

Asia Morning Bites

Comments from the Bank of Japan's Ueda may be the main story for Monday. Later this week, US inflation and the China data dump could provide more direction



Asia Morning Bites

Source: shutterstock

Global Macro and Markets

- **Global markets:** US stocks didn't manage to make any headway on Friday, despite opening up, and drifted slowly lower over the session, ending only fractionally higher than the previous day's close. Equity futures suggest another positive open today. Chinese stocks continued to struggle, with nerves showing ahead of what will be a big data week for China. The Hang Seng Index fell 1.34% and the CSI 300 was down 0.49%. US Treasury yields rose again. The yield on the 2Y UST rose 4.4bp, while that on the 10Y bond rose just 2bp to 4.264%. EURUSD skirted just under the 1.07 level at times on Friday, and its attempt to move higher didn't succeed. It is currently 1.0709. The AUD is slightly stronger though still trading below 64 cents. Cable is fairly flat at 1.2478 and the JPY lost ground but has rallied in early trading today and is back to 147.24 after Bank of Japan (BoJ) Governor Ueda signalled to a newspaper that wages data may provide enough information by the end of the year to determine whether to end its super-easy policy. It was a mixed day for Asian FX currencies. At one end, the PBoC seemed to relinquish more ground with a fix above 7.20 which allowed CNY to trade above 7.35. At the other end, there were gains for the INR and THB. The INR is trading back now within the previous range and just below 83.

- **G-7 macro:** The G-20 in India managed to achieve more than cynics might have expected, given President Xi's absence. A joint communique was reached, and actions were agreed on climate change and debt relief, as well as opening the group to the African Union. Ukraine has criticized the communique for watering down the language on Russia's invasion. There was very little data out on Friday, but one data point that may have flown under the radar, was the US consumer credit figures for July, which dropped sharply from the previous month. Are households maxing out? If so, this could threaten Janet Yellen's soft landing hypothesis, which she seemed to be embracing at the G-20 summit. There is not much on the G-7 calendar today. The ECB will meet to decide on rates later this week. The consensus is still split on the decision, as is the market. We narrowly favour a hike.
- **China:** Over the weekend, China released August inflation data which rose back above the zero line, though only just, rising to 0.1%YoY. Later this week, we have the monthly data dump, which may also show some modest improvements from last month – the emphasis is on the word modest though... At least we won't have to endure inaccurate references to deflation for a month.

What to look out for: US CPI inflation and China data

- Japan M3 and machine tool orders (11 September)
- China M3 money supply (11 September)
- Australia Westpac consumer confidence (12 September)
- US NFIB survey (12 September)
- India CPI (12 September)
- South Korea unemployment (13 September)
- Japan PPI inflation (13 September)
- India trade balance (13 September)
- US CPI inflation (13 September)
- Japan core machine orders and industrial production (14 September)
- Australia unemployment (14 September)
- ECB policy meeting (14 September)

- US initial jobless claims, PPI and retail sales (14 September)
- China medium term lending rate (15 September)
- Indonesia trade balance (15 September)
- China retail sales, industrial production (15 September)
- US University of Michigan sentiment (15 September)

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@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 www.ing.com.