

## Asia week ahead: Upcoming Bank of Japan meeting and China PMI reports

The Bank of Japan's upcoming policy meeting is set to take the spotlight over the week ahead in Asia, and we see a slightly higher chance of another YCC tweak with forward guidance changes. Other key releases to look out for include PMIs in China, Singapore's retail sales, and inflation figures in Indonesia



### Bank of Japan to keep the rates steady

The outcome of the Bank of Japan's meeting will be quite interesting. Market consensus suggests that it is unlikely for the current policy settings to change, but we see a slightly higher chance of another YCC tweak with forward guidance changes.

The market will also pay more attention to the BoJ's quarterly outlook for growth and inflation. If the central bank revises up its fiscal year 2024 inflation forecasts to above 2%, the market is likely to take this as a hint that policy normalisation is fast approaching.

A service-led recovery should continue, but at a slower pace as weak exports and interruptions with car factories hinder industrial production. Meanwhile, labour market conditions will likely stay tight as per the findings of several surveys.

## China's manufacturing and service activities continue to show expansion

The release of more timely activity indicators following the recent third-quarter GDP data will indicate whether China's recovery is indeed gaining momentum or not. We expect both the official and Caixin numbers to show very moderate growth.

The official manufacturing PMI will likely consolidate a little higher than the previous 50.2 reading, with some improvement also possible for the non-manufacturing PMI, which edged slightly higher to 51.7 last month. The Caixin figures due out slightly later will likely echo the improvements in the official numbers.

## India's fiscal deficit

India's recent monthly fiscal data has shown the deficit coming in below what is needed to keep on track for the government's 5.9% full-year deficit target. There is still a long way to go before this might start to encourage thoughts of a sovereign debt upgrade, but the direction of travel is positive and we expect it to remain so for the foreseeable future.

## Korea's inflation and trade data

In Korea, we expect exports to finally make a small gain for the first time in 12 months. Base effects should be the main contributor, but we'll still be pleased to see another strong gain in car exports and some recovery in semiconductors. However, the trade surplus will likely narrow due to the recent surge in oil prices.

Meanwhile, consumer prices should accelerate further in October, with both food and energy prices rising. Public transportation fees, dairy product prices, and fresh food prices will likely push up the headline rate again.

## Taiwan GDP release

A troughing in the global semiconductor cycle and better trade figures could translate into a slightly stronger third-quarter GDP print for Taiwan. Taiwan's economy grew at a 1.4% year-on-year pace in the second quarter of this year, and the market consensus anticipates a slight increase in the pace of growth to 1.9% in the third quarter.

## Indonesia's inflation to trend up

Inflation in Indonesia is likely to edge slightly higher, rising to 2.7% YoY from 2.3% previously. A fresh bout of higher global energy prices and a weaker IDR might force prices to rise roughly 0.3% from the previous month.

Bank Indonesia (BI) recently hiked policy rates by 25bps to stabilise the IDR and fend off imported inflation. We could see BI ready to tighten further if the IDR remains soft and inflation continues to head higher.

## Singapore retail sales to remain in modest expansion

September retail sales in Singapore will likely post another month of growth with increased visitor traffic, which would help to offset subdued domestic consumption due to elevated inflation. We should see retail sales rise 1.8% YoY, up roughly 2.6% from the previous month. Retail sales have been one of the few bright spots for Singapore's economy and we can expect this trend of modest expansion to continue in the near term.

## Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
<b>Monday 30 October</b>					
Japan	0030	Sep Unemployment Rate	-	2.7	2.7
	0050	Sep Industrial O/P Prelim (MoM%/YoY%)	-/-	1.7/-3	-0.7/-4.4
	0050	Sep Retail Sales (YoY%)	-	6.2	7.1
South Korea	0000	Sep Industrial Output (YoY%)	-	-0.4	-0.5
	0000	Sep Industrial Output Growth	-	-2	5.5
<b>Tuesday 31 October</b>					
Japan	0600	Sep Housing Starts (YoY%)	-	-9.5	-9.4
		- JP BOJ Rate Decision	-	-0.1	-0.1
China	0230	Oct NBS Manufacturing PMI	50.4	50.2	50.2
	0230	Oct NBS Non-Manufacturing PMI	52	51.5	51.7
Taiwan	0900	Q3 GDP (YoY%) Prelim	1.9	1.9	1.36
<b>Wednesday 1 November</b>					
Japan	0130	Oct Jibun Bank Manufacturing PMI	-		48.5
	0050	Oct Monetary Base (YoY%)	-	5.1	5.88
China	0245	Oct Caixin Manufacturing PMI Final	50.8	50.8	50.6
India	0600	Oct IHS S&P Global Manufacturing PMI	57.7		57.5
Indonesia	0130	Oct IHS S&P Global PMI	-		52.3
	0500	Oct Core Inflation (YoY%)	2.1	1.98	2
	0500	Oct Inflation (MoM%/YoY%)	0.3/2.7	0.25/2.6	0.19/2.3
Taiwan	0130	Oct IHS S&P Global Manufacturing PMI	47		46.4
South Korea	0100	Oct Export Growth Prelim	-	6.4	-4.4
	0100	Oct Import Growth Prelim	-	-5.5	-16.5
	0130	Oct IHS S&P Global Manufacturing PMI	-		49.9
	0000	Oct CPI Growth (MoM%/YoY%)	-/-	0.1/3.6	0.6/3.7
<b>Thursday 2 November</b>					
Australia	0130	Sep Trade Balance (A\$bn)	9000	10088	9640
Singapore	1400	Oct Manufacturing PMI	-		50.1
<b>Friday 3 November</b>					
China	0245	Oct Caixin Services PMI	50.5	50.4	50.2
India	0600	Oct IHS S&P Global Services PMI	60.3		61
Philippines	0130	Oct Manufacturing PMI SA	-		50.6
Singapore	0600	Sep Retail Sales (MoM%/YoY%)	2.6/1.8	/	1.7/4
Taiwan	0920	Oct Foreign Exchange Reserve	-		564.009

Source: Refinitiv, ING

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