

Asia week ahead: RBA meeting and a flurry of regional growth and inflation reports

The Reserve Bank of Australia will likely hike rates next week, while third-quarter GDP reports could show economies slowing across the region



Reserve Bank of Australia likely to hike rates

Inflation has been drifting higher over the last two months, and although this is partly due to less favourable base effects, the monthly run rates for August and September were close to 0.6% month-on-month. This is far higher than what is consistent with a return to the Reserve Bank of Australia's target inflation range of 2-3%.

Given the RBA's latest indication of a low tolerance for inflation remaining above target together with still tight labour markets, it looks like the new Governor, Michele Bullock, has few credible options except to tighten rates again at the upcoming meeting. A 25bp hike will take the cash rate

to 4.35%.

China's trade data and inflation number to show weakness in the economy

As hinted by the PMI released earlier this week, China's exports are likely to remain on a declining trajectory. That should see the export growth rate coming in at about -3.7% year-on-year, with weak external demand being the main contributor. Imports are now contracting at a slower pace as household spending stabilises slowly amid the fragile economic outlook.

Chinese inflation should come in slightly above the zero level on the assumption of a 0.1% MoM increase and rise to 0.2% YoY. Weak demand will keep inflation subdued. But we should see inflation creep slowly up to around 1% during 2024.

Taiwan's export to strengthen amidst higher semiconductor demand

Korea's trade data last week provides some clues to the Taiwan export outlook this week, and the global pickup in demand for high-end semiconductors will probably be a major factor lifting Taiwan's chip-heavy export figures, with US demand remaining solid.

We are expecting Taiwan's export growth to remain positive for a second consecutive month at 2.6% YoY. For imports, the YoY number – while increasing on a month-on-month basis due to base effects – is likely to edge lower to -15.5%.

Indonesian GDP release

Indonesia's growth is likely to accelerate in the third quarter this year, and third-quarter GDP will likely settle at 5.2% YoY. An increase in consumption is likely to be the source of growth as the country's inflation slid back within Bank Indonesia's inflation target band.

Philippine GDP and inflation numbers

The Philippine Statistic Authority will be releasing third-quarter GDP for the Philippines and October's inflation number next week. October inflation will likely slow to 5.4% YoY from 6.1% previously. Meanwhile, GDP growth could slow to 4.2% YoY from 4.3% in the second quarter. The Bangko Sentral ng Pilipinas (BSP) will likely take both data points into consideration ahead of their policy meeting on 16 November.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
Monday 6 November					
Japan	0030	Oct Services PMI	51.1		51.1
	2330	Sep All Household Spending (YoY%)	-		-2.5
	2330	Sep All Household Spending (MoM%)	-		3.9
Indonesia		- Q3 GDP (YoY%)	5.2	5	5.17
		- Q3 GDP (QoQ%)	-		3.86
Tuesday 7 November					
Australia	0330	Nov RBA Cash Rate	4.35	4.35	4.1
China	0300	Oct Exports	-3.7	-3.5	-6.2
	0300	Oct Imports	-3.1	-4	-6.2
	0300	Oct Trade Balance	81.1	84.2	77.71
		- Oct FX Reserves (Monthly)	-		3.115
Indonesia	0400	Oct Forex Reserves	-		134.9
Philippines	0100	Oct CPI (MoM%/YoY%)	-15.4	/	1.1/4.2
	0100	Oct CPI (YoY%)	5.4		6.1
	0100	Oct Core CPI (YoY%)	-		5.9
	0100	Sep Imports (YoY%)	-		-13.1
	0100	Sep Trade Balance	-		-4128
		- Oct Forex Reserves USD	-		98.7
Singapore	0900	Oct Foreign Reserves USD	-		337.4
Taiwan	0800	Oct CPI (YoY% NSA)	2.6	2.56	2.93
	0800	Oct Imports	-15.5		-12.2
	0800	Oct Exports	2.63		3.4
	0800	Oct Trade Balance	11.6		10.32
South Korea	2300	Sep Current Account Balance NSA	6		4.81
Wednesday 8 November					
Indonesia	0300	Oct Consumer Confidence Index	-		121.7
Thursday 9 November					
Japan	2350	Oct M2 Money Supply (YoY%)	-		12370289
China	0130	Oct CPI (YoY%)	0.2	-0.2	0
	0130	Oct CPI (MoM%)	0.1		0.2
Indonesia	0400	Sep Retail Sales Index (YoY%)	-		1.1
Philippines	0200	Q3 GDP (YoY%)	4.2		4.3
	0200	Q3 GDP (QoQ%)	-		-0.9
Friday 10 November					
China		- Oct M2 Money Supply (YoY)	10.1	10.3	10.3
		- Oct FDI (YTD)	-		-8.4
India	1200	Sep Industrial Output (YoY%)	6.2	6.05	10.3

Source: Refinitiv, ING

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@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>.