

Asian data splurge

Much of the US may tack on an extra day's vacation after yesterday's Thanksgiving, but that won't stop Asia from pouring out data today on everything from Korean policy rates to Indian GDP



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It starts here

It doesn't look terribly good, but I think there are many reasons not to be too downbeat about the Korean production data just released. The headlines are a 1.7% MoM decline (seasonally adjusted) and a 2.5% year-on-year decline. Most of this is concentrated in the manufacturing sector, which was down 1.5% MoM. More details about other sectors, services, and construction are shown [in the linked statistical summary from Statistics Korea](#).

Interpreting year-on-year figures where the 12M history contains the peak in overexuberance of production, followed by a massive slump, is exceedingly tricky. Manufacturing is usually reasonably strong leading up to October ahead of the gift-giving season in the West. It then usually drops away. If historic seasonal patterns repeat, we could see the level of production ebb in the coming months, but the year-on-year rates could improve. That is going to be even harder to interpret from a policy perspective.

BoK - nothing expected

Our base case on the Bank of Korea (BoK) meeting today is that there will be no change to the 1.25% 7-day repo policy rate. Although it requires a bit of imagination, we think, as do some of the BoK's board members, that the economy is beginning to turn the corner. Some (two of seven) of them dissented at the last rate cut decision for this reason, as well as worrying about the impact of financial distortions. The dissenters saw policy rates as easy enough last time. I don't think anything has changed materially on the downside to merit a change in view from that meeting. So nothing from the BoK today, and in all likelihood, unless the trade war re-escalates (not our base case) no more easing in this rate cycle.

Japan industrial production softer

Like the Korean figures, the Japanese industrial production numbers for October look weaker (-4.2%MoM and -7.4%YoY). But for the same reasons as Korea, I'm not rushing to draw concrete conclusions about this. As well as the similar peak and slump characteristics that render the year-on-year comparison largely meaningless, the impact of the consumption tax hike on activity in September/October also means we can't really read anything into the month on month figures either. Trying to read anything into the non-seasonally adjusted underlying series is like staring at a kaleidoscope - it doesn't take long before it hurts your eyes. So I'm passing no judgement on this one too. It may be a few months before we can say anything sensible about Japan's data.

Meanwhile, Tokyo's inflation has come in at 0.8%YoY, up from 0.4% in October, which should set up the November national inflation figure for a similar 0.4pp increase. The national inflation rate is currently 0.2% - so 0.6%YoY national inflation in November looks likely. Food prices look to be playing a role here, as the ex-food Tokyo number is unchanged at 0.7%YoY. But food prices did not rise on the month, so we aren't pushing this angle too hard. Consume price hikes make the rest of the data impossible to pin down. I'll stick to the view that on an underlying basis, nothing is really going on.

India 3Q19 GDP

Prakash Sakpal is bucking the consensus for a weak 3Q GDP figure out of India later tonight. He writes: "India's 3Q GDP data today comes as a test of the huge monetary and fiscal stimulus the economy has received this year. Even so, the high-frequency data show no signs of recovery in GDP growth, which is what underlies a solid consensus of a further slowdown to 4.5% in 3Q from a six-year low of 5% in the previous quarter. We are optimistic with a 5.3% forecast, which is consistent with the central bank's (RBI) forecast, on the grounds that some, if not all, of the stimulus, has trickled down, while year-on-year growth also gets a lift from the low base effect. Despite our "optimistic" growth view, we don't think the RBI will let its guard down just yet, which is even more unlikely in the event growth does tumble in line with consensus. We expect one more 25bp rate cut in December".

What's left?

The rest of the day contains Singapore money supply, Japanese housing starts, construction orders, and consumer confidence, Thailand trade figures, and Taiwan 3Q GDP. Probably none of it will be massively market-moving, but on a day when market liquidity may be a bit thin, there is always scope for some surprise.

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