Asia Morning Bites

Asian markets waiting on US exit polls

Global Macro and Markets

- **Global Markets:** Markets showed signs of last-minute positioning yesterday ahead of the US election results. Risk assets rallied even though the latest polls continue to show no indication that one candidate is preferred over another. There are 7 swing states, so it could take a while for us to get the results, as recounting is likely for some of these tight races. The S&P 500 was up 1.2% and equity futures rose in Japan and Australia. Investors boosted bullish options positioning in Treasuries. Treasuries ended mixed with late gains. 10-year yields were down about 2bp and 2-year yields were up about 1bp, extending the day's flattening move. For FX, the 1-week traded level of vols is very high with USDJPY at 18.5%. Overall we think a Trump clean-sweep would be USD positive and Kamala's win would be USD negative, while a contested outcome would also be USD negative. Asian FX was stronger in general on Tuesday, except for the KRW, which was down 0.4% against the USD. Gains were led by MYR, which rose 0.6%

- **G-7 Macro:** In terms of macro data yesterday, the US service sector expanded in October at the fastest pace in over two years, fueled by a pickup in hiring. The Institute for Supply Management's (ISM) non-manufacturing index increased to 56 in October, the highest since July 2022. The figure topped all but one forecast in a Bloomberg survey of economists. Readings above 50 signal growth

US 3Q GDP is due today. Resilient consumer spending should power a second consecutive 3% GDP print. Residential construction could be a bit of a drag, while business capex looks to be running fairly weak.

- **Australia**: The Reserve Bank of Australia (RBA) left policy rates unchanged yesterday, but revised its 2025 growth forecasts lower. We don't expect any easing until 1Q25.

- **Taiwan**: Taiwan's October CPI inflation data is set to be published in the afternoon today. We are looking for inflation to be little changed on the month, and edge down to 1.7% YoY from 1.8% YoY. The cooling of inflation will likely open the door for the next monetary policy move to be a rate cut, though there appears to be little rush for this as recent indicators have signalled solid growth. We are expecting the CBC to stand pat until 2025.

What to look out for: US election results, Taiwan CPI, Philippines trade balance and unemployment rate

November 6th

Philippines: September imports, exports, trade balance, unemployment rate

Taiwan: October CPI

November 7th

Australia: September imports, exports, trade balance, October foreign reserves

China: October imports, exports, trade balance, foreign reserves

Indonesia: October foreign reserves

Japan: September labour cash earnings, real cash earnings

Philippines:3Q GDP, October foreign reserves

Singapore: October foreign reserves

S Korea: September BoP current account balance, goods balance

November 8th

China: 3Q BoP current account balance

India: November foreign exchange reserves

Japan: September leading index CI

Taiwan: October imports, exports, trade balance

US: November FOMC rate decision, U. of Mich sentiment

China: October PPI, CPI (November 9th)

Author

Deepali Bhargava
Regional Head of Research, Asia-Pacific
Deepali.Bhargava@ing.com

Min Joo Kang
Senior Economist, South Korea and Japan
min.joo.kang@asia.ing.com

Disclaimer