         | Nov CPI (MoM%) NSA                    | -        |        | 0.9      |
|                              | 2330         | Nov CPI NSA                           | -        |        | 107.1    |
| Australia                    | 0030         | Nov Reserve Assets Total              | 95000    |        | 94568    |
| Indonesia                    | 0700         | Dec 7-Day Reverse Repo                | 6        | 6      | 6        |
| <b>Friday 22 December</b>    |              |                                       |          |        |          |
| Taiwan                       | 0800         | Nov Unemployment rate (%)             | 3.4      |        | 3.41     |
| <b>Monday 25 December</b>    |              |                                       |          |        |          |
| Japan                        | 0500         | Oct Leading Indicator Revised         | -        |        | -0.6     |
|                              | 2330         | Nov Unemployment Rate                 | -        |        | 2.5      |
| Indonesia                    | 0400         | Nov M2 Money Supply (YoY%)            | -        |        | 3.4      |
| Taiwan                       | 0800         | Nov Industrial Output (YoY%)          | 1        |        | -2.32    |
|                              | 0820         | Nov Money Supply - M2 (YoY%)          | 5.1      |        | 5.7      |
| <b>Tuesday 26 December</b>   |              |                                       |          |        |          |
| Singapore                    | 0500         | Nov Core CPI (YoY%)                   | 3.2      |        | 3.3      |
|                              | 0500         | Nov CPI (YoY%)                        | 4        |        | 4.7      |
|                              | 0500         | Nov CPI (MoM%) NSA                    | 0.25     |        | 0.2      |
|                              | 0500         | Nov Manufacturing Output (MoM%/YoY%)  | -6.8/5.5 | /      | 9.8/7.4  |
| South Korea                  | 2100         | Dec BoK Consumer Sentiment Index      | -        |        | 97.2     |
| <b>Wednesday 27 December</b> |              |                                       |          |        |          |
| Japan                        | 0500         | Nov Housing Starts (YoY%)             | -        |        | -6.3     |
|                              | 2350         | Nov Industrial O/P Prelim (MoM%/YoY%) | -/-      | /      | /        |
|                              | 2350         | Nov Retail Sales (YoY%)               | -        |        | 4.2      |
| South Korea                  | 2100         | Jan BOK Manufacturing BSI             | -        |        | 72       |
|                              | 2300         | Nov Industrial Output (YoY%)          | -        |        | 1.1      |
|                              | 2300         | Nov Industrial Output Growth          | -        |        | -3.5     |
| <b>Thursday 28 December</b>  |              |                                       |          |        |          |
| Philippines                  | -            | Nov Budget Balance                    | -        |        | -34.4    |
| South Korea                  | 2300         | Dec CPI Growth (MoM%/YoY%)            | -/-      | /      | -0.6/3.3 |
| <b>Friday 29 December</b>    |              |                                       |          |        |          |
| India                        | 1100         | Q3 C/A Bal. \$                        | -9.5     |        | -9.2     |

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