

Asia Morning Bites

China boosts sentiment with plans for the property sector and measures to lessen the economic impact of zero Covid



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Macro outlook

- **Global Markets:** US stocks had another positive day on Friday continuing the positive momentum that the October CPI reading provided earlier in the week. The S&P500 rose 0.92%, while the tech-heavy NASDAQ rose 1.88%. Equity futures are signalling that this is far enough for now, though, and are indicating a small decline at the open. Asian equity futures are mostly signalling a positive start to trading today. With the public holiday on Friday in the US, there is no information from US Treasuries to input into the market moves of other assets, but in spite of this, EURUSD went in the direction of the equity markets on Friday, rising to 1.0327, the AUD rose above 0.67, though has dropped back just below that level in early trading. Cable is sitting almost on top of 1.18 and the JPY is below 140 (139.30 at the time of writing). The Asia-Pacific currencies have made strong gains, most notably the high-beta KRW and THB.
- **G-7 Macro:** The G-20 conference in Bali, Indonesia, starts tomorrow. With the US and Russia unlikely to agree to anything substantive at this summit, the prospects for anything very useful are limited. Presidents Xi and Biden are expected to meet. North Korea's recent

missile belligerence will be raised. Later this week, the new UK Chancellor, Jeremy Hunt, will outline the UK government's proposals to balance Britain's books. Spending cuts and tax increases look inevitable. There are no notable macro releases in the G-7 today.

- **China:** China has released a 16-point plan to support the beleaguered property sector as well as a 20-point plan for reducing the economic costs of containing Covid. The moves will clearly provide some further support to China's economy, though have to be factored in against the rising Covid case numbers being seen across the country. This is probably more relevant for the medium-term outlook. But it's an encouraging development. Further supportive changes cannot be ruled out.
- **India:** India publishes October inflation data later today, and we are in line with the consensus in looking for the inflation rate to drop back below 7% YoY (6.7% expected, down from 7.4% in September). While this still leaves inflation above the top of the RBI's 4% \pm 2% target range, it means that we can start to think about a slower pace of tightening at the December meeting, with perhaps just one more 25bp hike in early 2023 before the RBI can take stock and pause.

What to look out for: China activity data

- India CPI inflation (14 November)
- Philippines remittances (14-17 November)
- Japan GDP and industrial production (15 November)
- Australia RBA minutes (15 November)
- China activity data (15 November)
- Indonesia trade balance (15 November)
- US empire manufacturing and PPI inflation (15 November)
- Fed's Brainard, Harker, Cook and Williams speak (15 November)
- Japan core machine orders (16 November)
- Australia Westpac leading index and wage price index (16 November)

- US retail sales (16 November)
- Fed's Williams and Barr peak (16 November)
- Japan trade balance (17 November)
- Australia labor data (17 November)
- Singapore NODX (17 November)
- Malaysia trade (17 November)
- Bank Indonesia policy meeting (17 November)
- Bangko Sentral ng Pilipinas policy meeting (17 November)
- US housing starts and initial jobless claims (17 November)
- Fed's Waller, Bullard, Bowman and Mester speak (17 November)
- Japan CPI inflation (18 November)
- US existing home sales (18 November)
- Fed's Kashkari speaks (18 November)

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