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ASIA WEEK AHEAD CHINA INDONESIA

Asia week ahead: Indonesia, Philippines, Korea rate calls, key data on China and Japan

Rate decisions take centre stage, with Bangko Sentral ng Pilipinas expected to raise rates while Bank Indonesia and the Bank of Korea are likely to stand pat. Markets will also closely watch China's GDP and Japan's inflation figures



Asia Research highlights of the week

Asia FX Talking: More two-way risk emerging in USD/CNY

Energy prices lift China's inflation gauges in September

China's export engine continued to hum in September

MAS holds rates steady, but we are not convinced the tightening cycle is over

AI tailwinds and inflation risks shape Asia's outlook

China steps up policy support amid rising uncertainty

US midterm elections: 3 scenarios for markets

Indonesia: Bank Indonesia expected to hold rates

We expect Bank Indonesia to leave the policy rate unchanged at 5.75% on Wednesday given recent exchange-rate stability. Although improving sentiment has eased near-term pressure on policymakers to hike, the underlying balance-of-payments picture hasn't improved materially. At the same time, upside risks to inflation from higher fuel prices and a severe El Niño could add to domestic price pressures. We therefore still expect one more 25bp rate hike before year-end.

Philippines: BSP expected to hike rates by 25bp

We maintain our call for Bangko Sentral ng Pilipinas to hike rates by 25bp on Thursday. Strong September inflation shifted the balance in favour of an earlier October hike. The outlook remains skewed to the upside amid uncertainty over El Niño-related food supply disruptions, elevated energy prices, PHP weakness, and potential second-round effects from higher wages and food costs. BSP is likely to err on the side of caution and maintain a tightening bias to tame inflation expectations until it's confident prices are on a path back to target.

Korea: BoK expected to hold rates

We expect the Bank of Korea to keep its policy rate unchanged at 3.0% on Thursday. However, the pause is unlikely to mark the end of the tightening cycle. Inflation remains above target and economic growth is relatively resilient. The market will focus on the BoK's updated outlook and guidance on whether it will hike rates again before year-end.

China: Third quarter GDP and activity data in focus

China has a busy week ahead, starting with key data releases on Monday. The highlight will be China's third-quarter GDP. We look for growth of around 4.4% year-on-year. We'll also get September domestic activity data. We expect retail sales and industrial production to recover slightly to 0.6% and 5.5%, respectively. But fixed asset investment is expected to continue contracting to -7.5% YoY ytd. The 70-city property price data for September will also be released. We'll be watching whether price stabilisation in tier-1 cities continues and spreads further. On Tuesday, the loan prime rates will be announced. We expect no change once again, with 1- and 5-year LPR unchanged at 3.0% and 3.5%, respectively.

Japan: Trade and inflation data in focus

Japan releases data on services activity, trade and inflation. Market consensus expects the tertiary industry index to decline 0.4% month-on-month in August. September export growth is forecast to edge up to 20.1% YoY, while imports slow to 20.0% YoY, narrowing the trade deficit sharply to JPY111bn from a revised JPY1,112bn in August. Headline and core CPI are both expected to accelerate to 2.1% YoY. A firm inflation reading would support expectations for further Bank of Japan policy normalisation.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	
		Monday 19 October		
China	1000	Sep Fixed Asset Investment (YoY%. ytd)	-7.5	-7,2
	1000	Sep Industrial Output (YoY%)	5.5	5,2
	1000	Sep Retail Sales (YoY%)	0.6	0,4
	1000	Q3 GDP (YoY%)	4.4	4.3
	1000	Sep Unemployment Rate	-	5,3
New Zealand	0545	Sep Trade Balance (NZD bn)	-	-1,3
Malaysia	1200	Sep CPI (MoM%/YoY%)	-/-	0.3/1.9
	1200	Sep Trade Balance (MYR bn)	-	28,1
	1200	Sep Exports (YoY%)	-	45,5
	1200	Sep Imports (YoY%)	-	41,1
Japan	1230	Aug Tertiary Industry Index (MoM%)	CF: -0.4	0.4
		Tuesday 20 October		
China	0900	Oct Loan Prime Rate 1Y	3	3
	0900	Oct Loan Prime Rate 5Y	3.5	3,5
Taiwan	1600	Sep Export Orders (YoY%)	63.9	71,4
		Wednesday 21 October		
Japan	0750	Sep Exports (YoY%)	CF:20.1	19,3
	0750	Sep Imports (YoY%)	CF:20	28
	0750	Sep Trade Balance (JPY bn)	CF:-111	-1112
Indonesia	1530	Rate Decision	5,75	5,75
		Thursday 22 October		
New Zealand	0545	Q3 CPI (QoQ%/YoY%)	-/-	1.5/4.1
Hong Kong	1630	Sep CPI (MoM%/YoY%)	-	0.1/1.7
	1630	Sep Unemployment Rate	-	3,8
Philippines	1430	Rate Decision	5,25	5
Philippines	1600	Sep Budget Balance (PHP bn)	-	-161,3
South Korea	0900	Rate Decision	3	3
		Friday 23 October		
Japan	0730	Sep CPI (YoY%)	CF:2.1	1.9
	0730	Sep Core CPI (YoY%)	CF:2.1	1.7
	0830	Oct S&P Global Manufacturing PMI Flash	-	54,1
	0830	Oct S&P Global Services PMI Flash	-	51,3
	0830	Oct S&P Global Composite PMI Flash	-	52,3
Australia	0600	Oct Judo Bank Manufacturing PMI Flash	-	49,6
	0600	Oct Judo Bank Services PMI Flash	-	51,9
	0600	Oct Composite PMI Flash	-	51,3
India	1300	HSBC Composite PMI Flash	-	55,9
	1300	HSBC Manufacturing PMI Flash	-	55,1
	1300	HSBC Services PMI Flash	-	55,2
	-	FX Reserves (USD bn)	-	734,6
Indonesia	1100	Sep M2 Money Supply (YoY%)	-	8,2
Singapore	1300	Sep Core CPI (YoY%)	-	2,2
	1300	Sep CPI (MoM%/YoY%)	-	0.6/2.3
Taiwan	1600	Sep Industrial Output (YoY%)	21.6	23,5
	1600	Sep Unemployment Rate	-	3,3
	1620	Sep M2 Money Supply (YoY%)	-	6,8

Note: CF = Market consensus forecast data

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