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ASIA WEEK AHEAD JAPAN SOUTH KOREA

Asia week ahead: Rate decision in South Korea and inflation data in Japan

South Korea will announce its upcoming interest rate decision next week. Other releases include key inflation data in Japan



South Korea: Bank of Korea expected to keep rates unchanged on the back of stable inflation

The Bank of Korea is likely to keep its policy rate at 2.5% as inflation remains near 2% and financial instability persists. We believe the rate-cutting cycle ended last year, and the BoK will avoid suggesting possible hikes. Exports are likely to improve even more strongly, and a consumption recovery is expected – although given rising debt, the services burden, and slow recoveries in construction, a neutral stance from the BoK should help ease concerns about sudden rate hikes. Meanwhile, survey data – both consumer and business – should improve further on the back of strong local equity performance and an optimistic view on the IT sector.

Japan: Strong activity data expected, supported by fiscal spending

Next week will see a busy data calendar in Japan. While fourth-quarter GDP recovery was below expectations, we expect monthly activity figures to show a strong rebound. Industrial production and retail sales are likely to increase significantly in January, aided by fiscal spending and solid winter bonuses. Meanwhile, Tokyo's CPI inflation is expected to ease further as energy, utility, and food prices soften. Core inflation excluding fresh food should fall below 2%, which will allow the Bank of Japan to maintain its current 0.75% rate at the March meeting.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
Monday 23 February				
Indonesia	1100	Jan M2 Money Supply (YoY%)	-	9,6
Singapore	1300	Jan Core CPI (YoY%)	-	1,2
	130	Jan CPI (MoM%/YoY%)	-/-	0,3/1,2
Tuesday 24 February				
China	0800	Jan FDI (YTD)	-	-9,5
South Korea	0500	Feb BoK Consumer Sentiment Index	112	110,8
Wednesday 25 February				
Taiwan	1600	Jan Unemployment Rate	-	3,35
Thursday 26 February				
Singapore	1300	Jan Manufacturing Output (MoM%/YoY%)	-/-	-13,3/8,3
Taiwan	1620	Jan Money Supply (YoY%)	-	5
South Korea	0900	Feb Bank of Korea Base Rate	2,5	2,50
Friday 27 February				
Japan	0730	Feb Tokyo Core CPI (YoY%)	1,6	2
	0730	Feb Tokyo CPI (YoY%)	1,3	1,5
	0730	Jan Industrial Output (MoM%/YoY%)	6,0/5,5	-0,1/2,6
	0760	Jan Retail Sales (YoY%)	1	-0,9
	1300	Jan Housing Starts (YoY%)	-	-1,3
India	1830	Q4 GDP (YoY%)	-	8,2
Philippines	0900	Jan Imports (YoY%)	-	7,1
	0900	Jan Exports (YoY%)	-	23,3
	0900	Jan Trade Balance (USD bn)	-	-3,5
Singapore	1130	Jan PPI (YoY%)	-	-3,3
Taiwan	-	Feb Consumer Confidence	-	67,2

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