

Asia week ahead: Inflation readings across the region

Next week, we expect China's December inflation reading should move slightly back up towards zero following its recent descent into negative annual rates. Elsewhere, India's inflation will likely remain around 5.5% YoY, while in Australia the comparison with last years spike should be benign enough to see the inflation rate decline



China: Chance December inflation figures move slightly back up towards zero

China's December inflation reading will be carefully watched following its recent descent into negative annual rates, and there is a chance it will begin to move slightly back up towards zero. For all the talk of pork prices being the culprit of China's negative inflation, this was actually something that happened a year ago when prices spiked on the back of a swine fever outbreak. Wholesale pork prices in recent months have been extremely stable, falling only very slightly in December from November.

What is different this month is that pork prices in December 2022 had already begun to fall and this will help inflation to edge back towards positive readings. Last month's figures were also hit by lower gasoline prices – and while the average gasoline price in China in December is probably a little lower than November, it hasn't fallen quite as much, and the implied month-on-month overall inflation reading could be a lot closer to zero than the negative November figure.

India: Inflation to stay at 5.5% YoY

We also have Indian December inflation on the calendar next week, where there has been a broad-based decline in the prices of food, especially seasonal vegetables, potatoes, tomatoes and onions. This was also the pattern last year, so the impact on the inflation rate will be pretty small, if any, and should remain at about 5.5% year-on-year.

Australia: Inflation rate could decline substantially

Australian inflation is also coming up. Last year's surge in energy and food prices on the back of unseasonal cold and wet weather is unlikely to be repeated, at least not to the same extent, though we note that recent flooding in Queensland could still push up the prices in some areas. Even so, the comparison with last year's spikes should be benign enough to see the inflation rate decline – perhaps substantially.

Key events in Asia next week

Country	Time Data/event	ING Survey	Prev.
Monday 8 January			
Japan	2330 Nov All Household Spending (YoY%)	-	-2.5
	2330 Nov All Household Spending (MoM%)	-	-0.1
	2330 Dec Tokyo CPI (YoY%)	2.5	2.7
	2330 Dec Tokyo Ex-Fresh Food (YoY%)	2.2	2.3
Indonesia	0400 Dec Forex Reserves	-	138.1
	0300 Dec Consumer Confidence Index	-	123.6
Philippines	0100 Nov Exports (YoY%)	-	-17.5
	0100 Nov Imports (YoY%)	-	-4.4
	0100 Nov Trade Balance	-	-4174
South Korea	2300 Nov Current Account Balance NSA	7	6.8
Tuesday 9 January			
Indonesia	0400 Nov Retail Sales Index (YoY%)	-	2.4
Taiwan	0800 Dec Imports	-	-14.8
	0800 Dec Exports	-	3.8
	0800 Dec Trade Balance	-	9.8
South Korea	2300 Dec Unemployment Rate	2.9	2.8
Wednesday 10 January			
China	- Dec M2 Money Supply (YoY)	-	10
	- Dec FDI (YTD)	-	-10
India	- Dec Fiscal Deficit - USD bn	-	20.58
	- Dec Imports - USD bn	-	54.48
	- Dec Exports - USD bn	-	33.9
Thursday 11 January			
Australia	0030 Nov Trade Balance (A\$bn)	-	7129
South Korea	0100 Jan Bank of Korea Base Rate	3.5	3.5
Friday 12 January			
China	0130 Dec CPI (YoY%)	-0.4	-0.5
	0130 Dec CPI (MoM%)	0	-0.5
	0300 Dec Exports	-	0.5
	0300 Dec Imports	-	-0.6
	0300 Dec Trade Balance	-	68.39
India	1200 Dec CPI Inflation (YoY%)	5.5	5.55
	1200 Nov Industrial Output (YoY%)	-	11.7

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>.