

Asia week ahead: PMIs, central bank decisions and Singapore inflation

The coming week features several PMI manufacturing reports and a couple of central bank decisions.



PMI could shape sentiment

The week ahead offers little in terms of hard data, but there are a number of purchasing manager indices (PMI) and business surveys which will help to shape sentiment on the pace of economic activity. Our Regional Head of Research, Rob Carnell, thinks that “Australia’s PMI indices should show a decent jump as lockdowns come to an end and the service sector, in particular, should rebound strongly. Japan’s PMI indices will likely remain at the lower end of results indicating modest growth and probably little change from last month. In South Korea, business surveys have shown a deteriorating trend in manufacturing – supply constraints and rising import prices taking their toll, whilst the service sector has made steady gains. That trend seems likely to be repeated this month.”

BoK and PBoC decisions

At the last meeting, Bank of Korea (BoK) Governor, Lee, noted that the BoK would probably hike at the November meeting, all things being equal. With Korean inflation currently 3.2%, and a further rise likely from the November data, coupled with a reasonable ongoing economic recovery, this looks as clear a case for a rate hike this month as we are ever likely to get. We anticipate a further 50bp of tightening in 2022. Though with household debt substantial, it probably won't take too much tightening to slow the economy and bring the housing market back under control.

Meanwhile, the Peoples' Bank of China (PBoC) meets on Monday to set monetary policy and we expect the loan rate to remain unchanged. However, PBoC may continue to control daily market liquidity to help stabilize short term interest rates.

The rest of the field

The coming week also features Taiwan industrial production and our greater China Economist, Iris Pang will be looking out for hints on the status of world computer chip supply. She expects month-on-month growth in production of integrated circuits as the production capacity should have hit its limit, though YoY growth should still be strong. Meanwhile, Singapore will be reporting October CPI inflation also next week with monetary authorities monitoring the pickup in price pressures. Core inflation will likely accelerate to 1.3% as supply-side bottlenecks keep price pressures elevated.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|--------------------------------------|---------|--------|-----------|
| Monday 22 November | | | | | |
| Australia | 2200 | Nov Manufacturing PMI Flash | - | | 58.2 |
| | 2200 | Nov Services PMI Flash | - | | 51.8 |
| | 2200 | Nov Composite PMI Flash | - | | 52.1 |
| China | 0130 | Nov Loan Prime Rate 1Y | 3.85 | | 3.85 |
| | 0130 | Nov Loan Prime Rate 5Y | 4.65 | | 4.65 |
| Taiwan | 0800 | Oct Unemployment rate (%) | 3.90 | | 3.92 |
| Taiwan | 800 | Oct Export Orders (YoY%) | 22.8 | | 25.7 |
| South Korea | 2100 | Nov BoK Consumer Sentiment Index | - | | 106.8 |
| Tuesday 23 November | | | | | |
| Singapore | 0500 | Oct Core CPI (YoY%) | 1.3 | | 1.2 |
| | 0500 | Oct CPI (MoM%/YoY%) | 0.0/2.8 | | 0.4/2.5 |
| Taiwan | 0800 | Oct Industrial Output (YoY%) | 12.13 | | 12.2 |
| South Korea | 2200 | Dec BOK Manufacturing BSI | - | | 87 |
| Wednesday 24 November | | | | | |
| Philippines | - | Oct Budget Balance | -107.5 | | -180.9 |
| Taiwan | 0820 | Oct Money Supply - M2 (YoY%) | 8.7 | | 8.7 |
| Thursday 25 November | | | | | |
| Japan | 0500 | Sep Leading Indicator Revised | - | | -1.6 |
| Singapore | 0000 | Q3 GDP Final (QoQ%/YoY%) | -/6.6 | | 3.4/6.5 |
| South Korea | 0100 | Nov Bank of Korea Base Rate | - | | 0.75 |
| Friday 26 November | | | | | |
| Australia | 0030 | Oct Retail Sales (MoM%) | - | | 1.3 |
| Singapore | 0500 | Oct Manufacturing Output (MoM%/YoY%) | -/- | | -2.8/-3.4 |
| Taiwan | 0800 | Q3 GDP Final (YoY%) | 3.8 | | 3.8 |

Source: Refinitiv, ING, *GMT

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

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