

Asia Morning Bites

Indonesia and India's trade numbers today as well as Philippine remittance data



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Global Macro and Markets

- **Global Markets:** US Treasury markets were unusually quiet on Monday, though with US PPI today and US CPI on Wednesday, that may not last long. The 10Y yield dropped just one basis point to 4.487%. 2Y yields were virtually unchanged. We've got Powell speaking today, along with Fed Governor, Lisa Cook. There are another nine Fed speakers slated for the rest of the week so it could get noisy. The USD is a little weaker after yesterday. EURUSD pushed up above 1.08 but has settled back to 1.0793 now. The G-10 currencies were a mixed bag. The AUD was little changed, sterling made some decent gains, but the JPY lost ground to the USD and USDJPY has risen to 156.21. Asian currencies didn't do too much yesterday. The PHP underperformed the region, losing 0.75% and taking the PHP up to 57.86. At the other end, the MYR made small gains. USDCNY rose to 7.2334 after the weak weekend credit data, which doesn't bode well for this week's data dump. US stocks were fairly muted. The S&P 500 is little changed from the previous session, while the NASDAQ made a 0.29% gain. In China, the Hang Seng rose 0.8% but the CSI 300 went sideways.
- **G-7 Macro:** After last Friday's disappointing inflation expectations numbers in the University of Michigan consumer sentiment report, it is a little worrying to see inflation expectations also rising in the NY Fed survey yesterday. This shows inflation expectations a year ahead

rising to 3.26% from 3.0%. As mentioned yesterday, central banks take these inflation expectations extremely seriously, and two such reports will be hard for the Fed to ignore. Market measures of inflation expectations are usually covered by the Fed's 5Y-5Y forward inflation expectations measure. And it too has been pushing higher, though is still fairly manageable at just 2.41%. Today, US PPI for April will set the scene for tomorrow's CPI release. Both headline and core PPI figures are projected to rise 0.2% MoM. The US also releases the small firm NFIB business survey. Elsewhere, we have March labour market data from the UK and Germany's ZEW survey.

- **India:** Inflation in India remained well-behaved in April. The headline inflation rate was virtually unchanged at 4.83% YoY. Lower retail gasoline prices helped offset a slight increase in food prices. India releases wholesale price inflation and trade data later today.
- **Indonesia:** Indonesia will release data on April trade activity today. The market consensus points to a modest increase in exports of roughly 4.5% year-over-year while imports are projected to increase by 8.0% YoY. The more important figure is the trade surplus which could moderate to \$3.2bn from the previous month's \$4.4bn. A wider surplus could be supportive of the IDR. The currency is down 3.8% for the year and would welcome a larger trade surplus.
- **Philippines:** March remittance figures will be reported today. We expect remittances to grow roughly 3.0% year-over-year, on-pace for our full-year forecast of a 3.0% increase for foreign currency flows sent home by Filipinos based overseas. March is considered a relatively light month in terms of volume which could mean limited support for PHP, which is under some pressure lately.

What to look out for: Indonesia's trade and Philippine remittances

- China medium-term lending facility (15 May)
- Australia wage price index (15 May)
- Indonesia trade (15 May)
- Philippines remittances (15 May)
- US CPI inflation and retail sales (15 May)
- Japan GDP and industrial production (16 May)
- Australia labour market data (16 May)
- Philippines BSP policy (16 May)
- US initial jobless claims and housing starts (16 May)

- Singapore NODX (17 May)
- China industrial production (17 May)
- US leading index (17 May)

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