

## Asia Week Ahead: Jobs data from Australia, India's inflation report and a central bank meeting

The latest jobs report from Australia and Indian inflation feature in next week's data calendar. Meanwhile, the Philippines holds a policy meeting and is expected to pause



### Australia's jobs report

After the Reserve Bank of Australia paused but retained its slightly hawkish bias, this week's employment data is important. The December figures surprised forecasters, showing a large 65.1K decline in employment, which was worse when you consider that this was made up of a 106K decline in full-time (generally better paid, better conditions etc) jobs, with the 41.4K increase in part-time jobs helping to limit the apparent weakness at the headline level.

About the only good news last month was that a large drop in labour force participation helped to keep the unemployment rate unchanged at 3.9%. Markets were emboldened to look for more and

sooner RBA rate cuts than had been the case. That may not prove to have been a correct decision...the next inflation data will provide more insight.

So what can we expect in January? We are tempted to put December down as at least partly a blip, with seasonal adjustments in the peak holiday month potentially exaggerating what is really going on. Some mean reversion seems probable in January.

The huge fall in full-time employment could well see some bounce, we are suggesting a positive figure of about 30K, though there is little if any science behind that number. Likewise, a smaller part-time number of just +15K feels about right for total employment growth of +45K.

As for the unemployment rate, the big drop in the labour force last month meant that the numbers of those counted as unemployed barely changed. We think that following a month out of work, more of these could drift back into the figures as they start looking again for work. That will put up the labour force and unemployment total by the same amount, which could push the unemployment rate up to 4.0%.

## India's inflation and trade figures

It's a big week for Indian data as well, with January inflation and December trade data due. The inflation figures pushed higher in November and December, reaching 5.7% year-on-year. However, this was mostly due to seasonal variations in the price of vegetables and other foods, and this looks like it has moderated substantially over the last month. We might not quite see a 4-handle in January, but something like 5.1% YoY from a -0.1% month-on-month change in the price level looks like a decent guess.

The trade deficit could narrow a little in December on slightly lower crude oil prices relative to November, but we are not looking for any significant changes there.

## BSP to look past inflation slide

Bangko Sentral ng Pilipinas (BSP) meets next week to discuss policy. We expect the Bank to look past the [recent slide in headline inflation](#) and keep policy settings untouched. BSP Governor Eli Remolona had previously indicated that he prefers to keep policy "sufficiently tight" given the risks to the inflation outlook. Despite the recent dip for both the headline and core inflation readings, Remolona believes price pressures could pick up in the second half of the year. Remolona will likely retain his current stance for at least the first half of the year until he sees ample proof that inflation will remain within his 2-4% inflation target.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
<b>Monday 12 February</b>					
China		- Jan FDI (YTD)	-		-8
India	1200	Jan CPI Inflation (YoY%)	5.1		5.69
	1200	Dec Industrial Output (YoY%)	-		2.4
<b>Tuesday 13 February</b>					
Indonesia	0400	Jan Consumer Confidence Index	-		123.8
<b>Wednesday 14 February</b>					
Japan	2350	Q4 GDP (QoQ%)	0.3	0.3	-0.7
India	0630	Jan WPI Inflation (YoY%)	-		0.73
<b>Thursday 15 February</b>					
Australia	0030	Jan Unemployment Rate	4		3.9
Australia	0030	Employment change (000s total)	45		-65.1
Australia	0030	Full-time employment (000s)	30		-106.6
Australia	0030	Part-time employment (000s)	15		41.4
	0030	Jan Reserve Assets Total	-		89432
Indonesia	0400	Jan Trade Balance (Bln of \$)	3.5		3.3
	0400	Jan Exports Growth (YoY%)	4.0		-5.76
	0400	Jan Imports Growth (YoY%)	-3.2		-3.81
Philippines	0700	1 Policy Interest Rate	6.5		6.5
South Korea	2300	Jan Unemployment Rate	3.4		3.3
<b>Friday 16 February</b>					
Indonesia	0400	Dec Retail Sales Index (YoY%)	-		2.1

Source: Refinitiv, ING

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