

Asia Morning Bites

A light data calendar puts the focus back on China activity data out later in the week.



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Global Macro and Markets

- **Global markets:** Equity markets were uniformly bad on Friday. US stocks opened lower than Thursday's close and never made much headway, though the S&P only finished 0.11% down versus a 0.68% drop from the NASDAQ. Chinese stocks performed worse. The news that Beijing has dispatched experts to pore over the balance sheets of local governments may be finally convincing bulls that no quick fiscal fix is coming. The CSI 300 dropped 2.3%, while the Hang Seng fell 0.9%. US Treasury yields kept moving higher on Friday. Both 2 and 10Y yields rose around 5bp. The 10Y yield is now 4.17%. if nothing else, this should take the pressure off the Fed to respond with further hikes for the time being, as it will be tightening financial conditions well enough for them. [James Knightly also notes that inflation fears are receding too](#), which may result in the same outcome.

The relentless rise in Treasury yields is helping the USD to make gain ground once more. EURUSD is now down to 1.0943, the AUD has dropped below the 65-cent level, Cable is back below 1.27 and the JPY is almost up to 145. Other Asian FX also lost ground to the USD on Friday. USDCNY is now just below 7.24. The KRW has declined to 1324.65. At the other end, the RBI has managed the rupee below 83, though this must be costing them in FX reserves.

- **G-7 macro:** [UK GDP for 2Q23](#) came in at 0.2%QoQ, better than the flat reading the market had expected. The US registered a mixed July PPI report, though on balance, one that maintained a fairly muted picture for pipeline inflation pressures despite a slight upside miss to the final demand inflation rate, which ticked up to 0.8% YoY from 0.7%. Inflation expectations in the University of Michigan consumer confidence survey fell at both short and longer-run horizons. The same is also true of market rates like the 5Y 5Y forward inflation rate, which has dropped sharply recently. There is nothing of note on the macro calendar for today.

What to look out for: China activity data later in the week

- Philippines OF remittances and bank lending (14 August)
- India trade balance (14-15 August)
- Japan 2Q GDP (15 August)
- China medium-term lending facility (15 August)
- Australia RBA minutes and wage price index (15 August)
- China industrial production and retail sales (15 August)
- Indonesia trade balance (15 August)
- Japan industrial production (15 August)
- US retail sales (15 August)
- New Zealand RBNZ policy (16 August)
- US building permits, housing starts and industrial production (16 August)
- Japan trade balance (17 August)
- Singapore NODX (17 August)
- Australia employment report (17 August)
- Philippines BSP policy (17 August)

- US initial jobless claims (17 August)
- Japan CPI inflation (18 August)
- Malaysia GDP (18 August)
- Taiwan GDP (18 August)

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