

## Asia week ahead: RBA meeting and regional PMI readings

The Reserve Bank of Australia (RBA) will likely revert to heftier rate hikes, while PMI reports from across the region could indicate differing growth outlooks



### Regional PMI reports out in the coming days

China will release PMI data next week and we expect slight gains for both manufacturing and non-manufacturing activity. Given the start of the export season, factories should be busier than during the previous month. Meanwhile, the Golden Week in early October – a seven-day holiday when tourists and shoppers flock to sites and shops – should bring some temporary recovery for retailers and restaurants.

For Taiwan, manufacturing activities should continue to be weak due to a fall in demand for semiconductors, laptops and smart devices. Soft demand should keep the manufacturing PMI well below 50. For the same reason, capital outflows from the Taiwan stock market will likely lead to a mild fall in foreign exchange reserves.

## RBA to revert to heftier rate hikes

The coming week also features Australia's November central bank rate meeting, where after the big upside miss to 3Q22 inflation, we think the bank will have to return to 50bp of tightening after it dropped to just 25bp at the October meeting.

## Early returns from Japan's reopening

Japan's activity is expected to continue recovering due to the reopening and revitalisation of the auto industry. Both industrial production and retail sales are expected to grow. Improved economic activity should keep respective PMIs above 50, suggesting positive momentum for the nation's recovery in the near term.

## Korea weighed down by slowing trade activity

In Korea, activity data should be soft due to slowing trade data, although the projected dip should be partially offset by gains in the automobile sector. This trend should be reflected in September's industrial production data. Industrial production in September will likely record a contraction for the third consecutive month with persistent inventory stocking.

Korea's services sector should continue to recover but at a slower pace than during the previous months. Meanwhile, investments are expected to remain positive, as suggested in solid equipment imports. On the other hand, exports could record a small gain in October, but the trade deficit will likely still widen. We are now concerned as exports next year will likely turn negative with unfavourable base effects.

## Retail sales from Singapore and Australia

Australian retail sales for September may reflect the high prices of many food items as shown in the recently published inflation numbers for 3Q22. This could bias the month-on-month figures higher, though adjusted for inflation we would expect to see spending growth beginning to slow down.

In Singapore, retail sales are expected to slow on a month-on-month basis as fast-rising prices weigh on purchasing power. The return of foreign visitors may provide some support, but overall momentum is clearly slowing.

## Inflation in the spotlight

Inflation in Indonesia and the Philippines will likely heat up further. Indonesia's recent price increase for subsidised fuel is expected to push transport costs higher. Meanwhile, Philippine inflation will likely move past 7% after food prices rose sharply due to crop damage from recent typhoons.

In Korea, we can expect to get CPI inflation and the October MPC meeting minutes. Headline inflation is expected to accelerate again in October mainly due to the rise in utility rates and the weak Korean won, but October's number should still be below the July peak of 6.3%.

## Other key data releases: India's budget figures

India releases deficit figures for September. The numbers have been running a little on the high

side on a cumulative basis, so a figure equal to or lower than last year's number for September (INR 58,842 Crore) would help to put India's public finances back on track to meeting the 6.4% deficit target for the fiscal year.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 30 October</b>					
Japan	0050	Sep Industrial O/P Prelim (MoM%/YoY%)	-/-		3.4/4.2
	0050	Sep Retail Sales (YoY%)	-		4.1
South Korea	0000	Sep Industrial Output (YoY%)	-		1
	0000	Sep Industrial Output Growth	-0.5		-1.8
<b>Monday 31 October</b>					
Japan	0600	Sep Housing Starts (YoY%)	-		4.6
China	0230	Oct NBS Manufacturing PMI	50.1		50.1
	0230	Oct NBS Non-Manufacturing PMI	50.8		50.6
<b>Tuesday 1 November</b>					
Japan	0130	Oct Jibun Bank Manufacturing PMI	-		50.7
	0050	Oct Monetary Base (YoY%)	-		-3.28
Australia	0430	Nov RBA Cash Rate	-	2.85	2.6
China	0245	Oct Caixin Manufacturing PMI Final	50		48.1
India	0600	Oct IHS S&P Global Manufacturing PMI	-		55.1
		- Oct Fiscal Deficit - USD Prelim	-		25.71
		- Oct Imports/Exports Prelim (USD bn)	-		61.2/35.5
Indonesia	0130	Oct IHS S&P Global PMI	-		53.7
	0500	Oct Core Inflation (YoY%)	3.4		3.21
	0500	Oct Inflation (MoM%/YoY%)	0.2/6.2		1.17/5.95
Taiwan	0130	Oct IHS S&P Global Manufacturing PMI	42.5		42.2
South Korea	0100	Oct Import/Export Growth Prelim	16.0/2.5		18.6/2.7
	0100	Oct Trade Balance Prelim	-		-3.78
	0130	Oct IHS S&P Global Manufacturing PMI	-		47.3
	0000	Oct CPI Growth (MoM%/YoY%)	-/5.9		0.3/5.6
<b>Wednesday 2 November</b>					
Philippines	0130	Oct Manufacturing PMI SA	-		52.9
Singapore	1400	Oct Manufacturing PMI	-		49.9
<b>Thursday 3 November</b>					
Australia	0130	Sep Trade Balance (AUD bn)	-		8324
China	0245	Oct Caixin Services PMI	51		49.3
India	0600	Oct IHS S&P Global Services PMI	-		54.3
<b>Friday 4 November</b>					
Japan	0130	Oct Services PMI	-		53
Philippines	0200	Oct CPI (MoM%/YoY%)	0.4/7.3		0.4/6.9
	0200	Oct Core CPI (YoY%)	4.7		4.5
	0200	Sep Imports/Exports (YoY%)	24.2/-1.5		-26/-2
	0200	Sep Trade Balance	-6100		-6002
Singapore	0600	Sep Retail Sales (MoM%/YoY%)	-2.5/7.9		-1.3/13
Taiwan	0920	Oct Foreign Exchange Reserve	538.0		541.1

Source: Refinitiv, ING

## Authors

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@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 <http://www.ing.com>.