

Asia week ahead: Incoming China data and key central bank decisions

We'll be keeping an eye on an incoming flood of data from China next week, along with inflation figures for Japan and Australia's jobs report. Central bank decisions from the Bank of Korea and Bank Indonesia will also be in focus



China GDP, retail sales and industrial production out next week

China will release its third quarter GDP next week amidst its usual monthly data deluge, and we are forecasting growth of about 4.1% year-on-year. China's macro data for the third quarter has been very soft right up until September when there was a sign of slight stabilisation. 4.1% YoY growth would keep the seasonally adjusted quarter-on-quarter rate at approximately the same pace as in the second quarter of the year on our calculations, and so is a relatively generous forecast given the backdrop (although it is down slightly from the median 4.5% estimation).

It is unlikely that the People's Bank of China (PBoC) will cut the 1-year MLF rate now that there are

some signs that the economy is stabilising, especially while the CNY remains under weakening pressure. For retail sales, we should see slightly higher growth, partly due to favourable base effects and holiday spending. We expect the retail sales growth to be at 5.0% YoY. Industrial production growth may also edge slightly higher in line with recent PMI figures.

Australia unemployment to hold steady

Australia will release its employment data next week. Last month's data showed 65k newly added jobs, with the bulk of these being part-time. We are expecting some of the part-time will convert to full-time, turning part-time employment negative. In turn, it'll likely exceed the full-time total to deliver a negative total employment change. We expect the unemployment rate to remain at 3.7%.

Bank of Korea meet to decide key rate

Next week's highlight for Korea should be the Bank of Korea (BoK) meeting. No action is widely expected, but it will still be worth watching how the BoK addresses the recent pick-up in inflation with rising geopolitical tensions and its view on the inflation outlook.

Alongside rising market rates and increasing financial stress for households, household debt – including mortgages – has continuously increased for more than a couple of months. We will therefore be monitoring how the BoK responds to these challenges.

Japan inflation report and trade data

Base effects will likely lead to a slowdown for both headline (3.0% YoY) and core inflation, excluding food and energy (4.1%) in September. We believe the monthly price gain will continue, given high fuel and service prices.

The Bank of Japan (BoJ) is expected to revise up its inflation quarterly outlook, and this may improve the chances of a policy adjustment – changes to the yield curve control (YCC) or in forward guidance – at its October meeting. Meanwhile, trade is expected to rebound 2.1% YoY in October after having fallen for the previous two months. The trade balance, however, will likely remain in the deficit zone.

BI expected to extend pause as Governor Warjiyo preaches patience

Bank Indonesia (BI) will meet next week to discuss policy. We expect it to hold rates steady at 5.75% following recent comments from Governor Perry Warjiyo. BI would likely be on hold for some time largely to lend support to the currency, which has been under pressure as of late. We will see BI tracking any moves by the Federal Reserve, extending their pause should the Fed opt to refrain from hiking rates further.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
Monday 16 October					
Indonesia	0500 Sep	Trade Balance (Bln of \$)	2.5		3.12
	0500 Sep	Exports Growth (YoY%)	-10.5		-21.21
	0500 Sep	Imports Growth (YoY%)	-1.9		-14.77
China	0500 Oct	1-Yr Medium-Term Lending Facility Rate	2.5	2.5	2.5
Wednesday 18 October					
Japan	0050 Sep	Exports (YoY%)	2.1		-0.8
	0050 Sep	Imports (YoY%)	-11.7		-17.8
	0050 Sep	Trade Balance Total Yen	-200		-930.5
China	0300 Sep	Industrial Output (YoY%)	4.4	4.3	4.5
	0300 Sep	Retail Sales (YoY%)	5	4.5	4.6
	0300 Q3	GDP (YoY%)	4.1	4.5	6.3
	0300 Q3	GDP (QoQ%, SA)	0.9	1	0.8
Thursday 19 October					
Japan	0030 Sep	CPI (MoM%/YoY%) NSA	0.2/3.1		0,3/3,3
	0030 Sep	core CPI excl Food & Energy (MoM%/YoY%) NSA	0.1/4.2		0,3/4,3
Australia	0130 Sep	Unemployment Rate	3.7		3.7
	0130 Sep	Employment Change(000s)	-5		65
Indonesia	0800 Oct	7-Day Reverse Repo	5.75		5.75
South Korea	0200 Oct	Bank of Korea Base Rate	3.5		3.5
Friday 20 October					
China	0215 Oct	Loan Prime Rate 1Y	3.45	3.45	3.45
	0215 Oct	Loan Prime Rate 5Y	4.2	4.2	4.2

Source: Refinitiv, ING

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@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 www.ing.com.