

Asia Morning Bites

Light data calendar on Monday so focus will be on Tuesday's US inflation report.



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Macro and markets

- **Global Markets:** It was a fairly miserable end to the week for US stocks, though they managed to stabilize a bit after their earlier declines. The S&P 500 even managed a small gain on the day, though the NASDAQ went down 0.61%. Chinese stocks also did poorly on Friday. The CSI 300 dropped 0.59%, and the Hang Seng Index fell 2.01%. The evident deterioration in market sentiment had filtered through to renewed demand for the USD, and EURUSD has returned back below 1.07. Other G-10 currencies have also given up ground to the USD. The JPY has been a bit firmer than most, though did not hang onto gains after the [announcement of the new BoJ Governor](#) caused the currency to rally sharply on Friday. 10Y JGB yields ended slightly higher on Friday, at 0.49% after toying with crossing the 0.5% upper target rate. 2Y US Treasury yields rose 3.5bp, and the 10Y yield rose to 3.732%. Other Asian FX was softer against the USD on Friday, with most currencies losing around 0.4-0.5% against the USD. The THB topped that loss, falling 0.95%.
- **G-7 Macro:** Macro data was pretty thin on the ground on Friday. A flat 4Q22 GDP result for the UK [saves them the embarrassment of having to declare a technical recession](#). There is nothing much of note on the calendar today either – the usual dribble of Fed speakers. Tomorrow though, we get US January CPI inflation data, which could be interesting as there

are some elements this month that mean the MoM figure could rise quite a bit., including for the core inflation rate. This is well priced-in. Nevertheless, it feels like this release has the scope to provide some decent market reaction and things may be relatively quiet ahead of this.

- **Japan:** There was surprise news on Friday regarding the Bank of Japan. Local newswires reported that Prime Minister Kishida had picked Kazuo Ueda as the new BoJ governor. We think that Ueda, will not be as dovish as Amamiya, the current deputy governor, would have been if picked. But, if we put him in a dove-hawk spectrum, he will still probably lean towards dovish. That means that he is likely to shift monetary policy only gradually and the BoJ's data dependency - inflation and wage growth - will become more important. Ueda's hearing is going to be around 24 Feb. The market will likely stay in its current range until he reveals his philosophy on monetary policy on that day.
- **Singapore:** The final estimate for 4Q2022 GDP settled at 2.1%YoY compared to the 2.2% initial estimate - likely due to the downside surprise noted in non-oil domestic exports. Growth momentum should remain challenged this year as global trade moderates while inflation stays elevated.

What to look out for: US inflation report

- Singapore GDP (13 February)
- India CPI inflation (13 February)
- Fed's Bowman speaks (13 February)
- Japan GDP and industrial production (14 February)
- Australia Westpac consumer confidence (14 February)
- US CPI inflation and NFIB small business optimism (14 February)
- Fed's Barkin speaks (14 February)
- Fed's Harker and Williams speak (15 February)
- South Korea unemployment (15 February)
- India trade balance (15 February)
- Indonesia trade balance (15 February)

- US industrial production and retail sales (15 February)
- Japan trade balance (16 February)
- Australia unemployment (16 February)
- Bank Indonesia policy (16 February)
- Bangko Sentral ng Pilipinas policy (16 February)
- US initial jobless claims and housing starts (16 February)
- Fed's Mester speaks (16 February)
- Fed's Bullard and Cook speak (17 February)
- Singapore NODX (17 February)
- Thailand GDP (17 February)
- US import prices (17 February)
- Fed's Mester, Barkin and Bowman speak (17 February)

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