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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    |
| Australia            | 0830         | Oct S&P Global Composite PMI Flash     | -        | 52.3    |
|                      | 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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