

Asia week ahead: Japan GDP and Chinese activity data in focus

Economic activity looks set to have slowed in both Japan and China recently on a combination of energy challenges and Covid-19. Meanwhile, we have plenty of trade data due across the region over the next week



Japan's 3Q GDP report

It looks like growth in Japan has been far weaker than we had previously expected. Movement restrictions that were put in place ahead of the postponed Olympics to combat rising daily case numbers had a much more substantial impact than we had been expecting.

We will likely see an outright contraction of consumer spending, business investment and non-residential construction from the previous quarter. Exports look as if they were basically unchanged from the previous quarter, and although import growth slowed, it will nonetheless deliver a drag to GDP on a net basis. The unknown is the inventory contribution, which is likely to be positive, though it is not clear how much the overall figure should be adjusted to account for

this. We are guessing not much – but this is a likely source of error to our -0.6% quarter-on-quarter forecast, which is at the lower end of the consensus.

China activity data

China's industrial production and retail sales data are also scheduled for the coming week and we expect activity to have slowed further in October. Electricity outages experienced during the month likely had a negative impact on industrial production. Meanwhile, a recent pickup in Covid-19 infections may have dampened retail sales in October.

Trade numbers from Japan, India and Indonesia

Next week's data calendar rounds out with several trade reports from the region. Indonesia's trade report should continue the trend of outsized year-on-year expansion for both inbound and outbound shipments. This trend is supported by the overall pickup in economic activity after heightened restrictions last August. Indonesia's trade balance is expected to remain in surplus in the near term, which should help limit the current account deficit.

Japan also releases October trade data, as does India. In both cases, recovering demand coupled with rising import prices will likely see imports rising faster than exports and taking the trade balance deeper into negative territory.

Lastly, we do have one central bank meeting lined up for next week. Bank Indonesia decides on policy on 18 November although this meeting is likely a non-event after Governor Perry Warjiyo telegraphed a pause for the rest of the year.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Sunday 14 November				
Japan	2350 Q3 GDP (QoQ%)	-0.6	-0.2	0.5
Monday 15 November				
China (Nov 15-16)	1Y Medium Term Liquidity Facility (%)	3		2.95
China	0200 Oct Industrial Output (YoY%)	3		3.1
	0200 Oct Retail Sales (YoY%)	3.8		4.4
	0200 Oct Fixed Assets Investments (YTD YoY%)	6.3		7.3
India	0630 Oct WPI Inflation (YoY%)	11		10.66
	1130 Oct Trade Deficit (USD bn)	-23		-19.9
Indonesia	0400 Oct Consumer Confidence Index	-		95.5
	0400 Oct Trade Balance (USD bn)	3.9		4.37
	0400 Oct Exports Growth (YoY%)	44		47.64
	0400 Oct Imports Growth (YoY%)	40		40.31
Tuesday 16 November				
Japan	2350 Oct Exports (YoY%)	17		13
	2350 Oct Imports (YoY%)	25		38.6
	2350 Oct Trade Balance (JPY bn)	-807		-623
Thursday 18 November				
Japan	2330 Oct CPI (MoM%)	-0.3		0.4
Indonesia	0700 Nov 7-Day Reverse Repo	3.5		3.5

Source: Refinitiv, ING

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