

Asia Morning Bites

Caixin PMIs and Korean trade set the scene for Asia ahead of hurricane-affected US non-farm payrolls tonight



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Global Macro and Markets

- **Global Markets:** Outside of the UK, bond yields did not see much change yesterday. US 2Y yields were down 1.2bp to 4.17%, and the 10Y yield was down 1.6bp to 4.28%. Yields in the Eurozone were little changed, with German and French 10Y yields both down 0.1bp to 2.38% and 3.12% respectively. Japanese 10Y yields were unchanged at 0.93%. [The main mover was the UK, where 10-year yields moved 9.5bp higher to 4.44% as the fallout from the UK budget continued.](#)
- In the foreign exchange world, currencies generally moved stronger versus the dollar. The JPY led the way with a 0.9% gain after the BoJ meeting, the CHF and EUR were up around 0.3%, but the GBP was down 0.5% and CAD down 0.2%. In Asia, the PHP, KRW, and SGD were up 0.2%. Most other Asian currencies were little changed with movements of under 0.1%.
- Equities had a generally bad day yesterday, with the S&P 500 down 1.9%, the NASDAQ down 2.8%, and the Dow down 0.9%. The Euro Stoxx 50 fell 1.2% and FTSE 100 was down 0.6%. In Asia, the Nikkei was down 0.5%, the Hang Seng index down 0.3%, while the CSI 300 was basically flat with a tiny uptick on the day.
- **G-7 Macro:** It was a busy day for data releases yesterday. In the US, we had some more jobs data out overnight and the personal income and spending report. James Knightley characterises the data as telling a ["Goldilocks story" and views that this is setting up a 25bp](#)

Fed cut next week.

- In Europe, we had a slate of inflation data which mostly moved a little higher over the last month, with Eurozone inflation up a little more than expectations. Headline inflation was 2% and core inflation 2.7% YoY which could add some uncertainty to the ECB outlook.
- We also saw the BoJ keep rates unchanged, which was in line with market expectations. Min Joo's note mentions that there was not too much clear guidance from the BoJ, but Governor Ueda's comments leaned toward the hawkish side and supported our call for a December rate hike.
- In terms of macro data releases today, in the G7 space the biggest data coming out is the US labour market release. Markets are already looking for a drop of non-farm payrolls to 101k, reflecting the impact from the hurricane. We also have a lot of PMI data today across the globe, including the US ISM manufacturing index, China's Caixin PMI, and other PMI releases in the UK, Japan, and Taiwan.
- **China:** The Caixin PMI is set for publication this morning, it will be interesting to see if we will see the strength of yesterday's official PMI mirrored in the Caixin read, given the data had shown strength was skewed toward larger firms and domestic demand with slowing export orders. Caixin's PMI survey respondents have been more skewed toward smaller and more export-oriented companies, so if we see any divergence in the PMI reads that would further confirm this trend.
- **South Korea:** Exports rose 4.6% YoY in October, down from 7.5% in September, and lower than the market consensus of 7.0% YoY. Export details were encouraging but we are a bit concerned that working-day-adjusted exports dropped -0.2% YoY in October, the first decline since October 2023. By product details, semiconductors and automobiles rose firmly by 40.3% and 5.5%, respectively. Yet, oil products declined -34.9% due to falling global oil prices. By destination, exports to China grew 10.9% on the back of strong exports of semiconductors and petrochemicals and exports to the US also recorded a gain of 3.4%. From now on, favourable base effects (partly related to global oil prices and semiconductor prices) start to fade away, so headline export growth is expected to decelerate. However, we continue to believe that exports should be the main growth engine for overall GDP growth.

What to look out for: Non-farm payrolls, Korean trade, Caixin PMIs

November 1st

Australia: September household spending, 3Q PPI

China: October Caixin China manufacturing PMI

Indonesia: October CPI

India: October 25 foreign exchange reserves

S Korea: October imports, exports, trade balance

Taiwan: October S&P global Taiwan manufacturing PMI

Singapore: October PMI (November 2)

US: October non-farm payrolls, unemployment rate,

Author

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

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