

## 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.
<b>Monday 8 January</b>			
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
<b>Tuesday 9 January</b>			
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
<b>Wednesday 10 January</b>			
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
<b>Thursday 11 January</b>			
Australia	0030 Nov Trade Balance (A\$bn)	-	7129
South Korea	0100 Jan Bank of Korea Base Rate	3.5	3.5
<b>Friday 12 January</b>			
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

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