

Asia Week Ahead: China's 20th Party Congress is the highlight

China's 20th Party Congress is the main event in the region in the coming week, followed by China's GDP report



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The week ahead

In the coming week, we get a relatively limited number of reports from the region, although we have a flurry of data from China and the much-anticipated 20th Party Congress will be held on 16 October. There should be a lot of buzz and market talk following the congress meeting.

China data and 20th Party Congress in focus

The major event in the coming week will be the 20th Party Congress to be held this Sunday. There will be a lot to talk about this event in the market.

Meanwhile, China will release its 3Q22 GDP report and activity data for September on Tuesday. We expect improvements in GDP growth from 0.4% year-on-year to 4.4%YoY given that fewer

lockdowns were implemented in the third quarter. Retail sales, industrial production and fixed assets investments should grow slightly faster in September compared to a month ago. However, property investments and home prices should continue to be in a dire situation with buyers still adopting a wait-and-see approach, although we did note more home transactions by the first week of October.

We expect policy rates for the Medium-term Lending Facility (MLF) to be released on Monday and the Loan Prime Rate (LPR) on Thursday. We expect both rates to stay the same as the People's Bank of China seems to be injecting funds into policy banks rather than into commercial banks to help local governments address problems associated with uncompleted residential projects. Traditional monetary policy accommodation of interest rate cuts may not be the best solution for now.

Trade reports from India and Indonesia

In India, September trade figures will have benefited from the drop in crude prices that saw Brent crude falling below \$90/bbl at times in the month. The US\$28bn trade deficit for August will probably fall to something closer to \$26bn.

Meanwhile, Indonesia reports August trade numbers next week. We expect both exports and imports will sustain double-digit gains. Exports will continue to benefit from elevated commodity prices while imports should rise further on improving domestic demand. The overall trade surplus will remain substantial, settling at around \$5.5bn for the month.

Australia's jobs figures

Australia releases September labour market data. The August figures were pretty solid apart from a small uptick in the unemployment rate to 3.5%, and firm labour data will make it awkward for the Reserve Bank of Australia, which scaled back the pace of its rate hikes at the October meeting – though this may be even tougher after third-quarter inflation is released a week later on 26 October.

Japan's inflation to stabilise at 2.7%

Consumer inflation in Japan is expected to stabilise to 2.7% YoY in September (vs 3.0% in August) and the monthly gain should have slowed mainly due to the decline in global oil prices. Also, we expect the trade deficit to narrow in September with imports growth slowing at a faster pace than exports.

Bank Indonesia to stay hawkish, but will we see another surprise?

Bank Indonesia meets next week and will likely tighten monetary policy again. Accelerating inflation and depreciation pressure on the Indonesian rupiah will likely convince Governor Perry Warjiyo to hike aggressively and increase policy rates by 50bp.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 17 October				
Indonesia	0500 Sep Trade Balance (USD bn)	5.48		5.76
	0500 Sep Exports Growth (YoY%)	25.3		30.15
	0500 Sep Imports Growth (YoY%)	28.1		32.81
China	- 1Y MLF policy rate (%)	2.75		2.75
Tuesday 18 October				
China	0300 Sep Industrial Output (YoY%)	5.0		4.2
	0300 Sep Retail Sales (YoY%)	6.1		5.4
	0300 Sep Fixed Assets Investments (YTD YoY%)	6.4		5.8
	0300 Q3 GDP (YoY%)	4.4		0.4
Thursday 20 October				
Japan	0050 Sep Imports/Exports (YoY%)	38.6/25.6		49.9/22.1
	0050 Sep Trade Balance (Yen bn)	-1767.8		-2817.3
Australia	0130 Sep Unemployment Rate	3.5		3.5
	130 Sep Employment change (000s)	25		33.5
	0130 Sep Reserve Assets Total	-		79860
China	0215 Oct Loan Prime Rate 1Y/5Y (%)	3.65/4.30		3.65/4.30
Indonesia	- Oct 7-Day Reverse Repo	4.25		3.75
Taiwan	0900 Export orders (YoY%)	-6.8		2.0
Friday 21 October				
Japan	0030 Sep CPI (YoY%)	2.9		3.0
Indonesia	0400 Sep M2 Money Supply (YoY%)	-		9.5

Source: Refinitiv, ING

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