

MNI Asia Pac Weekly Macro Wrap

24 October 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, Stephen Petrie & Gavin Stacey

JAPAN

- New government officials want to adopt a pro-growth but fiscally responsible backdrop. JGBs are very well behaved but USD/JPY continues to track higher. Services inflation slowed in Sep, adding to the case for the BOJ to remain in wait and see mode next week. Export growth recorded its first y/y rise since April of this year, which will be welcomed by the authorities. The BoJ is watching fallout from higher US tariff levels (albeit that were lowered in Sep) on export growth.

AUSTRALIA

- SEEK vacancy data showed that labour demand improved over Q3, which was corroborated by the Q3 NAB survey. NAB employees over the next 12 months rose to its highest since Q1 2024 and labour shortages to its highest since Q4 2024, an indicator monitored by the RBA.
- NZ CPI has high correlations with Australia's CPI out on 29 October. The RBNZ's sector factor model measure of core was stable at 2.7% y/y in Q3 signalling that Australia's may also remain around Q2's 2.7%, which is consistent with monthly data. NZ's domestic-related non-tradeables and services annual inflation moderated while goods and tradeables were higher.

NEW ZEALAND

- Q3 CPI data are unlikely to derail any further easing at the 26 November RBNZ meeting but it is also unlikely to tempt the MPC to repeat October's 50bp. Headline rose 1% q/q bringing annual inflation to 3.0% y/y from 2.7%, the top of the RBNZ's target band but there had been fears that it could go above.
- Export growth is a bright spot in the NZ economy which was up 19% y/y in September after 21% y/y.

CHINA

- China's third quarter GDP rose +4.8% YoY, above estimates of +4.7%. The seasonally adjusted QoQ result topped expectations at +1.1%, from +0.8% and Year to Date remained above 5% at 5.2%.
- The largest data surprise was Industrial Production which snapped back above its 3-year average and at 6.5%, consistent with the better-than-expected exports reported earlier this month.
- Whilst the decline in property prices is a glaring reflection of the plight of the sector, the activity led data is more telling. September's Property Investment YTD release declined further to -13.9% for a sixth successive month of increasing declines.

SOUTH KOREA

- The Monetary Policy Board of the Bank of Korea decided to leave the Base Rate unchanged at 2.50%, describing inflation as stable and economic growth in an upward trend thanks to improving consumption and exports.

ASIA

- Again Bank Indonesia (BI) surprised by doing the opposite of consensus expectations. On Wednesday it held rates at 4.75% when it had been forecast to cut 25bp. BI's assessment of the economy and the need to support growth was broadly unchanged from last month when it eased.

ASIA EQUITY FLOWS

- Inflow momentum has stalled into tech sensitive plays like South Korea and Taiwan.

JAPAN

JAPAN: No Timeline On Economic Stimulus Package, Fiscal Discipline Eyed

Headlines have crossed from Japan's Growth Strategy Minister Minoru Kiuchi. Kiuchi stated that the focus now is compiling an economic stimulus package, albeit with an eye still on fiscal discipline (DJ) (and diverse funding sources). Various ministers are being consulted, with a focus on helping tariff impacted sectors. Kiuchi stated that no timeline is set on when the economic package will be compiled. Early focus for markets for the new Takaichi regime is fiscal stimulus, in terms of size and how it will be funded (particularly with parallels drawn with the Abenomics-like policy set).

- Other areas Kiuchi spoke about appear broadly in line with the former Ishiba regime's rhetoric. On yen, there are positive and negative developments from a weaker FX, but developments will be watched closely. Positive real wage growth continues to be pursued, while the BoJ needs to foster growth, while also maintaining economic stability.
- In terms of Japan markets today, equities are mixed (Topix up, NKY down), following an indifferent US lead. USD/JPY has edged lower, last near 151.60/65, while local JGB yields are down a touch at the back end. The 2/30s curve is slightly flatter last +218.5bps, close to multi month lows.

JAPAN: Proposed New Japan FinMin Saw Yen Undervalued In Earlier 2025 Remarks

Headlines have crossed that Japan's new PM will appoint Satsuki Katayama as the new Japan FinMin. Katayama is the former regional revitalization minister. She was elected in July 2010 as a candidate for the LDP. Earlier this year (March 25) she gave an interview with Reuters, where she stated that the yen was undervalued. Some key quotes are outlined below. Viewpoints from the new government will around the yen will be eyed closely, as Takaichi, as the new PM, has generally been seen as a negative yen development (pushing back on BoJ rate hikes etc). USD/JPY is down slightly so far today, dipping a little on the new FinMin headlines, but follow through has not been evident, we were last 150.65/70 (session lows at 150.51, highs at 150.85)

- "Japan's economic fundamentals suggest the yen's real value is closer to 120-130 per dollar rather than the current 150 levels, senior lawmaker told Reuters, as the ruling party considers steps to help reverse capital outflows. I believe 120 to 130 levels to the dollar are seen as the value reflecting Japan's economic strength," Satsuki Katayama, who chairs the ruling Liberal Democratic Party's (LDP) research commission on the finance and banking systems, said in an interview on Tuesday." (via CNA from March 25 this year).
- It was also announced that Kimi Onoda would serve as economic security minister. via Wikipedia: "She served as Parliamentary Vice-Minister of Defense from 2022 to 2023 and is a member of the House of Councillors representing Okayama. She previously served as Parliamentary Vice-Minister of Justice from 2020 to 2021 under the Suga Cabinet."
- Ryosei Akazawa is set to be the METI/Trade Minister.

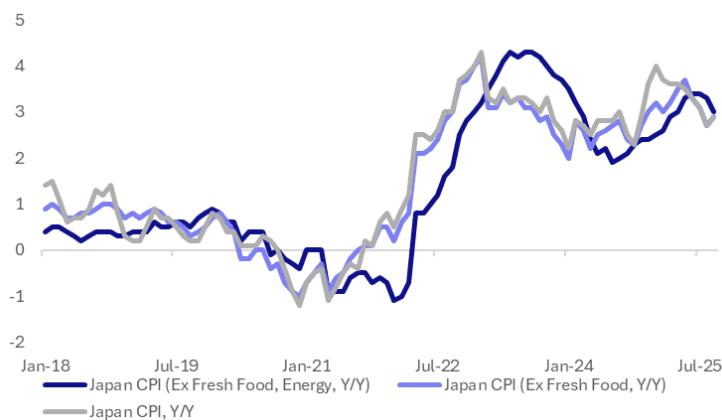
JAPAN DATA: Sep CPI Near Forecasts, Lower Services CPI To Reinforce Steady BoJ

The Sep Nationwide CPI printed close to market forecasts, while services y/y momentum moderated a touch (to 1.4% y/y, from 1.5%). It's unlikely to change near term BoJ thinking, with next week's policy outcome seen firmly on hold by the sell-side consensus and market pricing. Some BoJ board members continue to argue for a hike but this isn't the core board viewpoint at this stage.

- We were 2.9% y/y for headline and core, which was the consensus estimate. The core measure which excludes fresh food and energy printed at 3.0% (against a 3.1% forecast, with 3.3% prior for this print).
- On m/m terms we were +0.1%, same as Aug, while core m/m outcomes were around flat. Goods prices rose 0.1% m/m, while services were flat. In non-seasonally adjusted terms all headline and core measures were down in m/m terms, the ex food and energy measure off 0.3%.
- By sub-sector, inflation points were evident for fresh food, up 3.2% m/m (after the Aug 3.3% rise), while clothing, footwear surged 2.9% m/m. Negatives were evident though for utilities (-1.3% m/m), entertainment (-2.1% m/m, after a 1.8% gain in Aug), household goods (-0.7% m/m) and transport (-0.2% m/m).
- In y/y terms, only food (+6.7% y/y), transport (+3.0% y/y) and clothing (+2.5% y/y) are above the 2% y/y rate.

- Services prices, which BOJ officials are monitoring closely to assess the strength of the virtuous cycle between wages and prices, rose 1.4% y/y in September after a 1.5% increase in August, per the Tokyo MNI policy team. This reinforces the BoJ's wait and see approach.

Fig 1: Japan CPI - Y/Y, Converging Trends Close to 3%



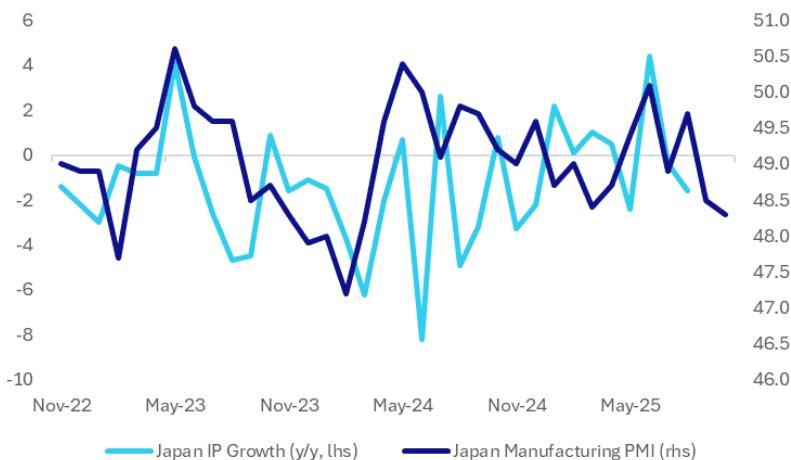
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Weaker PMI Points To Downside IP Growth Risks

Earlier the Oct preliminary S&P PMIs printed for Japan. They were all softer than the Sep outcomes. Manufacturing eased further into contraction territory at 48.3 (prior 48.5). The chart below plots this index against Japan IP growth. IP has already softened (the last print is for Aug) but the Oct PMI is suggesting further downside risks. This will remain a watch point for the authorities as they look to gauge economic momentum into year end (with tariff/external demand fallout in focus). The recent export data showed a Sep rise in y/y terms. In terms of the detail of the manufacturing PMI, output rose to 48.1 from 47.4 prior, but new orders were down on the Sep read.

- Other PMI prints saw services ease back to 52.4, from 53.3, while the composite fell back to 50.9 from 51.3.

Fig 1: Japan Manufacturing PMI & IP Growth



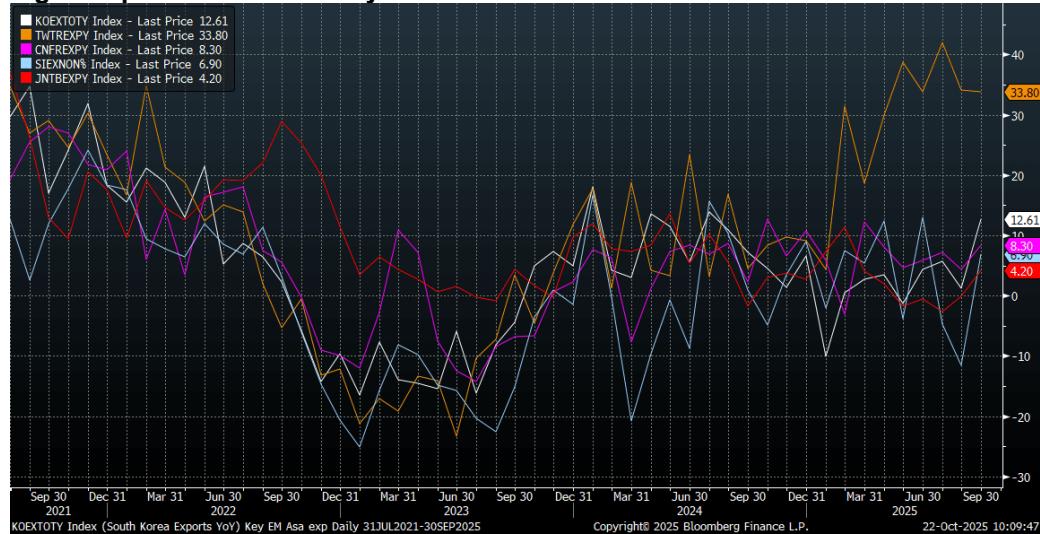
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Exports Up, Aided By Tech Shipments, Unlikely To Shift BoJ Outlook

Japan headline exports were close to market forecasts, rising 4.2%y/y (+4.4% was forecast and -0.1% was the Aug outcome). Imports were stronger than expected, +3.3%y/y (+0.6% was forecast and -5.2% was prior), which left the trade deficit positions weaker than the consensus estimates. For export growth it was the first y/y rise since April of this year, which will be welcomed by the authorities. The BoJ is watching fallout from higher US tariff levels (albeit that were lowered in Sep) on export growth. Today's outcome is unlikely to shift near term thinking around rate hike timing.

- The chart below plots export growth for key externally focused Asian economies (Japan is the red line on the chart). Japan's rebound in Sep brings is consistent with the trends for most other parts of the region, although Taiwan, the orange line, remains the standout.
- Tech/semiconductor exports were a source of strength, up 12.6%. Car exports fell 0.6%, with exports to the US fell by 13.3% (car exports to the US were off 24.2%y/y, after a 28.4% decline in Aug). Exports to China and the EU were both above 5%y/y, with tech related demand in Asia prominent.
- The trade deficit position persisted, but were around recent levels.

Fig 1: Export Growth For Key Asian Economies



Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Local Investors Sell Offshore Bonds, Japan Equities Remain In Demand

Japan weekly outbound and inbound investment flows were lower in aggregate compared to recent weeks. Local investors sold both offshore bonds and stocks. This has been a theme evident since late Sep and for much of Oct. In the last 4 weeks, cumulative net selling of offshore bonds has been over ¥1.1trln, although noted this doesn't offset the buying seen from late Aug and in the early part of Sep (close to ¥4trln). Global bond returns remain elevated, supported by the break lower in US Tsy yields. On the equity side, cumulative net selling is evident by local investors but the sums are not large.

- In terms of inflows into Japan assets, offshore investors maintained a firm bias for local stocks, bringing net inflows in the past 3 weeks to over ¥5.1trln. Japan equities have surged in Oct trade to date, with dips well supported. Optimism is elevated around the tech/AI space, while new PM Takaichi also has a pro-growth agenda and is therefore seen supportive of local stocks.
- On the bond side, offshore investor flows were close to flat.

Table 1: Japan Weekly Offshore Investment Flows

Billion Yen	Week ending Oct 17	Prior Week
Foreign Buying Japan Stocks	752.6	1886.6
Foreign Buying Japan Bonds	-0.7	201.2
Japan Buying Foreign Bonds	-669.7	601.3
Japan Buying Foreign Stocks	-288.1	59.2

Source: Bloomberg Finance L.P./MNI

AUSTRALIA

AUSTRALIA: Improved Q3 Job Ads May Signal Better Q4 Labour Market

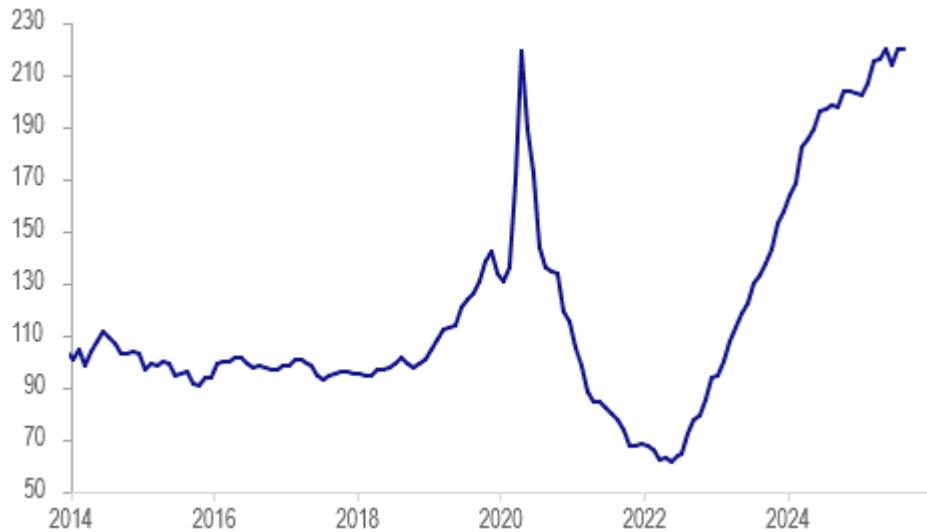
SEEK data show that labour demand improved over Q3 while supply remains positive it slowed. With Q3 employment rising only 0.2% q/q down from Q2's 0.6%, SEEK job ads may be signalling some possible improvement over Q4. A stabilisation of the labour market would be helpful for monetary policy decision makers if inflation prints to the upside.

Australia SEEK job ads %



Source: MNI - Market News/SEEK

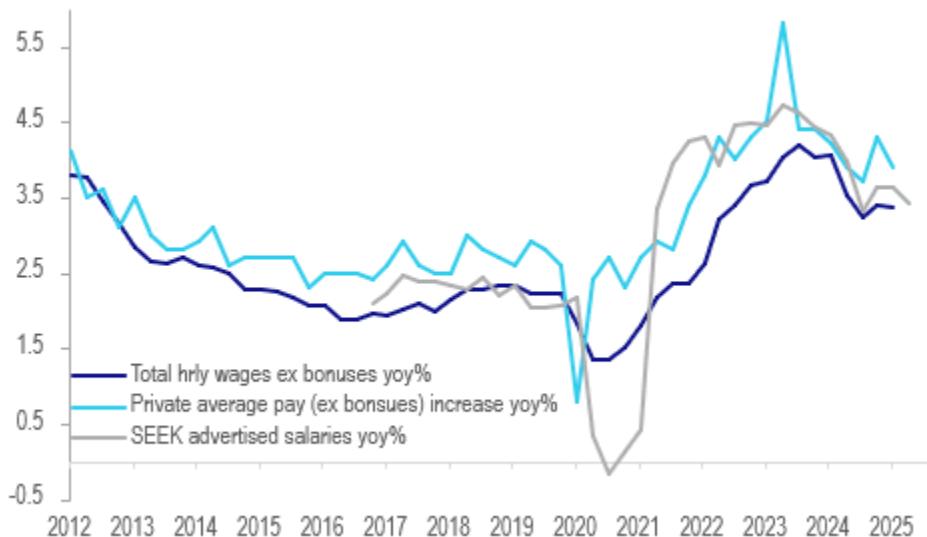
- September SEEK new job ads rose 1.1% m/m, the third straight monthly increase. Ads increased 1.7% q/q in Q3 a clear pick up after Q2's 0.6% q/q contraction. They are still down 2.4% y/y in September but that follows -12.6% y/y in March and is the best result in almost three years.
- Applicants per job were little changed in August rising 0.1% m/m and 10.9% y/y following July's 2.8% m/m & 11.7% y/y. It seems that growth in labour supply slowed in Q3 after rising 4% q/q in Q2. In Q3, the labour force grew 1.8% y/y while employment was up 1.5% y/y.
- SEEK noted that a number of large industries had increased job ads including trades & services, manufacturing and transport & logistics. Professional and financial services continue to decline.

Australia SEEK applicants per job 2013=100

Source: MNI - Market News/SEEK

AUSTRALIA: SEEK Advertised Salaries Signal Slight Q3 Wage Slowdown

September SEEK advertised salaries rose 0.3% m/m to be up 3.5% y/y showing steady growth since around mid-year. They increased 0.8% q/q in Q3 to be up 3.4% y/y a slowing from Q2's 0.9% q/q & 3.6% y/y despite the 3.5% minimum wage increase from July 1. Q3 WPI is released on 19 November and the RBA forecast 3.3% y/y for Q4 in August. The SEEK data suggest that Q3 wage inflation may have slowed slightly, which would be in line with the RBA projections and job growth not keeping up with the rise in the labour force. A positive for the consumption outlook though is that the rise in wages offered continues to exceed inflation.

Australia wage growth ex bonuses y/y%

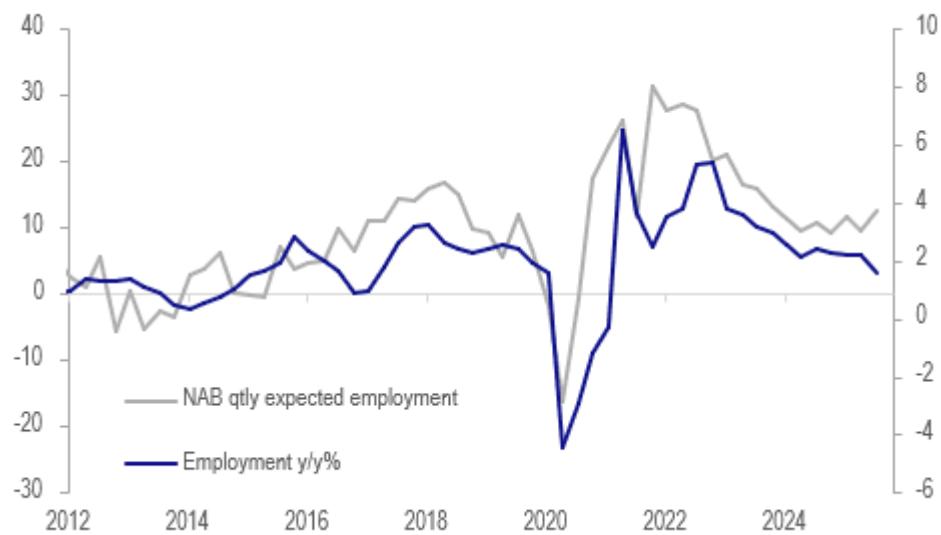
Source: MNI - Market News/SEEK/ABS

AUSTRALIA DATA: Quarterly NAB Survey Positive On Economic & Jobs Outlook

The Q3 NAB quarterly survey showed that the recovery in the economy continued and the slowdown seen in the labour market may stabilise in Q4 in line with recent SEEK job ad data. NAB employees over the next 12 months

rose to its highest since Q1 2024 and labour shortages to its highest since Q4 2024, an indicator monitored by the RBA. This is consistent with a more positive view on the outlook for the economy.

Australia employment outlook



Source: MNI - Market News/LSEG

- Actual business conditions improved 5 points in Q3 to +6.1, while expected conditions rose almost 4 points to 14.6, highest since Q1 2024. In terms of the outlook, expected business confidence printed at +2.2 in Q3 up from -0.4 and the highest in 3 years.
- Suitable labour being a constraint rose to 30.0 from 27.3, expected employment was up 3 points to 12.5 (highest since Q4 2023) and change in employees over next year +2 points to 18.6. At the same time, expected labour costs moderated to 0.6% from Q2's 1.3%, slightly below the series average.
- Other inflation indicators were back in line with Q1 after rising in Q2 with costs 0.5% and final product prices 0.4%.
- Q3 forward orders were 4 points stronger at 11.8, highest since Q3 2022. However, the export outlook weakened a further 2 points to 2.8, the lowest in a year and likely pressured by fears of weaker demand given increased US protectionism.

Australia growth outlook



Source: MNI - Market News/LSEG

AUSTRALIA: NZ CPI Data Suggests Stable Q3 Australian Core

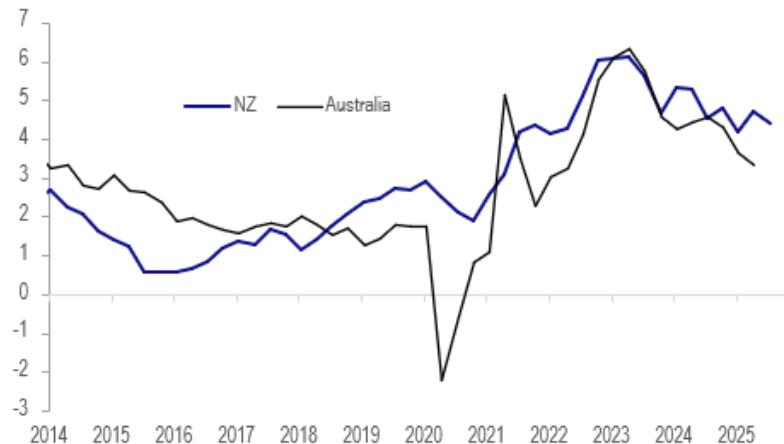
Q3 NZ CPI was released this week and given high correlations it has some information for Australia's CPI out on 29 October. The RBNZ's sector factor model measure of core was stable at 2.7% y/y in Q3 signalling that Australia's may also remain around Q2's 2.7%, which is consistent with monthly data. NZ's domestic-related non-tradeables and services annual inflation moderated while goods and tradeables were higher.

Australia vs NZ underlying CPI y/y%

Source: MNI - Market News/LSEG/RBNZ

- NZ services inflation moderated to 4.4% y/y in Q3 from 4.7% while it picked up to 1.2% q/q from 1.1%. There is around an 85% correlation with Australia's headline annual services inflation and 50% with the quarterly rate. Even if there is an increase in Australia's quarterly rate in Q3 from Q2's 0.7%, the 3.3% annual rate should moderate given it rose 1.1% q/q in Q3 2024.
- NZ's services inflation has been running well ahead of Australia's and has seen little disinflation since the start of 2024, which may be a warning.
- It is worth noting though that the RBA focuses on market services (ex volatile items) which rose 0.6% q/q & 2.9% y/y in Q2. Governor Bullock has stated that the RBA was concerned about some of the components and sticky services prices overseas.
- NZ non-tradeables moderated 0.2pp to 3.5% y/y in Q3 and Australia's could also ease given the correlation is over 90%. The two have been trending lower for around 2 years.
- NZ goods and tradeables inflation picked up in Q3, which given the global nature of many and high correlations Australia could see this too.
- Australia's headline CPI continues to be impacted by temporary government electricity rebates and so it is currently not helpful to look at the relationship with NZ.

Australia vs NZ services CPI y/y%



Source: MNI - Market News/LSEG

AUSTRALIA: Bloomberg Consensus Expects Q4 24bp Cut & 3.1% Trough

Bloomberg released its October survey of economists and while there was no change in the median cash rate forecast for Q4 2025, forecasts are split between 3.1% and 3.35% for where it will settle and there are even some who believe that the RBA is already done. Q3 CPI on 29 October will be a key input into the 4 November RBA decision.

- Consensus has a 25bp rate cut to 3.35% in Q4, likely in November to coincide with the update staff forecasts, with it staying there in Q1 2026, an upward revision from the September survey's 3.1%. 25bp of easing to 3.1% is now forecast for Q2.
- The rate outlook is far from unanimous with Westpac forecasting 25bp rate cuts in November, February and Q2 2026, while JP Morgan believes rates will stay where they are now at 3.6%.
- 2025 CPI projections have been revised up 0.1pp to 2.6%, likely reflecting higher monthly prints in Q3. 2026 remains at 2.7%, above the mid-point of the band.
- Q3 GDP is forecast to rise 0.5% q/q on 3 December after Q2's 0.6%. Q4 is expected to be 0.6%.

RBA rate expectations bp

Rate expectations bp			
	2026 cuts	Next cut	Notes
ANZ	25	Feb '26	
Bank of America	0	Nov '25	
CBA	25	Feb '26	
Deutsche Bank	50		
Goldman Sachs	25	Nov '25	Expects one more 25bp in Q1 2026
HSBC	25	Nov '25	Final cut in Q1 2026
ING	25	Nov '25	Final cut in Q1 2026
JP Morgan	0		Rates stay at 3.6%
Macquarie	25	Feb '26	Final cut in Q1 2026
Morgan Stanley	25	Nov '25	Final cut in Q1 2026
NAB	25	Q2 '26	
Standard Chartered	0	Nov '25	
TD	50	Q2 '26	
UBS	0	Nov '25	
Westpac	50	Nov '25	Expects 25bp cuts in Q1 & Q2 2026

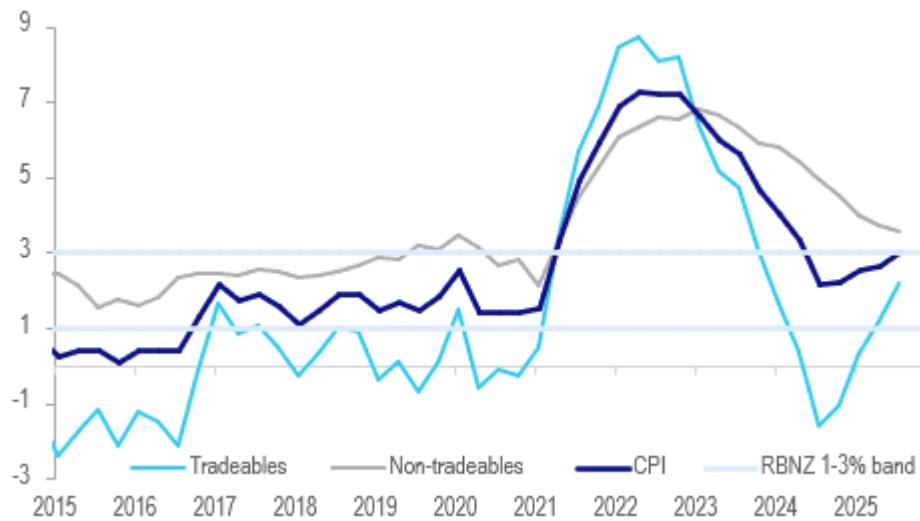
Source: MNI - Market News/Bloomberg Finance L.P.

NEW ZEALAND

NEW ZEALAND: Q3 CPI Close To Expectations, November Easing Looks Likely

Q3 CPIs are unlikely to derail any further easing at the 26 November RBNZ meeting after the 50bp this month. Headline rose 1% q/q bringing annual inflation to 3.0% y/y from 2.7%, the top of the RBNZ's target band but there had been fears that it could go above. Domestically-driven non-tradeables were slightly higher than the RBNZ expected at 1.1% q/q but the annual rate at 3.5% was in line.

NZ CPI y/y%



Source: MNI - Market News/LSEG

- Core inflation remained well within the band with CPI ex food, energy and vehicle fuel rising 0.8% q/q & 2.5% y/y down from 2.7%.
- The 1% q/q jump in inflation was the largest in two years but is expected to be temporary as it was driven by a 8.8% q/q rise in local authority rates contributing 28% of the quarterly rise, this is measured once a year in Q3, a 12.2% q/q increase in vegetable prices contributed 15% and meat 4% q/q contributed 9.4%. There were offsets from pharmaceuticals (-4.4% q/q) and snacks (-1.8% q/q).
- The important non-tradeables inflation moderated to 3.5% in Q3 from 3.7%, the lowest since Q2 2021 and in line with the RBNZ's August forecast. Electricity and council rates made the largest contributions while pharmaceuticals and real estate provided a partial offset.
- Tradeables has turned after troughing at -1.6% y/y in Q3 2024 it rose 2.2% y/y in Q3 2025 after Q2's 1.2%, as the RBNZ expected.
- Goods prices are trending higher rising 2.1% y/y in Q3 after 1.4% while services inflation remains elevated it moderated in Q3 to 4.4% y/y from 4.7% but still higher than Q1's 4.2%.

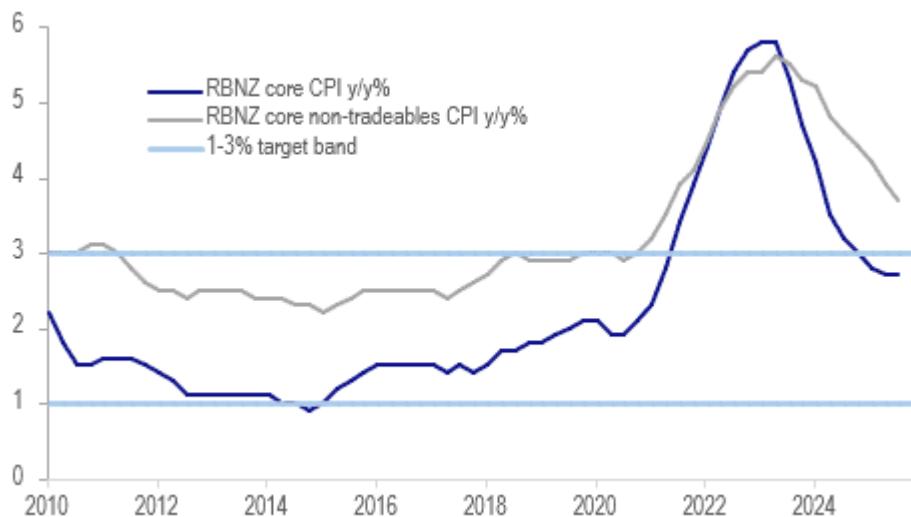
NEW ZEALAND: Measures Of Core Inflation Within RBNZ's Band

While headline CPI inflation hit the top of the RBNZ's 1-3% target band in Q3, underlying inflation remained within it but at the upper end. The RBNZ's own measure of core from its sector factor model was stable at 2.7% y/y in Q3, remaining at the lowest since Q1 2021, while Statistics NZ's CPI ex food, energy and vehicle fuel moderated 0.2pp to 2.5% y/y. While the RBNZ would like to see core inflation moderate further, it is likely to be reassured that non-tradeables moderated.

- Domestically-driven non-tradeables underlying inflation moderated 0.2pp to 3.7% y/y, the lowest since Q2 2021, whereas tradeables picked up 0.3pp to 1.0% y/y, highest since Q1 2024.
- The 10% trimmed mean rose 0.3pp to 2.6% y/y but 30% was stable at 2.1% y/y, close to the target mid-point.

- The next key inflation-related data are Q3 wages/labour market on 5 November followed by RBNZ Q4 inflation expectations on 11 November. The RBNZ wants to ensure that the recent uptick in price pressures isn't feeding through to expectations.

NZ core CPI y/y%

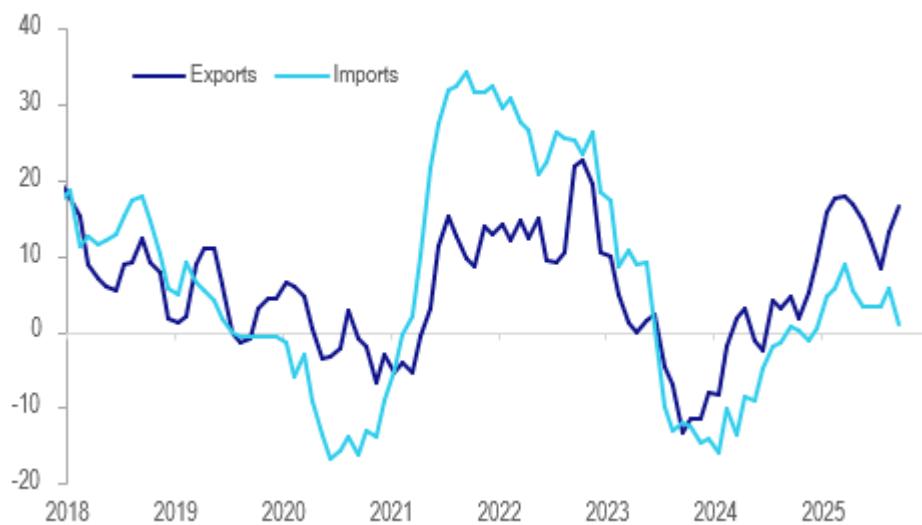


Source: MNI - Market News/RBNZ

NEW ZEALAND: Export Growth Strong, Imports Reflect Soft Domestic Growth

Export growth is a bright spot in the NZ economy which was up 19% y/y in September after 21% y/y. The strength is being driven by higher dairy prices but also an increase in milk & cheese export volumes. Import growth remains lacklustre reflecting ongoing soft domestic demand. As a result, the goods trade deficit in the year to September narrowed to \$2.25bn from \$3.06bn.

NZ goods exports vs imports y/y% 3-month moving average

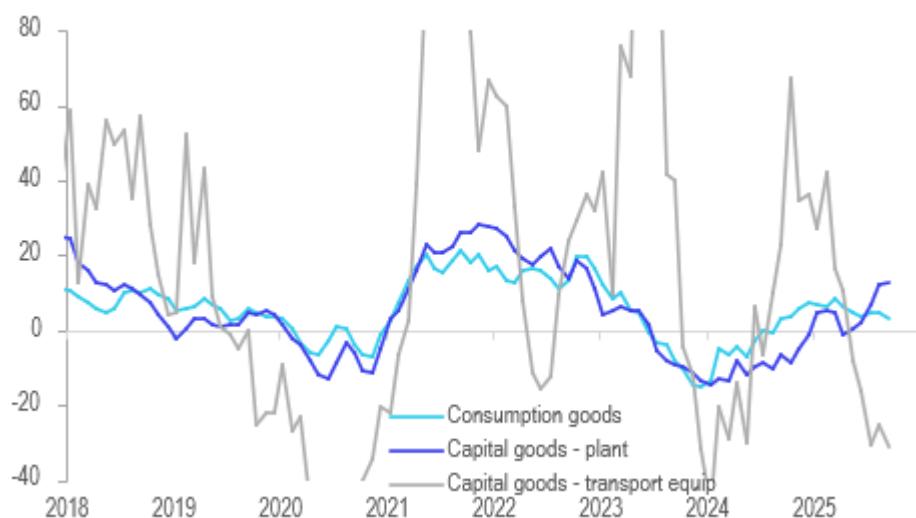


Source: MNI - Market News/LSEG

- Statistics NZ reports that Q3 goods export values rose 3.6% q/q after Q2's -3.4%, while imports fell 0.1% q/q after -0.6%, signalling ongoing domestic weakness in the quarter. Another rate cut is likely in November.

- The monthly merchandise trade deficit is trending higher again after posting surpluses over February to June. September's deficit was \$1.35bn after \$1.23bn.
- Imports rose 1.6% y/y up from -1.0% y/y in August. The weakness has been driven by transport equipment which sank -46.1% y/y. Non-transport capital goods imports are strengthening rising 14.9% y/y in September. Consumer goods imports are recovering rising 7.4% y/y but the 3-month average growth rate is still only 3.3% y/y.
- Merchandise exports to NZ's major destinations are growing strongly with shipments to China up 24.2% y/y driven by dairy and cereal products. They rose 10% y/y to the US due to fats/oils, pharmaceuticals and fruit. Exports to Australia are very strong up 27.7% y/y and are recovering to Japan rising 11.0% y/y 3-month average.

NZ merchandise imports y/y 3-month moving average

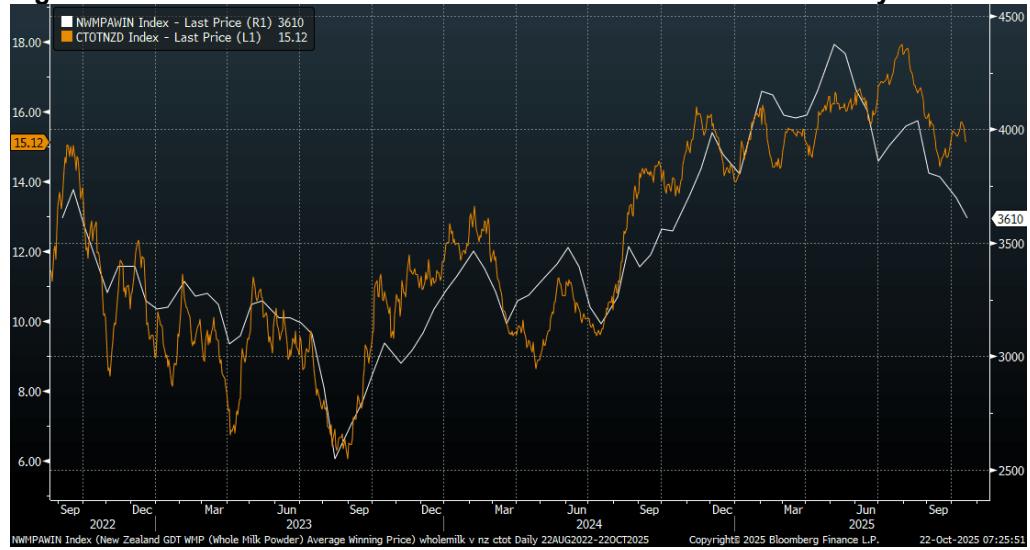


Source: MNI - Market News/LSEG

NEW ZEALAND: Whole Milk Auction Price Downtrend Continues, ToT Downside Risks

The recent downtrend in whole milk powder prices continued at overnight auction result (which is held twice per month). We fell from \$3696 to \$3610, a drop of around 2.3%. We are now 17.5% off earlier 2025 highs for this price. The chart below overlays this whole milk powder price versus the Citi terms of trade proxy for NZ. All else equal, the weakness in whole milk prices is suggesting some downside to the terms of trade outlook. This in turn would be less supportive for NZD/USD. The Citi measure is still elevated compared to recent years though.

Fig 1: New Zealand Whole Milk Prices & Citi NZ Terms Of Trade Proxy



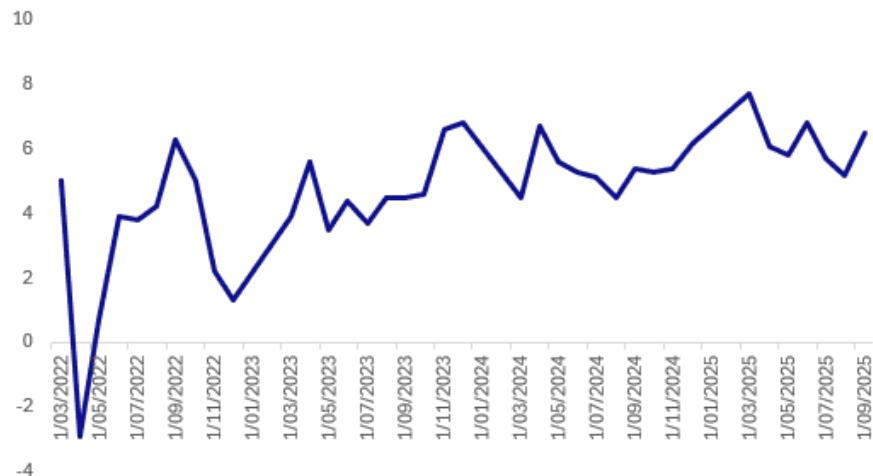
Source: Citi/Bloomberg Finance L.P./MNI

CHINA

CHINA: A Moderation Of 3Q GDP As Industrial Production Accelerates

- China's third quarter GDP rose +4.8% YoY, above estimates of +4.7%.
- Following both Q1 and Q2 GDP releases being firmer than expected, it was anticipated that third quarter would be lower.
- The seasonally adjusted QoQ result topped expectations at +1.1%, from +0.8% and Year to Date remained above 5% at 5.2%.
- The largest data surprise was Industrial Production which snapped back above its 3-year average and at 6.5%, consistent with the better than expected exports reported earlier this month.

CHINA Industrial Production YoY

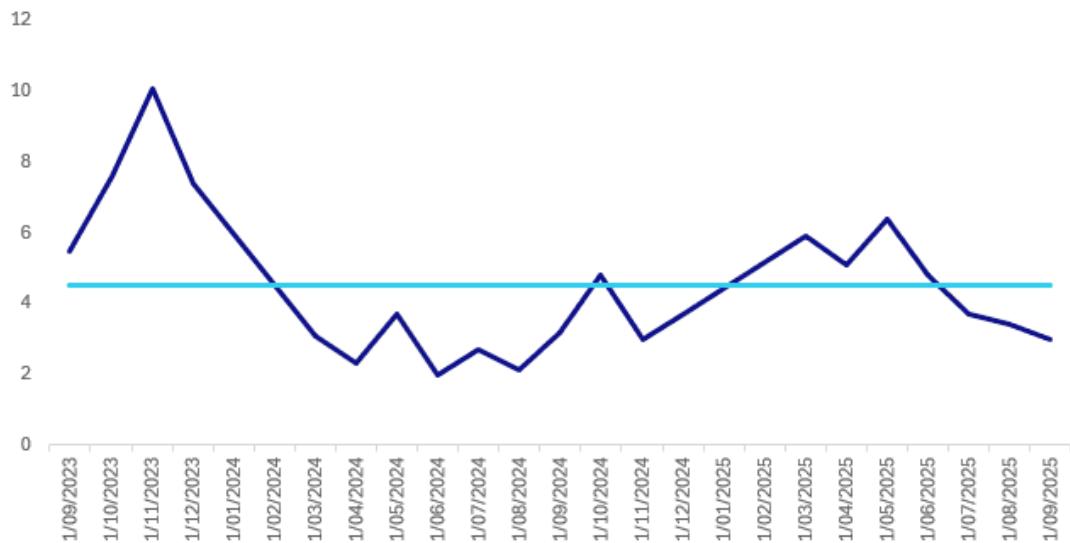


source: Bloomberg Finance LP / MNI

- Forecasts for policy changes from the 4th Plenum emphasize a focus on the consumer and as retail sales in September continued to sputter, the likelihood of this grows.

- Retail sales remain below the 3-Yr average expansion of 4.5% at 3.0% today, as domestic demand falters. This data does not capture golden week where by all accounts travel and service related expenditure was up.

China Retail Sales YoY vs 3-year Average



- Markets have reacted positively to the releases with the CSI 300 jumping after the releases. Government bond's reaction has been more reserved with the 10-Yr giving back some of last week's gains with yields higher by +1bp to 1.84%

CHINA HOUSING: Adjustment Continues As Investment And Sales Fall Further

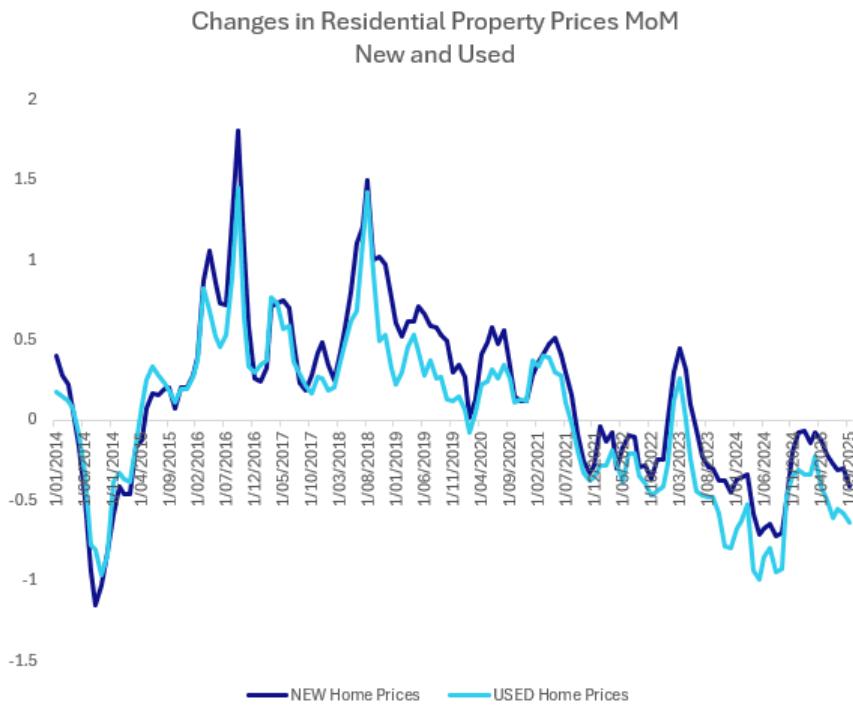
- Whilst the decline in property prices is a glaring reflection of the plight of the sector, the activity led data is more telling.
- September's Property Investment YTD release declined further to -13.9% for a sixth successive month of increasing declines.
- New home sales value declined 7.6% YoY Ytd to CNY5.53tn with a 5.6% decline in sales area whilst construction fell 18.9% YoY YTD.
- Residential property sales have been on an improving (albeit still negative) up to March, but has fallen month on month since with September's decline of -7.6% the largest decline this year.



source: Bloomberg Finance LP / MNI

CHINA: House Price Decline A Not So Gentle Reminder Ahead Of 4th Plenum

- China's New and Used Home prices declines continued in September, picking up pace from the month prior.
- New home prices declined -0.41% (from -0.30% in August) and have declined month on month since May 2023. New home prices -2.66% YoY vs -2.95% in Aug.
- September saw Shanghai and Beijing prices up +0.30% and +0.20% respectively with falls in all other reported markets.
- The cumulative month on month decline is nearing 10% since May yet with estimations of 40-50 million unsold properties, there could be more declines to follow.
- Used home prices fell -0.64% (from -0.58% in August). The last monthly increase in Used Home prices was April 2023 with the cumulative monthly decline now over 16%. Used home prices -5.24% YoY vs -5.51% in Aug.



US-CHINA: Soybeans, Rare Earths Key Focus Points For US-China Talks

Headlines from US President Trump, speaking to reporters on Air Force One, crossed a short while ago. On US-China trade, Trump stated that he believes China will make a deal on Soybean purchases and that he would like to see purchases, at least, return to levels that they were at prior. Trump also stated he does not China to play rare earth games with the US (these headlines came via Rtrs).

- This is likely to set the tone for US-China talks this week, with US Treasury Secretary Scott Bessent and China Vice Premier He Lifeng will meet this week (in Malaysia) ahead of the two Presidents meeting. Soy bean purchases and rare earths will be key focus points from the US side.
- Trump added in remarks this morning, that tariff rates on China can be lowered but China has to do things for the US as well.
- This comes after Trump's Friday remarks, which helped broader risk appetite stabilize, that a 100% tariff rate on China (on top of existing tariff rates) was not sustainable.
- Other remarks by Trump stated that India would continue to pay high tariff rates if it did not restrict oil imports from Russia.
- He added tariff rates for Colombia would be announced later on Monday (US time). This follows the escalation in tensions between the two countries, as the US attempts to curb drug inflows.

SOUTH KOREA

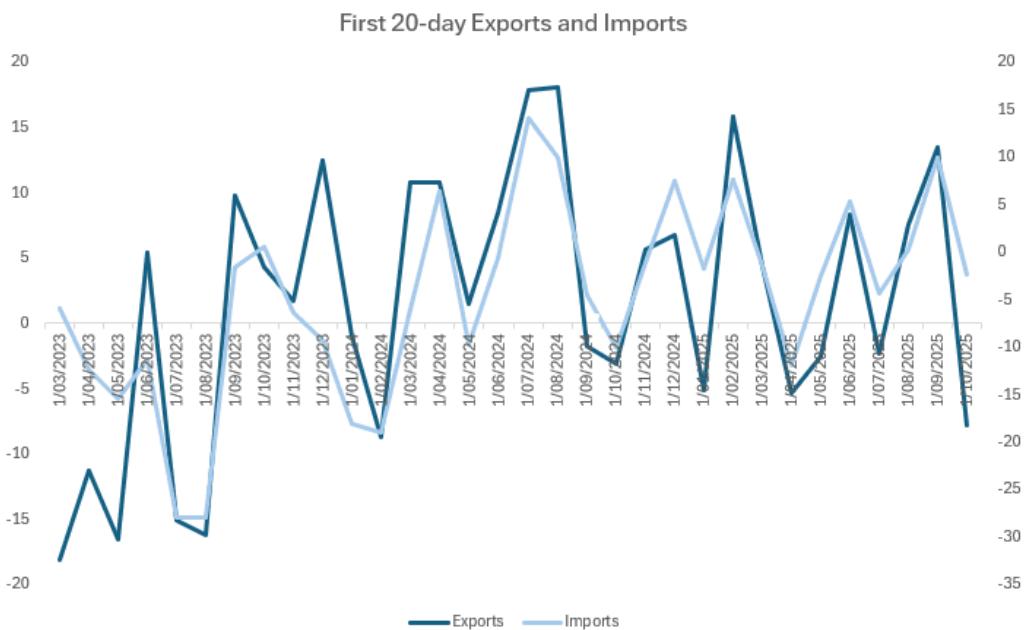
SOUTH KOREA: BOK Press Release Key Points

- The Monetary Policy Board of the Bank of Korea decided to leave the Base Rate unchanged at 2.50% today describing inflation as stable and economic growth in an upward trend thanks to improving consumption and exports (driven by semi conductor demand).
- The board felt that it is necessary to further monitor financial stability conditions, such as the effects of real estate market stabilization measures on housing markets in Seoul and its surrounding areas and on household debt, as well as exchange rate volatility given trade negotiations remaining outstanding.

- They currently suggest that the global economy is expected to slow modestly in growth and experience a divergence in inflation trajectories across countries as the impact of U.S. tariff increases starts to materialize.
- The BOK sees the growth rate as generally consistent with the August forecast of 0.9% for this year and of 1.6% for next year, noting that both upside and downside uncertainties have increased, stemming from factors such as trade negotiations between Korea and the U.S. and between the U.S. and China, developments in the semiconductor industry, and the pace of recovery in domestic demand.
- The BOK next meets November 27.

SOUTH KOREA: First 20-days Trade Data Weak, Working Day Differences Key

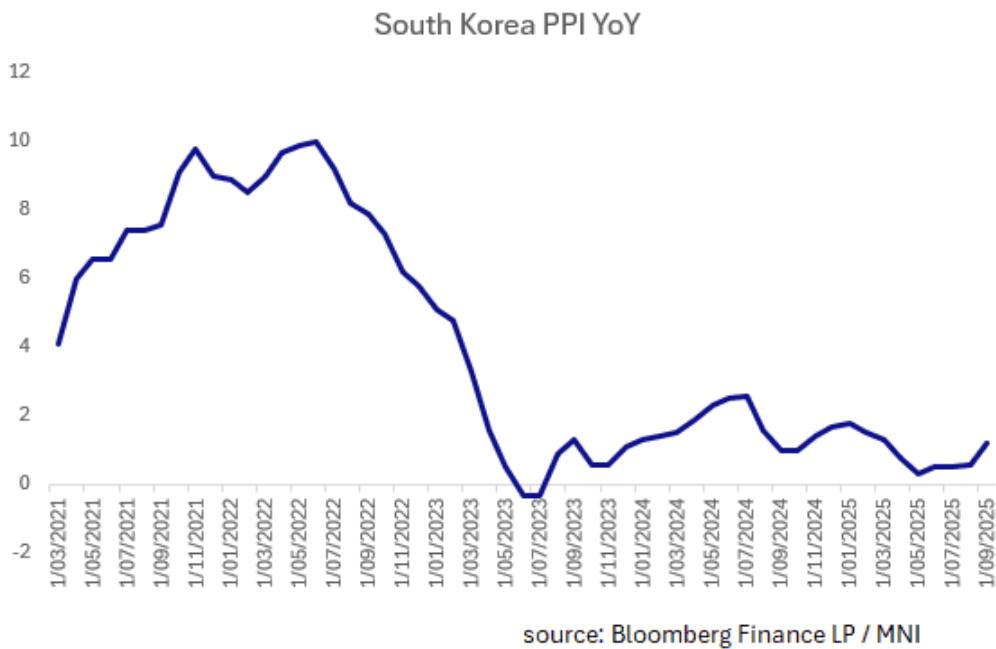
- South Korea's early export data for October 2025 indicated a significant year-on-year drop primarily due to fewer working days, with the average daily export value increasing, underpinned by semiconductors.
- Exports were down by 7.8% year-on-year to \$30.1 billion, with estimates when stripping out working days differences suggest an increase of over 8%.
- Imports declined 2.3% to \$32.9 billion resulting in \$2.8bn deficit, again mainly attributed to holidays.
- Semiconductors exports surged by 47% to \$4.5 billion and oil related shipments rose 6.2%.
- Exports to the US were down over 40%.



source: Bloomberg Finance LP / MNI

SOUTH KOREA: September PPI Rise Supportive Of BOK Hold

- Korea's September PPI jumped to its highest since March with modest gains across all sectors.
- The rise to 1.2% comes ahead of the Bank of Korea decision tomorrow, with market forecasters looking for monetary policy to remain at 2.50%.
- Markets have priced in very little at present as the government focuses closely on the strength in property prices, particularly in Seoul.
- PPI remains below the 3-Yr average of +1.9% as exporters' pricing power has been diminished not just in Korea, but elsewhere in the region.
- Korea's 2-Yr continues to trade in line with the BOK base rate with a modest 5bps premium, affirming the market view of limited policy changes into year end.



ASIA

INDONESIA: October Pause As BI Leaves Door Open To Further Easing

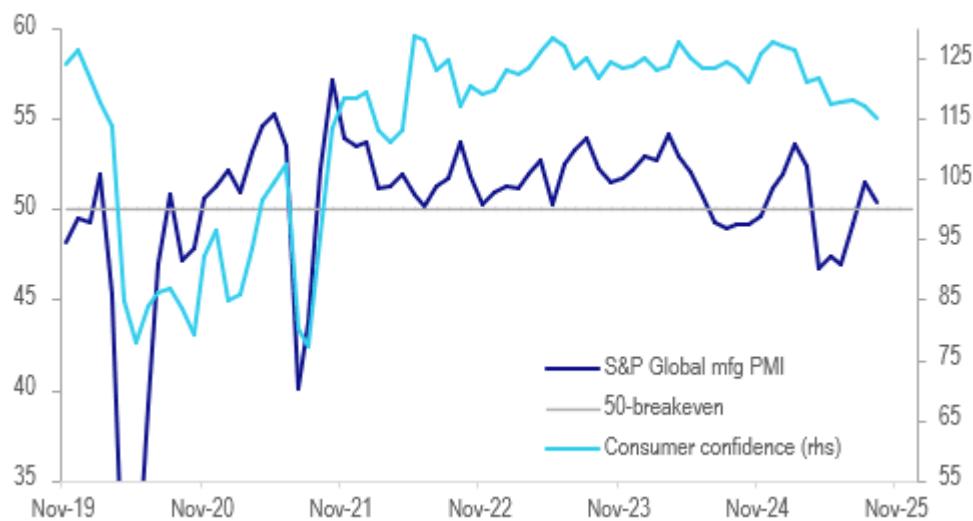
Again Bank Indonesia (BI) surprised by doing the opposite of consensus expectations. On Wednesday it held rates at 4.75% when it had been forecast to cut 25bp. This pause followed three consecutive monthly rate cuts. BI's assessment of the economy and the need to support growth was broadly unchanged from last month when it eased, so another rate cut in November or December remains likely. It maintained its willingness to support government measures to boost the economy.

- The reasons for the hold were in line with those given for September's rate cut – the decision was consistent with inflation within the target band, with FX stability and cooperation to boost growth. However, it has added the transmission mechanism to the monitoring list in the first paragraph.
- In September BI voiced its concern that lending rates were only marginally lower despite 125bp of easing in 2025 and now this month it is "monitoring the transmission effectiveness of accommodative monetary policy".
- It continues to see the global economy moderating, domestic growth as solid but below capacity, IDR stable, inflation within the corridor and BoP "sound".
- It no longer seemed concerned about the impact of softer consumer confidence on consumption even though it moderated in September to 115.0 from 117.2, the lowest since April 2022. It did state that "there remains a further opportunity to strengthen domestic demand". It noted that core inflation was being pressured by spare capacity.
- It kept its 2025 growth forecast unchanged at "above the midpoint of the 4.6-5.4% range" and that 2026 will be stronger. Q3 growth was driven by exports and government spending.

INDONESIA: Softer Activity Data Consistent With Further BI Easing

Bank Indonesia (BI) unexpectedly left rates at 4.75% at its October decision. Of the 39 analysts on Bloomberg 29 expected another cut. Despite the pause, lacklustre activity data since the 17 September decision backs another cut before year end.

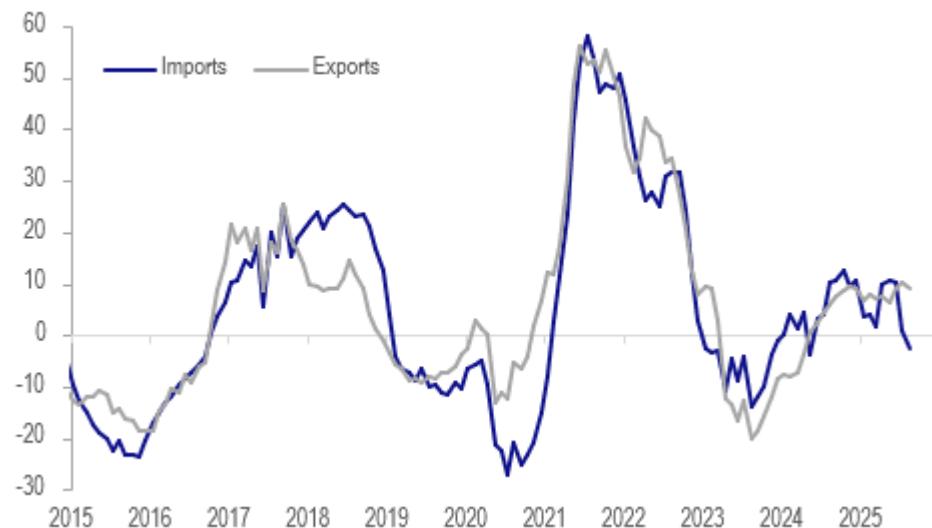
Indonesia activity outlook



Source: MNI - Market News/Bloomberg Finance L.P./LSEG

- In September BI noted that “economic growth in Indonesia must be increased in line with economic capacity” suggesting that it believes there is a negative output gap.
- It observed that Q3 consumption is “restrained” given lower sentiment driven by a weaker labour market. Q3 average consumer confidence was 1.8% below Q2 signalling that real consumption slowed in the quarter. Retail sales growth in August moderated to 3.5% y/y and auto sales continue to contract.
- Tourism has been a bright spot though with arrivals rising 12.2% y/y in August up from 10.8% y/y.
- Merchandise import growth has been weak falling 6.6% y/y in August signalling soft domestic demand growth.
- On the production side, the September S&P Global manufacturing PMI deteriorated to 50.4 from 51.5 but the Q3 average was still over 3 points above Q2 but below ASEAN’s level. The fall in production didn’t prevent an increase in hiring and confidence improved to its highest in four months.
- The PMI showed contracting overseas orders for the second month in Q3. Merchandise export growth held up in the 3-months to August though but given the frontloading of shipments to the US in the year to July, it is likely to moderate. Exports have remained strong to EM Asia but have slowed to the OECD.

Indonesia goods exports vs imports y/y% 3-mth ma

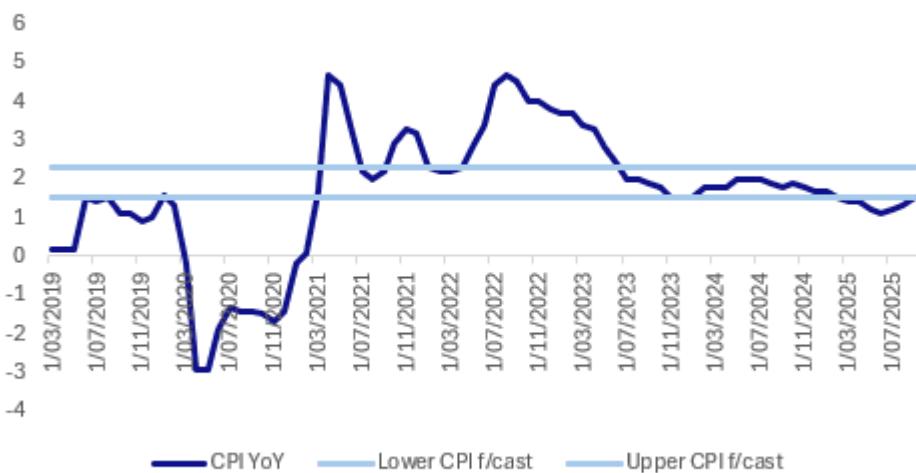


Source: MNI - Market News/LSEG

MALAYSIA: CPI Up to Target For First Time Since January

- Malaysia has seen moderating inflation for most of this year, causing the Central Bank to reduce inflation forecast ranges.
- Today's September result of +1.5% is the first time CPI YoY has printed in line with the bottom end of the new range since the beginning of the year.
- Moderating deflation is a thematic throughout the region, one that sees forecasters calling for rate cuts.
- However with last week's 3Q surprising to the upside at +5.2%, we see limited likelihood of a rate cut from the BNM this year.
- Bonds think so seemingly with the 10-Yr +5bps today at 3.51%.

CPI YoY vs BNM Forecast Range



source: Bloomberg Finance LP / MNI

ASIA EQUITY FLOWS: Offshore Investors Trim Risk In Tech Sensitive Mkts

The past week has seen generally outflow trends in terms of offshore investor flows for tech sensitive markets in South Korea and Taiwan. This comes despite positive trends in underlying onshore indices, although this is arguably more evident for the Kospi than Taiex. The Kospi remains firmly supported on dips and is tracking above 3900 in early Friday dealings. Even today though, per the NBUY function on BBG, offshore investors have sold a modest amount of South Korean stocks. The Taiex couldn't get to fresh highs above 28000 earlier this week, but is still up firmly for Oct to date.

- Trimming back risk in these markets may be in play, as broader nervousness grows around the sustainability of global tech equity gains. The SOX index is the US can't test above 7000, but dips back to 6500 are supported. The MSCI IT index is seeing a similar backdrop unfold. We also have key US-China meetings next week.
- In India, trends up until the start of the week were positive and any US-India trade deal that results in lower tariffs could see a further recovery in inflows. A watch point will be oil prices and whether this slows positive onshore equity momentum.
- In SEA, flows yesterday were mostly positive, with Malaysia ending a period of outflows (which stretched back to the start of Oct). Indonesian inflows have been stronger the past 5 trading days, consistent with the JCI testing recent highs.

Table 1: Asian Markets Net Equity Flows

	Yesterday	Past 5 Trading Days	2025 To Date
South Korea (USDmn)	-365	-670	2554
Taiwan (USDmn)	-842	-2220	5193
India (USDmn)*	87	432	-16079
Indonesia (USDmn)	65	369	-2928
Thailand (USDmn)**	125	43	-2930
Malaysia (USDmn)	23	-101	-4209
Philippines (USDmn)	0	-4	-714
Total (USDmn)	-906	-2151	-19113

* Data Up To Oct 20

** Data Up To Oct 22

Source: Bloomberg Finance L.P./MNI

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