

# Asia week ahead: Busy week for central banks

In the coming week, several central banks will meet to discuss policy with inflation in the spotlight



## The week ahead: Central bank super Thursday

It's a busy week for central banks next week. The Bank of Japan (BoJ) will meet to possibly discuss currency intervention measures, while the Reserve Bank of Australia (RBA) releases minutes from its meeting in September. Meanwhile, the central banks of the Philippines and Indonesia will meet on Thursday to discuss rate hikes in order to slow above-target inflation.

## The BoJ meeting

The BoJ will meet on 22 September and this meeting will likely be the highlight of the week. Given recent warnings about FX movements, markets will be looking for clues as to how the BoJ will respond to volatile currency movements and how it will justify its ultra-low policy to support the country's economy.

## RBA meeting minutes

The RBA will release its minutes from the September meeting. The meeting should have provided more clarity on the pace of tightening from here on, given the recent speech from Governor Philip Lowe that seemed to suggest some slowdown was imminent.

## Philippines and Indonesia policy meetings

Bangko Sentral ng Pilipinas (BSP) meets on Thursday to determine policy. We expect BSP to hike by 50bp in a bid to slow inflation which has moved past the target. The central bank will likely retain its hawkish tone and signal additional rate hikes for the rest of the year with inflation still expected to breach the BSP's inflation target for the year.

Bank Indonesia (BI) surprised markets with a rate hike at its August meeting and we can't rule out another surprise next week. We expect BI to hike 50bp when it meets on Thursday. Headline inflation has just recently moved past the central bank's target and we can expect this trend to continue after its fuel price hike. BI Governor Perry Warjiyo, however, did rule out "jumbo-sized" rate hikes, possibly referring to the 75bp rate hikes carried out by the Fed.

## Inflation out from Japan and Singapore

August inflation is set for release on Friday and we expect inflation to heat up to 7.2% year-on-year driven by both demand and supply-side factors. More importantly, core inflation, the measure of price gains more closely monitored by the Monetary Authority of Singapore (MAS), could move past 5% YoY and prod further tightening by the central bank in October.

Meanwhile, we expect the August CPI inflation in Japan to rise further to near 3% YoY given the low base last year. The monthly gain should slow as import prices and producer prices fell recently mainly due to the decline in global energy prices.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Tuesday 20 September</b>					
China	0215	Sep Loan Prime Rate 1Y/5Y	-		3.65/4.30
Japan	0030	Aug CPI (%YoY)	2.9		2.6
<b>Thursday 22 September</b>					
Japan	-	BOJ Rate Decision	-0.1		-0.1
Australia	0000	Sep Manufacturing PMI Flash	-		53.8
	0000	Sep Services PMI Flash	-		50.2
	0000	Sep Composite PMI Flash	-		50.2
Indonesia	0500	Sep 7-Day Reverse Repo	4.00		3.75
Philippines	-	Aug Budget Balance (PHP bn)	-		-86.8
	0800	2 Policy Interest Rate	4.25		3.75
Taiwan	-	Q3 Discount Rate	-		1.5
	0900	Aug Unemployment rate (%)	-		3.68
	0920	Aug Money Supply - M2 (YoY%)	-		6.99
<b>Friday 23 September</b>					
Indonesia	0400	Aug M2 Money Supply (YoY%)	-		9.6
Singapore	0600	Aug Core CPI (YoY%)	5.0		4.8
	0600	Aug CPI (MoM%/YoY%) NSA	-7.1		0.2/7.0
Taiwan	0900	Aug Industrial Output (YoY%)	-		1.12

Source: Refinitiv, ING

## Authors

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.