

## Asia Morning Bites

Korea's unemployment rate remains steady in June. Chinese inflation is expected to inch higher



## Asia Morning Bites

Source: shutterstock

### Global Macro and Markets

- **Global Markets:** Fed Chair Powell's speech and Q&A with the Senate Banking Committee yesterday didn't cause too much upset in markets. Powell focused on the mounting evidence for a cooling labour market suggesting that inflation wasn't the only thing for the Fed to worry about. There were no indications that there would be any changes to policy at the July meeting, but the September meeting is looking more and more like a live meeting. US Treasury yields didn't do much on Tuesday. The 2Y yield is barely changed from this time yesterday, while the 10Y yield is up less than 2 basis points at 4.296%. EURUSD has slipped a little lower to 1.0816. Cable and the JPY have also softened against the USD. USDJPY is now up to 161.34. Asian FX hasn't done very much over the last 24 hours. The THB and PHP have made modest gains, while USDCNY has risen to 7.2726. US equities were pretty flat yesterday, and US equity futures don't show a strong direction either. Chinese stocks were slightly better. While the Hang Seng was broadly unchanged, the CSI 300 gained 1.12%.
- **G-7 Macro:** Powell repeats his speech to the House Banking Committee later today. But we've probably heard all we are likely to hear at yesterday's event. There is nothing of note on the G-7 Macro calendar today.

- **China:** China publishes its June CPI and PPI inflation numbers this morning. We are expecting CPI to edge up to 0.4% YoY, which is in line with consensus forecasts this month. Pork prices have continued a recovery but the weakness of other food categories such as fresh fruit and egg prices, as well as soft non-food inflation from auto and communication appliances have suppressed inflation. Inflation has been low but positive for the last four months. Moving into the second half of the year, we should see inflation trend gradually higher and deflation fears allayed.
- **South Korea:** We believe that Korea's labour market remains healthy and won't have much impact on the BoK's decision tomorrow. The unemployment rate stayed at 2.8% in June for the fourth consecutive month, but the labour participation rate (64.4%) has moved down for two months now. By industry, construction (-21K) saw a fifth consecutive monthly decline and accommodation and food services also lost 33,000 jobs. On the other hand, wholesale and retail trade added jobs (6k) after shedding jobs for the past four months. Health and social work continued to add jobs for a third month despite on-going healthcare strikes.
- **Philippines:** Trade data for May are due at 0900 SGT/HKT. The reversal of an import spike in April will likely see the trade balance moving to a smaller deficit from the USD4.761bn deficit recorded in April. The consensus expects something close to USD4.5bn. We think it could be even less than that.
- **New Zealand:** No change is expected from the RBNZ at their meeting today. The RBNZ discussed a rate hike at their last meeting, but New Zealand's activity data suggests the economy is slowing, so the next move will probably be a cut. The August meeting could well sow the seeds for a cut in 4Q24. But today's meeting will probably retain recent hawkish rhetoric.

## What to look out for : Korea's unemployment rate, China's inflation data, Philippines' trade balance, and RBNZ meeting, US CPI

July 10th

- Philippines: May Trade balance
- S Korea: June Unemployment Rate
- China: June CPI, June PPI

July 11th

- Australia: June CBA Household Spending
- Japan: May Core Machine Orders
- UK: May GDP
- S Korea: BOK Base rate
- China: FDI (Due by July 18th)
- US: Weekly Jobless Claims, real average hourly earnings, June CPI, June Core CPI

July 12th

- India: June CPI, June Industrial Production
- US: June Final Demand PPI, Core Final Demand PPI, U. of Mich. Sentiment

## Authors

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

### Lynn Song

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.