

## Asia Week Ahead: South Korea's central bank meeting takes centre stage

The Bank of Korea may cut interest rates by 25bp next week while India's central bank is set to keep rates on hold. Elsewhere, watch out for trade and inflation data from Taiwan and possible credit data from China



### South Korea may cut rates

The Bank of Korea meeting is the most anticipated event of the week. The market consensus is leaning towards a 25bp cut, and we are looking for this, too. The decision is unlikely to be unanimous and the communications should remain quite hawkish. Inflation has been trending downward for the past six months with inflation expectations staying in the 2% range. There is still some upward pressure from fresh food and public service fees, but these should already be reflected in the BoK's projections. However, the faster increase in household debt may push back the BoK's rate-cut decision by a couple of months.

## China's data calendar looks light

China's data calendar is quiet in the week ahead, with the country returning to work next Tuesday after the Golden Week holiday. We will likely get some holiday travel and consumption data, and potentially further details on the stimulus rollout as the week progresses.

We could potentially also see the credit data released in the week ahead, though given its large release window this could be delayed for another week as well. Credit data has been quite weak through the year with aggregate financing down by 13.1% year-on-year, year-to-date through the first eight months of the year. However, the rate of contraction has eased in the last two months. We're expecting this recovery trend to continue as the impact of July and September interest rate and RRR cuts take hold.

## Taiwan to report softer trade and inflation data

Taiwan is scheduled to release its trade and inflation data in the week ahead. We are expecting trade growth to moderate in September after net exports hit a record high in August. We are looking for export growth to cool to around 11% YoY and imports to slow to around 9% YoY for a trade surplus of USD 12.0bn. It is worth monitoring if last month's broad-based export recovery can be sustained, or if we will move back towards the uneven export growth of the previous months.

Separately, we are looking for inflation to cool for a second consecutive month to around 2.0% YoY in September, down from 2.4% YoY in August. We expect inflation generally to stay close to the 2.0% level in the fourth quarter as well, which should confirm the case for no further rate cuts.

## India's central bank likely to keep rates on hold

We expect the Reserve Bank of India to keep the repo rate unchanged at 6.5% next week, with the policy stance largely unchanged. CPI inflation eased below 4% in July and August mainly due to base effects, and we expect it to rebound higher in September.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Prev.
<b>Monday 7 October</b>				
Thailand	1200	Sep CPI (YoY%)	-	0.4
<b>Tuesday 8 October</b>				
Japan	0730	Aug Labour Cash Earnings (YoY%)	5.4	3.6
	0750	Aug Current Account Balance (JPY tn)	-	3.19
Australia	0830	RBA Meeting Minutes	-	-
	0830	Sep Business Confidence	-	-4
Philippines	0900	Aug Unemployment Rate	-	4.7
Taiwan	1600	Sep CPI (YoY%)	2.0	2.4
<b>Wednesday 9 October</b>				
Australia	0730	Oct Westpac Consumer Confidence Change	-	-0.5
	0730	Oct Westpac Consumer Confidence Index	-	84.6
New Zealand	0900	RBNZ Interest Rate Decision	-	5.25
India	1230	Repo Rate	6.5	6.5
	1230	Reverse Repo Rate	-	3.35
	1230	Cash Reserve Ratio	-	4.5
<b>Thursday 10 October</b>				
Japan	0750	Sep M2 Money Supply (JPY tn)	-	1252.18
China	-	Sep M2 Money Supply (YoY%)	6.5	6.3
Malaysia	1200	Aug Unemployment Rate	-	3.3
<b>Friday 11 October</b>				
Japan	0700	Oct Tankan Sentiment Index	-	4
India	1300	Aug Industrial Output (YoY%)	-	4.8
South Korea	0900	Bank of Korea Base Rate	-	3.5
<b>Sunday 13 October</b>				
China	0930	Sep CPI (YoY%)	0.8	0.6
	0930	Sep PPI (YoY%)	-	-1.8
	1100	Sep Trade Balance (USD bn)	89	91.02

Source: Refinitiv, ING

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