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ASIA WEEK AHEAD CHINA INDIA

Asia week ahead: China activity data plus growth from Japan

Next week features China's data deluge with retail sales and industrial output as well as inflation data for India. Meanwhile, Japan reports GDP and Australia releases jobs numbers



Onion prices leading India's inflation

India releases inflation data next week. October is the beginning of the festive and wedding season, and food inflation is expected to accelerate due to strong demand. Onion prices in particular have increased for six consecutive months, and last month surged by 60% month-on-month according to India's Department of Consumer Affairs. As such, we expect inflation to push up to 5.3% year-on-year.

China's industrial output growth to slow while retail sales growth pick up

China will see a raft of activity and other data in the coming week. Industrial output is likely to slow to 4.3% YoY due to base effects, and the official manufacturing PMI also hinted at a

contraction in manufacturing activity, contributing to the slowdown.

Retail sales, on the other hand, are likely to accelerate to 7.5% YoY due to Covid-19 lockdowns last year. The first 'Golden Week' Holiday following the pandemic should also do retail sales a favour. Lastly, China is unlikely to cut the MLF rates as the yuan is still facing downward pressure amid expectations of "higher for longer" US rates.

Australian unemployment could edge lower

Last month we saw full-time employment decline by 39.9k and part-time employment increase by 46.5k. We are expecting some of the full-time workers who lost their jobs to take on part-time jobs temporarily, and some part-time workers to convert to full-time positions.

The net employment change could well be slightly negative, but with unemployment still rising slower than the labour force, the unemployment rate could still edge lower to 3.5% YoY.

Japan third-quarter GDP release and October trade data

Japan will be releasing third-quarter GDP data and we expect it to contract -0.1% quarter-on-quarter sa. This is largely due to a technical payback from the solid gain in the second quarter. Weak manufacturing activity is likely the main cause for the contraction, though this could be partially offset by the continued recovery in service activity. Private consumption rebounded despite inflation staying relatively high. Investment, on the other hand, probably shed growth. The net exports contribution should remain positive to growth. Core machinery orders are expected to rebound after having fallen for two months along with a recovery in semiconductor cycles.

For trade balance, Japan is likely to record a deficit in October. The deficit will likely be due to the weak JPY and higher commodity prices, but exports still are expected to make a small gain of 1% YoY in October.

Korea unemployment rate to edge slightly

Korea's unemployment report will be out next week, and we are expecting the numbers to rise after two consecutive months of decline. While the unemployment rate might edge higher, it should still fall below 3%.

BSP to hike again next week? Hawkish comments suggest so

The Bangko Sentral ng Pilipinas hiked rates at an off-cycle policy meeting last month in a bid to safeguard the 2024 inflation path. BSP Governor Eli Remolona indicated that he is open to hiking rates further if needed, or if data points to inflation breaching their target again next year. The latest BSP inflation forecast indicated that prices would average 4.7% YoY – well above the upper end of the BSP's inflation target band.

We believe Remolona could hike again next week, especially if the BSP expects all the risks to the inflation outlook to materialise over the next few months.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Monday 13 November				
India	1200 Oct CPI Inflation (YoY%)	-		5.02
Tuesday 14 November				
Japan	2350 Q3 GDP (QoQ%)	-0.1	-0.1	1.2
India	0630 Oct WPI Inflation (YoY%)	-		-0.26
South Korea	2300 Oct Unemployment Rate	2.7		2.6
Wednesday 15 November				
Japan	2350 Sep Core Machine Orders (MoM %)	3.0		-0.5
	2350 Oct Exports (YoY%)	1		4.3
	2350 Oct Imports (YoY%)	-17		-16.4
China	2350 Oct Trade Balance Total Yen	-200		72.1
	0200 Oct Industrial Output (YoY%)	4.3	4.6	4.5
	0200 Oct Retail Sales (YoY%)	7.5	7.0	5.5
	0200 Oct Fixed Assets Ex Rural YTD YoY	2.5	2.5	2.5
Indonesia	0200 Oct 1-Yr MLF Rate	3.1	3.1	3.2
	0400 Oct Trade Balance (Bln of \$)	3.5		3.42
	0400 Oct Exports Growth (YoY%)	-15.6		-16.17
	0400 Oct Imports Growth (YoY%)	-10.2		-12.45
Thursday 16 November				
Australia	0030 Oct Unemployment Rate	3.5		3.6
	Oct Employment Change	-5	6.7	64.9
Philippines	0700 Policy Interest Rate	6.75		6.5

Source: Refinitiv, ING

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