

Asia Morning Bites

Quiet start to the week in Asia ahead of US inflation data - Korean import prices rise again



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Global Macro and Markets

- **Global markets:** US equities opened slightly down on Monday, but then recovered to finish close to flat on the day. The S&P 500 lost just 0.08% on Monday and the NASDAQ was down 0.22%. Equity futures are showing a small rise on today's open. Chinese stocks had a mixed day. The Hang Seng rose 1.3%, but the CSI 300 fell 0.2%. US Treasuries on Monday were fairly flat for once. Yields on the 2Y US Treasury fell 2.8bp while those on the 10Y bond fell just 1.2bp to 4.64%. EURUSD wobbled higher to reach 1.07 currently, but also had a try at pushing lower at one point, dropping to 1.0666 before pushing higher again. The AUD crept slightly higher to 0.6378. Cable also pushed higher but was unable to push through 1.2280. The JPY in contrast has edged slightly weaker, rising to 151.65 after coming very close to 152 intraday. There wasn't a lot of movement in Asian FX on Monday, with Singapore out for the Deepavali holiday. The KRW propped up the bottom of the pack, losing 0.62% along with the THB which lost 0.3%. The CNY is at 7.2891.
- **G-7 macro:** Today we get US CPI inflation data for October. The headline inflation rate is expected to fall from 3.7% to 3.3% YoY. Lower gasoline prices are doing much of the work here, and the core inflation rate is expected to remain at 4.1% YoY. A return to lower inflation prints is welcome but the stickiness of the core number is not ideal, and the

expected 0.3% MoM core increase is higher than consistent with the Fed's 2% target rate of core inflation (for PCE) and needs to be printing 0.1% and 0.2% readings each month. Still, our US economist is confident we will see 2% inflation within months – [click here for a short video explaining why](#). Overnight, the New York Federal Reserve published some inflation expectations figures, which show a small decline to 3.57% for the year-ahead, down from 3.67% the previous month. The US also releases its monthly NFIB survey of small businesses today. In the Eurozone, 3Q23 GDP data is expected to be confirmed at -0.1%QoQ, the same as the original reading. Germany's ZEW survey is also published today as well as the Eurozone version of the survey.

- Korea: Import prices rose 0.5% MoM in October (vs revised 3.0% in September) on higher oil and chemical prices for four months in a row. However, the monthly rise was modest compared to August's spike of 4.2%. From a year earlier, import prices dropped -10.2% YoY in October (vs -9.6% in September) due to base effects. As higher import prices are a major factor in pushing up consumer prices, it is possible that consumer prices hit 4% again in October with higher fresh-food and gasoline prices.

What to look out for: US inflation

- South Korea import price index (14 November)
- Australia Westpac consumer confidence (14 November)
- US inflation and NFIB survey (14 November)
- Fed Williams, Jefferson and Barkin speak (14 November)
- Japan GDP (15 November)
- Australia wage price index (15 November)
- China data deluge (15 November)
- Indonesia trade balance (15 November)
- India trade (15 November)
- US retail sales and PPI (15 November)
- Japan trade balance (16 November)
- Australia labour report (16 November)
- Philippines BSP policy (16 November)
- US initial jobless claims and industrial production (16 November)
- Singapore NODX (17 November)
- US building permits and housing starts (17 November)

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