MNI Asia Pac Weekly Macro Wrap

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

JAPAN

- The BoJ left rates on hold as expected. Once again there were two dissenters, board members Takata and Tamura voted in favour of a rate hike but this viewpoint is not shared by the majority of the board, leaving the decision to hold rates steady at a 7-2 vote. Focus remains on wage outcomes, with Governor Ueda also wanting to assess more data. FX jawboning on yen weakness continued.

AUSTRALIA

- The Q3 trimmed mean was higher than expected rising 1.0% q/q to be up 3.0% y/y up from 0.7% q/q (revised +0.1pp) & 2.7% y/y. This looks high enough to keep the RBA on hold on 4 November and possibly also in December as it waits for more data, especially as the Q3 2q/2q annualised rate printed at 3.4%.

NEW ZEALAND

- Q3 NZ filled jobs rose 0.1% q/q signalling that employment likely stabilised in the quarter after falling 0.1% q/q in Q2. Q3 labour market data print on 5 November and will be an important input into the 26 November RBNZ decision.
- The MPC discussed policy transmission at the October meeting, implying they are concerned that the pass through of rate cuts to the economy has not been as efficient as expected. RBNZ's Richardson said that global factors have increased NZ long-end yields, which have put upward pressure on domestic rates and thus financial conditions, and the RBNZ could "adapt" policy to ease them again.

CHINA

- China's September Industrial Profits at 21.6% YoY surged to their highest since November 2023. The strength of the profit results comes as declines in factory gate price pressures eases following a government campaign to rein in excess capacity. Still, Official Mfg PMIs slipped further into contraction in October, with the gap widening to non-SOE PMIs (via RatingDog services).

SOUTH KOREA

- The momentum in the economy seems to be building as the 3Q result topped estimates. Korea's 3Q advance GDP printed at +1.7% YoY, ahead of expectations of +1.2% and significantly up from 2Q's 0.6%.

ASIA

- September Thai customs export growth was significantly stronger than Bloomberg consensus expected rising 19.0% y/y after 5.8%, highest since March 2022. While imports were also higher up 17.2% y/y following 15.8%, the pickup in shipments was enough to return the merchandise trade balance to surplus.

ASIA EQUITY FLOWS

- The Indian equity inflow recovery continued, but remains patchy. Strong inflows are not evident for South Korea or Taiwan, despite firm local equities.

GLOBAL

- The Bloomberg container ship count from China to the US fell sharply over October as tensions intensified again but may now recover when it is confirmed that an additional 100% US tariff will be avoided from 1 November.

Business Address – MNI Market News, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA

JAPAN

BOJ: On Hold With A 7-2 Vote, Commentary Suggests High Bar For Dec Hike

The BoJ left rates on hold as expected. Once again there were two dissenters, board members Takata and Tamura voted in favour of a rate hike but this viewpoint is not shared by the majority of the board, leaving the decision to hold rates steady at a 7-2 vote. There had been a focus point prior to the meeting that we may see another board member join the dissenting camp, but this hasn't materialized. This coupled with little change in the forecast projections, has left BoJ hawks with little to focus on. In turn, USD/JPY has bounced (back above 153.00, but still sub bull trigger at 153.27), while JGB futures are up from earlier lows and local stocks are firmer (NKY 225 up 0.60%).

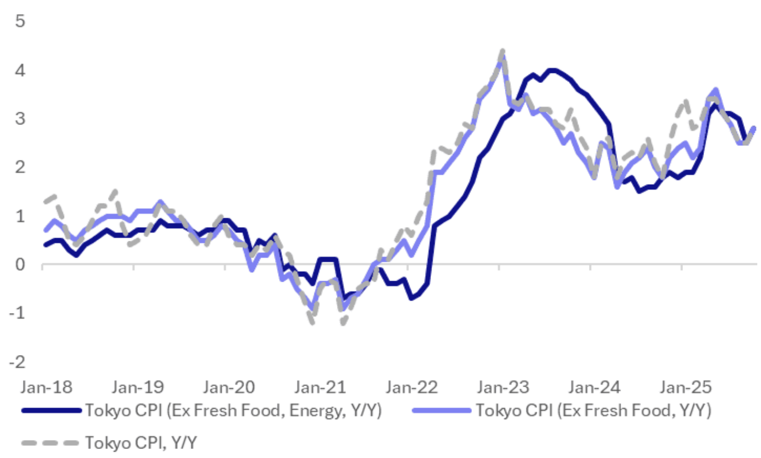
- The forecast projections only saw minor adjustments, with core, ex energy, CPI nudged up to 2.0% for the 2026 financial year, from 1.9% prior. The 2025 and 2027 projections at 2.8% and 2.0% were unchanged respectively. The core CPI projects were all steady 2.8% for 2025 financial year and 1.8% for next and 2.0% for 2027.
- On growth, the current financial year projection was nudged up to 0.7% from 0.6%, while 2026 was unchanged at 0.7% and 2027 is at 1%.
- The central bank also noted inflation is likely to decelerate sub 2% in the first half of the 2026 financial year and that underlying inflation is likely to remain sluggish. On growth it said the economic risk balance for the next financial year is on the downside. This reflects likely slower offshore growth and the impact of trade policies.
- Still, it expects the price trend to be in line with the inflation target in the 2nd half of the outlook (no change on this point) and retains its bias to raise rates if the outlook is realized.
- This backdrop suggests the bar is quite high for the core board viewpoint to shift to a hike by the Dec meeting.

JAPAN DATA: Tokyo CPI Bounces, Strong M/M Detail, Firms Inflation Outlook

Tokyo Oct CPI was stronger than forecast, all the measures at 2.8%y/y, versus 2.4%y/y forecast for headline and 2.6% for the core ex fresh food and core ex fresh food, energy measures. The trends are presented in the chart below. We remain off 2025 highs, but are elevated from an historical standpoint. This data should add incrementally to the BoJ's confidence around achieving its inflation target (in the second half of its forecast horizon to March), but it is only one data print and would likely need to see further m/m evidence before bringing forward when it expects to hits inflation target (and therefore feel confident it can raise rates again). Note that retail and selling prices rose in October amid corporate price revisions typically implemented in April and October. Hence focus will be on follow up Nov/Dec trends.

- The m/m prints were firm across the board. The headline up 0.6%, while ex fresh food was 0.6% higher, and ex fresh food, energy gained 0.75. Goods prices rose 0.9%, while services were up 0.4%, after a 0.4% fall in Sep.
- The utilities 4.8%m/m rise helped the headline rebound, ending a four month run of declines. Subsidies impacted recent trends in this space.
- Gains were solid elsewhere though, with entertainment rebounding +1.9%m/m (after falling 2.6% in Sep). Transport was up 0.9% and household goods rose 0.6%. Food was also firmer at +1.2%m/m. Only clothing was down in m/m terms.
- In y/y terms, trends were relatively steady, with food to 5.9% from 6.1%. Entertainment rose to 2.7% from 1.9% prior. Only 4 out of the 10 sub categories have y/y rates above the 2% level.

Fig 1: Japan Tokyo CPI Y/Y Rebounded In Oct



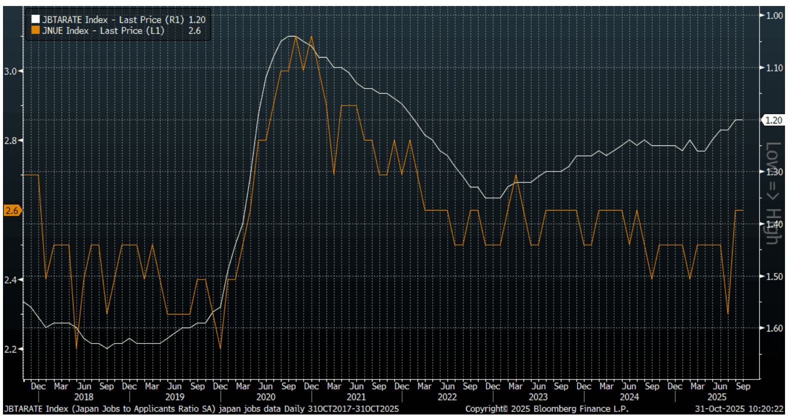
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: Jobless Rate Edges Up, Job-To-Applicant Ratio At Recent Lows

Other Japan data showed the unemployment rate edged up to 2.6% (above the 2.5% forecast and 2.5% prior outcome). The job to applicant ratio was steady at 1.20, in line with forecasts. The chart below plots this ratio, which is inverted on the chart (and the white line), against the jobless rate (the orange line). The jobless rate is back to recent highs, with the softer job to applicant still pointing to some upside risks. The new job to applicant ratio also continued to move lower to 2.14 from 2.15.

- This data will be a watch point for the authorities and the BoJ, given the wages backdrop remains a key policy focus point. BoJ Governor Ueda stated yesterday that it was still too early to judge the extent of wage hikes in fiscal 2026, though it seems that these would only be slightly higher or lower than last year's.

Fig 1: Japan Unemployment Rate & Job To Applicant Ratio (Inverted)



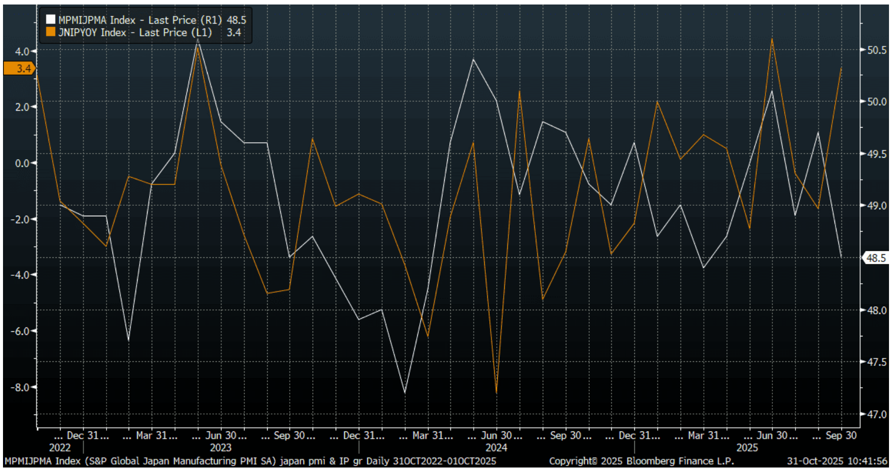
Source: Bloomberg Finance L.P./MNI

JAPAN DATA: IP Beats Forecasts But Government Cautious On Outlook

Japan Sep (preliminary) industrial production was stronger than forecast. We were up 2.2%m/m, versus a 1.5% forecast and 1.5% fall in Aug). The y/y outcome was 3.4% against a 1.8% forecast and -1.6% Aug outcome. The y/y outcome is just short of mid year highs, but the authorities are not confident this is start of a resurgent trend. A government official noted after the print, that they still can't be optimistic about the production situation and it needs close monitoring (via RTRS).

- The chart below shows IP growth Y/Y (the orange line) versus the Japan manufacturing PMI (white line), with the PMI painting a softer backdrop relative to IP.
- Our policy team noted, the Sep result was led by higher output of production machinery, though automobile production growth slowed. It adds, assuming flat output in December, industrial production would contract 0.1% q/q in Q4, marking a second consecutive quarterly decline following a 0.1% drop in Q3. This assumes METIs forecast of a 1.9%m/m Oct rise, but Nov fall of 0.9% unfolds.

Fig 1: Japan IP Y/Y & Manufacturing PMI



Source: Bloomberg Finance L.P./MNI

JPY: FinMin Delivers FX Jawboning, But Still Appears Short Of Taking Action

Headlines have crossed from the Japan FinMin, with the latest round of verbal jawboning on FX. USD/JPY is drifting a little lower in response, last in the 153.70/75 region. At this stage the level of concern around FX weakness is edging up (as spot yen continues to weaken), but we appear to remain short of rhetoric that suggests intervention risks are a lot stronger.

- Notably: "JAPAN FINMIN KATAYAMA: CLOSELY WATCHING FX MOVES WITH A HIGH SENSE OF URGENCY - [RTRS], along with
- "JAPAN FINMIN KATAYAMA: RECENTLY SEEING ONE-SIDED, RAPID MOVES, JAPAN FINMIN KATAYAMA: IMPORTANT FOR CURRENCIES TO MOVE IN STABLE MANNER REFLECTING FUNDAMENTALS" RTRS"
- These comments are still broadly in line with recent rhetoric around FX.
- There appear short of previous commentary which has suggested heightened intervention risks: Examples include, “We can’t tolerate speculative moves.”
- “We will take appropriate action if needed.” or “We won’t rule out any options/means to combat excessive movements.” (via BBG).
- Recent highs in the pair rest at 154.45, which came yesterday in the aftermath of the indifferent BoJ hold (with no fresh guidance on hike timing).

JAPAN DATA: Offshore Investors Pile Back Into Local Stocks, Multiple Supports

The main standout from Japan's offshore weekly investment flow data (for the week ending Oct 24) was the continued inflows from offshore investors into local stocks. In the last 4 weeks we have seen cumulative net inflows of nearly ¥6.5trln. This comes as onshore equities continue to rally, the NKY comfortably breaking above 50000.

Sentiment is being boosted by broader global gains, with tech/AI optimism still strong, while the new Takaichi regime is also expected to be pro-growth. Higher USD/JPY levels have also likely helped exporter names. The return of offshore inflows has more than offset the outflows we saw from late Aug to late Sep.

- Elsewhere, flow trends were negative for offshore buying of local bonds, for the second straight week. The cumulative flow backdrop for this space has been close to flat in recent months though.
- Japan investors sold offshore bonds for the second straight week. Indeed, we have seen net selling four out of the last five weeks for this segment. Still, cumulative net buying is still positive going back to late Aug/early Sep. Global bond returns have stabilized in recent weeks and dipped post Wednesday's hawkish Fed 25bps cut.

Table 1: Japan Weekly Offshore Investment Flows

Billion Yen	Week ending Oct 24	Prior Week
Foreign Buying Japan Stocks	1344.2	752.6
Foreign Buying Japan Bonds	-253.5	-25.5
Japan Buying Foreign Bonds	-351.4	-664.4
Japan Buying Foreign Stocks	-62.1	-288.1

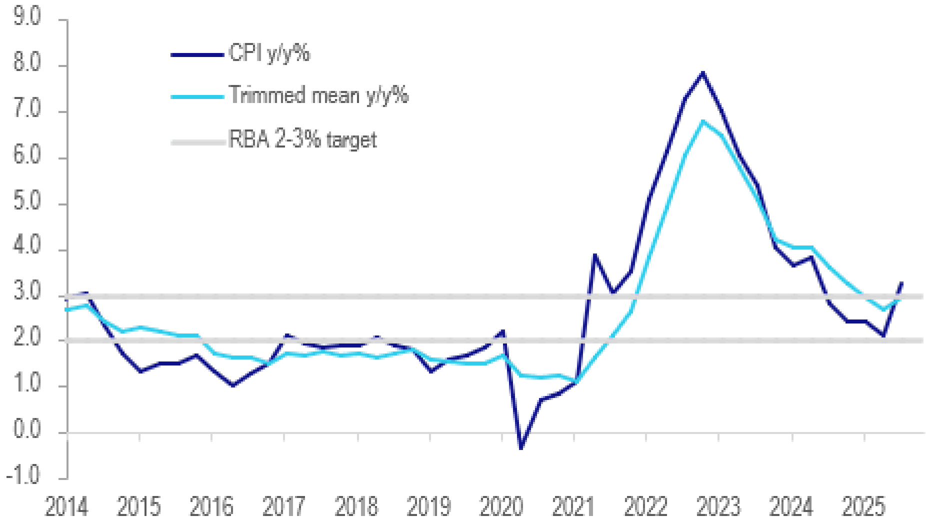
Source: Bloomberg Finance L.P./MNI

AUSTRALIA

AUSTRALIA DATA: RBA Likely To Wait After Higher Core & Sticky Services Prints

Q3 CPI printed higher than expected with the underlying trimmed mean rising 1.0% q/q to be up 3.0% y/y up from 0.7% q/q (revised +0.1pp) & 2.7% y/y. In August the RBA forecast Q4 at 2.6% and now a 0.2% q/q rise is needed to achieve that which hasn't happened since 2016 outside of Covid. Thus there is likely to be a near-term upward revision to its inflation forecasts at a minimum and given the Board's cautious stance it looks like rates will be on hold on 4 November as it waits for more data.

Australia CPI y/y%



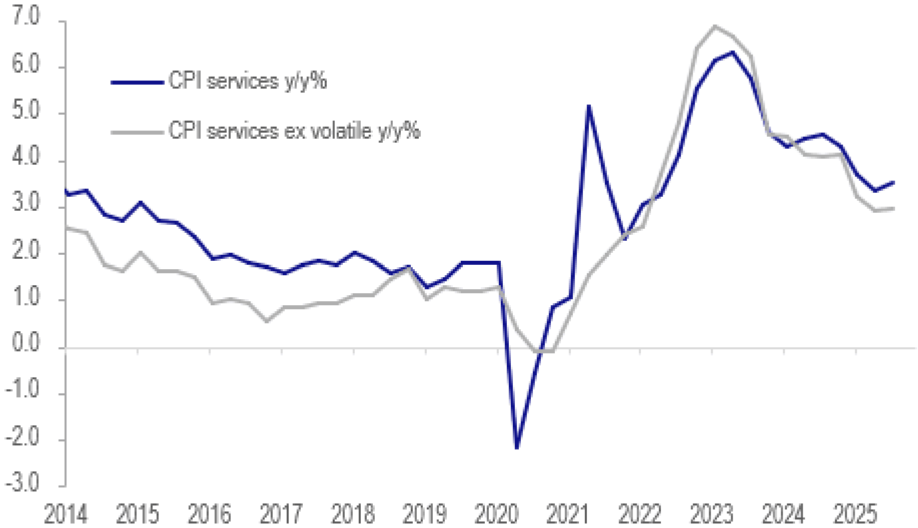
Source: MNI - Market News/LSEG

- The RBA also looks at the 2q/2q annualised rate, which printed at 3.4% in Q3, above the top of the 2-3% band and up from Q2's 2.8%. At 3.0%, trimmed mean rose for the first time since Q4 2022. The quarterly rate was the highest since Q1 2024, when policy was being tightened.
- Governor Bullock sounded worried about services inflation in September given trends in the July/August data and stickiness overseas. Australia's headline services rose 1.3% q/q and 3.5% y/y up from Q2's 3.3% due to rents and medical services. Market services also increased 1.3% q/q, in line with Q3 2023 & 2024,

leaving the annual rate at 2.9% - both quarterly & annual rates tentatively suggest stickiness in Australia too.

- Headline continues to be impacted by government electricity rebates and jumped 1.3% q/q & 3.2% y/y in Q3 up from Q2's 0.7% & 2.1%. The ABS noted that electricity prices rose 9% q/q. Other contributors to the quarterly CPI rise were housing (+2.5%), recreation (+1.9%) and transport (+1.2%).
- There are a lot of key data before the December meeting which the RBA may want to wait for, including October jobs on 13 November, Q3 wages 19 November, October CPI 26 November (first full sample monthly CPI) and Q3 GDP 3 December.

Australia services CPI y/y%



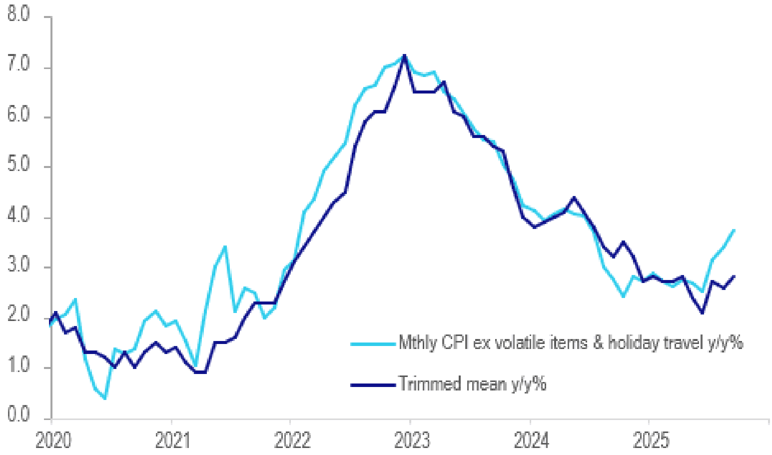
Source: MNI - Market News/LSEG

AUSTRALIA DATA: Underlying Inflation Ends Q3 On Strong Note

September headline monthly CPI rose to 3.5% y/y from August's 3.0% rising 0.3% m/m seasonally adjusted, while the trimmed mean picked up 0.2pp to 2.8% y/y. This is the last release of the monthly CPI in its current form and the October data due 26 November will be the new complete series with the headline becoming the "primary measure". It will take longer for monthly trimmed mean to replace quarterly as it is seasonally adjusted and needs time for seasonal factors to emerge.

- The seasonally adjusted CPI ex volatile items & holiday travel rose 0.4% m/m bringing the annual rate to 3.7% y/y after August's 3.3%, the highest since June 2024, which is likely also to be concerning for the RBA. 3-month momentum has been trending higher over 2025.
- Services rose to 3.4% y/y in September from 3.3%, in line with the recent sideways trend. Both it and the trimmed mean are off their June low signalling an end to disinflation and some stickiness.
- Housing was a major contributor to annual headline inflation given the increase in electricity due to the expiry and timing of government electricity rebates. The other sectors were food and alcohol & tobacco.

Australia underlying CPIs y/y%



Source: MNI - Market News/ABS

RBA: "Material" CPI Miss & Consumer Recovery Drive Westpac To Exclude 2025 Cuts

The AUD OIS market has almost no chance of a cut priced in for the 4 November RBA decision with only around 25% of 25bp for the 9 December decision following the broadly higher-than-expected Q3 CPI data. The October Bloomberg survey showed that economists were not unanimous as to when they expected the next cut. Of the big four local banks, only Westpac forecasted a November easing but that has now changed.

- Given that inflation is higher than the RBA expected and the "emerging consumer recovery", Westpac now expects rates to be unchanged over the rest of 2025. It is re-evaluating the 2026 outlook but sees the February meeting also in doubt given how much higher inflation is.
- It points out though that the labour market may surprise to the downside next year. The Q3 unemployment rate was higher than the RBA expected and employment growth slower.
- Westpac consumption data are suggesting "solid gains in Q3 and into Q4" and so it now expects the RBA to revise up its consumption profile.
- In August the RBA forecast Q4 trimmed mean inflation at 2.6% and now a 0.2% q/q rise is needed to achieve that which hasn't happened since 2016 outside of Covid. Thus there is likely to be a near-term upward revision to its inflation forecasts at a minimum. However, it uses market rates in its model and they are higher which may allow inflation further out to return to the 2.5% band mid-point.
- RBA Governor Bullock said this week the Board remains cautious and more information is needed on inflation and the labour market given the volatility of the monthly numbers. She also described a 0.9% q/q Q3 CPI rise as a "material miss".

NEW ZEALAND

RBNZ: RBNZ Prepared To "Adapt" Policy To Ease Financial Conditions

RBNZ Director of Financial Markets Richardson spoke on the transmission of the 300bp of easing since August 2024. The MPC discussed this at the October meeting, implying they are concerned that the pass through of rate cuts to the economy has not been as efficient as expected. Richardson said today that global factors have increased NZ long-end yields, which have put upward pressure on domestic rates and thus financial conditions, the RBNZ could "adapt" policy to ease them again in order to achieve its 2%-mid-point inflation target.

- Richardson implied that the RBNZ is focussed on overall financial conditions and will act if their tightening weighs on the domestic economy, suggesting that if needed it could intervene to flatten NZ's yield curve. The bank is willing to use other tools apart from rates, given its use of LTV caps.
- Richardson noted that households have chosen short-term/variable mortgages but MPC member Silk noted in August that they are switching to more long-term loans at much lower rates. However, with the 10-2year spread widening since 2023, the full effect of RBNZ easing may not be fully passed on.

- The NZ 2/10s government bond yield curve longer trend chart is plotted below. We were last +146bps, just off cycle highs. In recent years we haven't been able to sustain +150bps levels for long.
- In its October statement, the RBNZ observed that while wholesale rates were lower than in August, it was “particularly at shorter terms”.
- Higher term premium in the US related to increased policy uncertainty and ongoing rising government debt levels has driven the NZ 10yr yield higher too.
- See Richardson’s speech here.

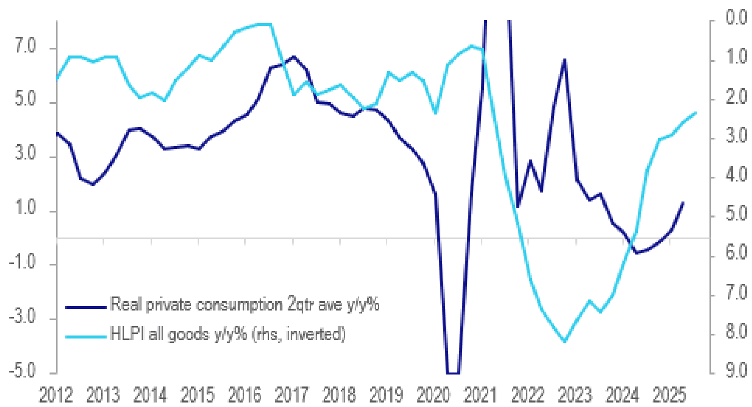
Fig 1: NZ 2/10s Curve

Source: Bloomberg Finance L.P./MNI

NEW ZEALAND: Moderating Living Costs Suggest Ongoing Consumption Recovery

NZ’S household living-costs price index (HLPI) for Q3 rose 2.4% y/y, below the CPI at 3.0%, down from 2.6% in Q2 and 3.8% in Q3 2024. It tends to lead real private consumption growth by two to six quarters, as lower living cost inflation boosts real incomes and thus purchasing power. The recent trend signals that the tentative recovery in spending growth should continue after Q2’s 1.5% y/y rate.

NZ household cost of living vs consumption %

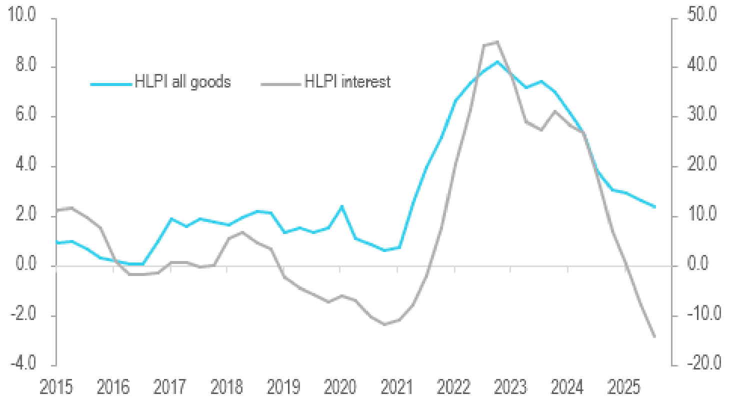


Source: MNI - Market News/LSEG/Statistics NZ

- The RBNZ’s 250bp of easing to end-September has made a major contribution to moderating living costs with the interest HLPI -14.3% y/y in Q3 after -7.7% y/y. It peaked at +44.9% y/y in Q4 2022.
- Interest payments on all types of loans are likely to continue to aid households as the OCR was cut 50bp in October and another 25bp is expected on 26 November as well as the continued rolling over of mortgages onto lower rates.
- Rental cost inflation also moderated in Q3 to 2.6% y/y from 3.4%.

- Electricity costs and council rates remain a burden for households rising 11.3% y/y and 8.8% y/y in Q3 respectively.
- HLPI inflation ran above the CPI for around three years before falling below it in Q2 2025.

NZ HLPI y/y%



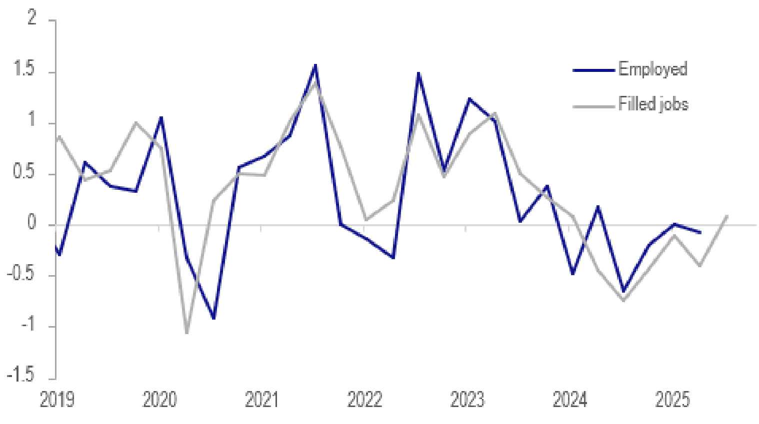
Source: MNI - Market News/Statistics NZ

NEW ZEALAND: Filled Jobs Signal Q3 Labour Market Stabilisation

Q3 NZ filled jobs rose 0.1% q/q signalling that employment likely stabilised in the quarter after falling 0.1% q/q in Q2. Q3 labour market data print on 5 November and will be an important input into the 26 November RBNZ decision. September jobs rose 0.3% m/m to be down 0.4% y/y up from August's +0.1% m/m & -0.9% y/y. Vacancies are also consistent with the start of a labour market recovery as SEEK job ads rose each month in Q3 to be up 4.3% q/q.

- Q3's rise in filled jobs was the first since Q1 2024 and the labour market was slowing at that time.

NZ employment q/q%



Source: MNI - Market News/LSEG/Statistics NZ

- The largest monthly rise in filled jobs in almost two years was driven by the services sector. Services rose 0.4% m/m, goods-producers +0.1% m/m but primary industries fell 0.5% m/m.
- Compared to a year ago education and healthcare outperformed with jobs up 2.0% y/y and 1.8% y/y respectively. The market economy's demand for labour is weak with construction down 4.5% y/y, professional & technical services -2.6% and manufacturing -1.7% but lower rates may help this turn around in coming quarters.
- Youth employment remains a problem with filled jobs for 15-19 years down 6.6% y/y, but there has been an increase in those in education since the labour market weakened. 20-24 years is 2.6% y/y lower and 25-29 -2.9% y/y.

NEW ZEALAND: Recovery Continues But Soft & Uneven, Further Easing Likely

ANZ business confidence rose to its highest since February at 58.1 in October. The RBNZ cut rates 50bp to 2.5% on 8 October with more signalled, but ANZ doesn’t believe it boosted sentiment. However, interest-sensitive sectors are outperforming. The activity outlook was more subdued but still rose 1.2 points to 44.6. Inflation expectations ticked higher but pricing intentions were lower. The RBNZ is likely to cut rates again on 26 November and the ANZ survey confirmed that while the recovery continued it remains soft and uneven.

NZ ANZ business survey

Source: MNI - Market News/LSEG

- Inflation expectations printed at 2.75% after 2.7% but pricing intentions fell 2 points to 43.9, around the Q3 average. Costs remain elevated at 75.8 and 3-mth ahead expectations stable at 2.4%. Wage expectations a year ahead rose to 2.6% from 2.4%.
- While activity compared to a year ago, a good GDP indicator, was steady at 4.6, retail rose sharply reflecting RBNZ easing feeding through to lower household interest payments.
- In terms of the labour market, employment compared to a year ago improved slightly to -10 from -10.9 but services shifted positive to +1 and its employment intentions were robust at +18. Overall intentions eased 1.4 points to 15.0. Filled jobs suggest that the labour market stabilised in Q3. The official data are out 5 November.
- There was a 4 point pickup in investment intentions to +21.6 driven by the services sector (+28), while construction continues to underperform (+4). Construction sentiment though is picking up with residential up 15 points to 36.6 and commercial +1.5 to 33.3.
- Export intentions continue to trend higher after the May low with agriculture positive.

NZ ANZ business price/cost components

Source: MNI - Market News/LSEG

CHINA

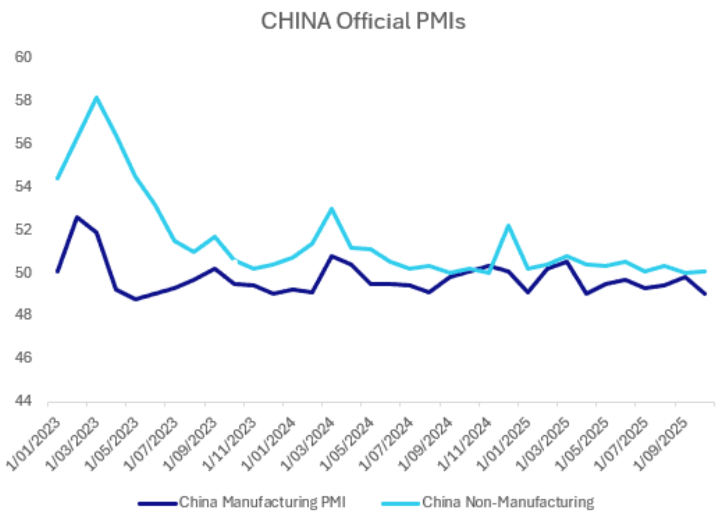
CHINA DATA: China Industrial Profits Surge in September

- China's September Industrial Profits YoY surged to their highest since November 2023.
- Up +21.60% it was the second consecutive month of strong growth following 3-months of contraction.
- The Year to Data YoY result was the best result since July 2024 with all major industries seeing a meaningful improvement.
- The strength of the profit results comes as declines in factory gate price pressures eases following a government campaign to rein in excess capacity
- Faster expansion from China's manufacturers comes as export data shows the growing reliance on non US export destinations, thereby softening the blow of tariffs.
- In a communique released last Thursday after a key meeting, the ruling Communist Party pledged to “firmly achieve” this year’s economic growth target with a focus on stabilizing employment, companies, markets, and expectations. Macro policies should continue to deliver support for the economy and could be stepped up if necessary, it added. (per BBG)

source: Bloomberg Finance LP / MNI

CHINA: Official PMIs Continue to Lag Non-SOE's PMIs

- Official Mfg PMIs slipped further into contraction in October, with the gap widening to non-SOE PMIs (via RatingDog services).
- Official PMI manufacturing slipped to +49 from +49.8, below expectations of +49.6 and the worst result since April.
- Official PMI non-manufacturing was marginally up at +50.1 from +50.0 prior.
- The decline in PMI manufacturing for SOEs is the worst this decade as trade tensions with the US have been escalating, prior to yesterday's meeting between Trump and Xi.
- Key points for the Manufacturing PMIs was a decline in output, new orders and employment whilst for non-Manufacturing the key was a modest rise in input prices

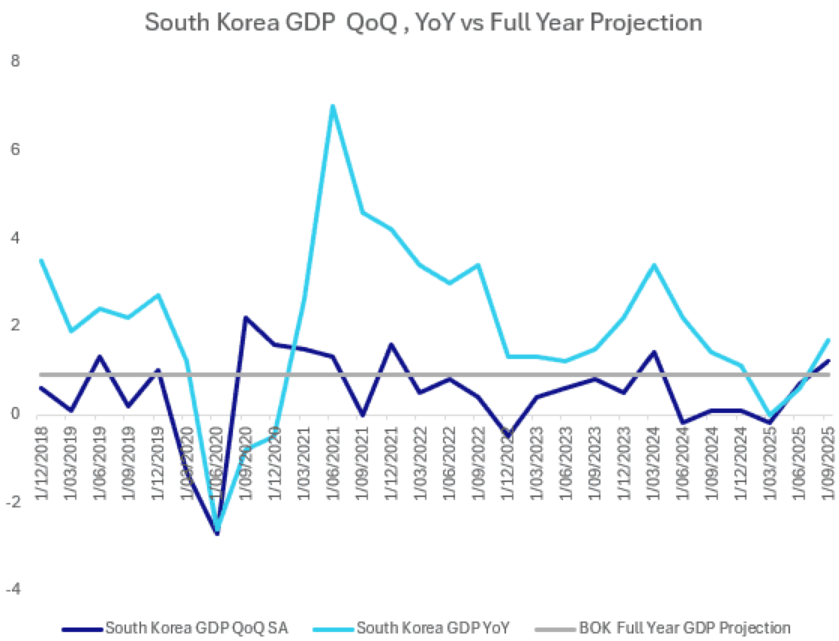


source: Bloomberg Finance LP / MNI

SOUTH KOREA

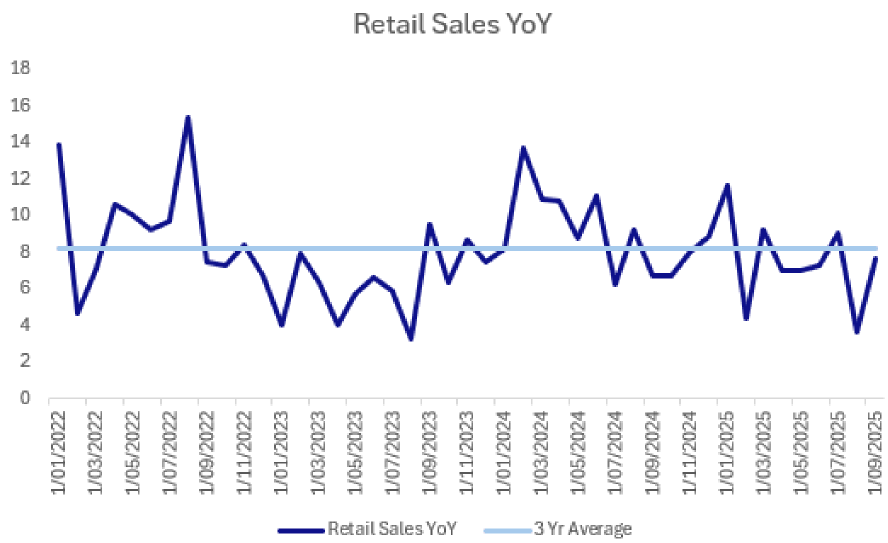
SOUTH KOREA: GDP Tops Forecasts, Time Now On Side For Next Rate Move

- The momentum in the Korean economy seems to be building as the 3Q result topped estimates.
- Coming on the back of comments from the President on BBG TV about the housing market, particularly Seoul. "The truth is, the Republic of Korea is sitting on a very dangerous potential crisis, a ticking bomb — that is excessive real estate investment," Lee told Bloomberg TV in an interview. "If we were to lower interest rates, this could stimulate real estate prices, which is already an issue for us. The BOK made the right decision (last week) by keeping rates unchanged instead of cutting them."
- Korea's 3Q advance GDP printed at +1.7% YoY, ahead of expectations of +1.2% and significantly up from 2Q result of 0.6%
- The 3Q advance GDP QoQ was +1.2% topping expectations of 1%.
- Manufacturing was strong at +1.2% QoQ; +3.3% YoY, whilst construction declined -8% YoY
- Services were up +1.3% QoQ and 2.2% YoY.
- Despite the headwinds from tariff forecast to knock -0.4% off GDP, exports have held up well in Korea up +12% in September.
- As the BOK held last week on account of the real estate sector, the market has now no expectations for rate cuts over the coming 12 months and the potential for the central bank to be on hold for some time as the property market corrects.



SOUTH KOREA: Retail Sales Rebound In September

- Retail sales bounced back from last months poor showing, expanding +7.7% in September and trending back towards the 3-Yr average of 8.3%
- Department store sales were stronger also up +4.8% from +2.8% prior.
- Discount store sales continue to contract, down -11.7% from -15.6% prior.
- This comes as consumer confidence shows signs of moderating after hitting recent highs. The consumer confidence index released yesterday declined to 109.8 from 110.1. It remains at very high levels though with the focus from the government and BOK on cooling housing and the KOSPI at all time highs, a degree of caution going forward is likely.

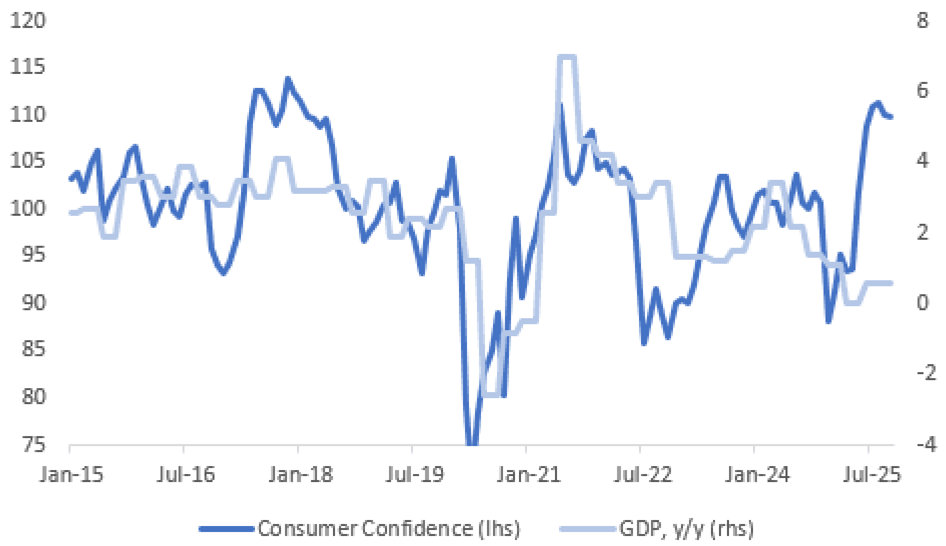


sourcce: Bloomberg Finance LP / MNI

SOUTH KOREA: Consumer Confidence Moderates, Good Indicator For GDP

- The October Consumer Confidence continued to moderate, off from the August highs.
- October result of 109.8 remains significantly above the 3-Yr average of 100.8.
- The survey is taken from responses from 2,274 households across the nation, conducted between Oct. 14-21 with households' inflation expectation for next 12 months rosing to 2.6% according to the statement from the Bank of Korea.
- The correlation between consumer confidence and GDP is interesting, with consumer confidence often leading GDP.
- Later we get 3Q GDP for Korea with forecasts suggesting a significant jump to +1.5%, from 0.6% in Q2.
- As the BOK held last week due to housing and now awaits the next move from the FED, an improving GDP strengthens the case for their hold and provides flexibility in monetary policy and managing the Won.
- The Won finished yesterday up +0.44% at 1,432.49 and 3-Yr KTBs at 2.63%

Fig 1: Consumer vs GDP YoY (rhs)



Source: Bloomberg Finance LP / MNI

ASIA

THAILAND: Thailand Sees Strong Global Demand For Its Products

September customs export growth was significantly stronger than Bloomberg consensus expected rising 19.0% y/y after 5.8%, highest since March 2022. While imports were also higher up 17.2% y/y following 15.8%, the pickup in shipments was enough to return the merchandise trade balance to surplus at $1275mn after August's deficit of $1964mn. The Bank of Thailand expects slower exports in H2 to be a drive of slower GDP growth. The full goods trade data are released Friday.

- The smoother 3-month average rates of import and export growth were in line with the recent trend.

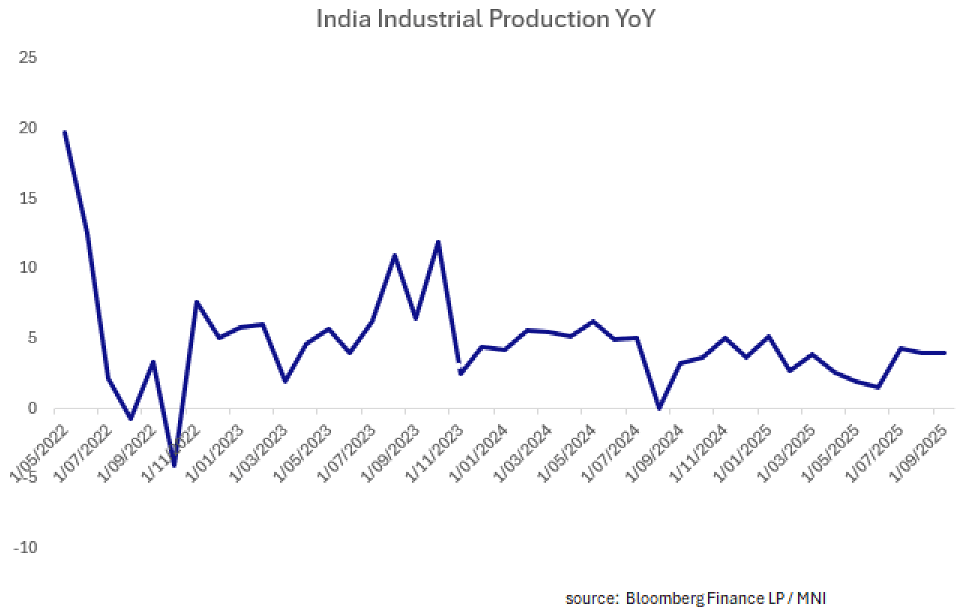
Thailand customs trade y/y% 3-month moving average

Source: MNI - Market News/LSEG

- 19% US import duties don't appear to have impacted exports yet with shipments to the US up 35% y/y in September driven by telecoms & tech-related items.
- Thai imports from China have been elevated in 2025 running at over 22% y/y on average and so some of this growth to the US may reflect a channelling of goods through Thailand to avoid higher tariffs, especially as Thai domestic demand has been soft. In its agreement with the US, Thailand said it would work to prevent this redirection.
- The Ministry of Commerce noted that the strong export result was due to strong demand from Thailand's major destinations and less global uncertainty following US trade deals across the globe.

INDIA: Sept Industrial Production Strong, Challenges Rate Cuts Priced In

- September Industrial Production topped expectations overnight, again showing the resilience in the Indian economy and how it appears impervious to tariff threats.
- Forecasts had anticipated that September could be the month where the impact from tariffs could start to show, with consensus forecast for a decline to +2.9%.
- The September result of +4.0% not only beat forecasts, but August's numbers were revised up to +4.1%
- Mining production fell 0.4% YoY versus revised +6.6% in August, whilst Electricity production rose 3.1% YoY versus +4.1% in August
- Manufacturing production rose 4.8% YoY versus +3.8% in August and Capital goods production rose 4.7% YoY versus revised +4.5% in August
- Infrastructure goods rose 10.5% YoY versus revised +10.4% in August and Consumer durables rose 10.2% YoY versus +3.5% in August.
- The resilience of the Indian economy continues to show. With just over a month to go before the next RBI meeting, swaps and bond signals are still suggesting that the last meeting for the year will see a cut. The swaps market has 25bps of cuts over the next month and 29bps over the next two, whilst the MIPR function on Bloomberg has 29 cuts priced in over the next month. The risk to markets is now no cut, which could see yields spike and the 10-Yr back above 6.60%



ASIA EQUITY FLOWS: Indian Flows Recovering, Modest Outflows For SK & Taiwan Past Week

The past week has seen offshore India inflows firm, whilst we have seen modest outflows from South Korea and Taiwan, despite mostly positive local stock sentiment.

- For India, this has largely reflected an over $1bn inflow day on Tuesday. Local equities remain elevated, albeit struggling for fresh upside, with the NIFTY near 26000, with moves above this level unable to be sustained so far in Oct. Markets are likely waiting on fresh news around US-India trade talks. YTD outflows have been curbed back to -$15bn, so any fresh positive news could drive a further recovery.
- For South Korea, the Kospi remains well supported on dips, last just above 4100. There may be some concern given the pace of the run higher, but Thursday results for Apple and Amazon in the US should keep broader tech equity sentiment supported. For Taiwan it is a similar backdrop.
- In South East Asia, Indonesian inflow momentum remains reasonable, with the JCI supported sub 8000. Outflow trends have been evident elsewhere though.

Table 1: Asian Markets Net Equity Flows

	Yesterday	Past 5 Trading Days	2025 To Date
South Korea (USDmn)	47	-213	2341
Taiwan (USDmn)	75	-244	5633
India (USDmn)*	-88	1024	-15056
Indonesia (USDmn)	47	335	-2593
Thailand (USDmn)	15	-70	-3000
Malaysia (USDmn)	-15	-138	-4179
Philippines (USDmn)	-6	-38	-752
Total (USDmn)	74	656	-17606

* Data Up To Oct 29

Source: Bloomberg Finance L.P./MNI

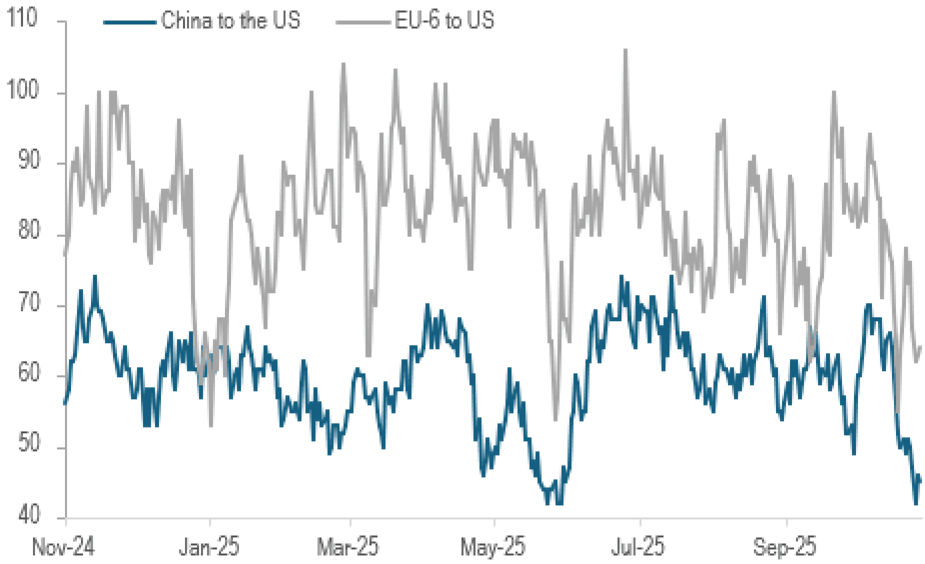
GLOBAL

GLOBAL MACRO: China To US Container Ship Count Down Over Oct As Tensions Rise

US President Trump's tour of Asia is bringing trade back into focus. Treasury Secretary Bessent said that a draft US-China deal had been reached and Trump and President Xi are expected to formalise it when they meet on Thursday. Shipments from China to the US have fallen sharply over October as tensions intensified again but may now recover when it is confirmed that an additional 100% US tariff will be avoided from 1 November. There was significant frontloading of exports to the US by its major partners in H1 to beat tariff deadlines and some payback in H2 had been expected.

- The US was also to add a duty for every Chinese ship docking in the US but that has now been delayed for a year, which may have also pressured departures.
- Bloomberg's container ship count from Korea to the US declined significantly this month too from around 40 at the start of October to around 25 over the weekend. The two continue to work towards a trade agreement but Bessent said the details are too complex to be finalised while Trump meets President Lee in Korea on Wednesday.
- The number of vessels leaving Japan for the US has trended lower since mid-year but may have stabilised towards the end of October. Trump visited Japan Tuesday and signed vague trade and critical mineral agreements as details still need to be decided. He and new PM Takaichi have a good relationship. He was positive on US-Japan trade.
- Many of the details on the EU-US trade deal are also yet to be decided. Vessels leaving the EU-6 for the US have been running at a lower trend in H2 to date than in Q2.

Bloomberg container ship count (rolling 15 day period)



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