

Asia Morning Bites

China reports key data including GDP growth, retail sales and industrial output



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Global Macro and Markets

- **Global Markets:** US Treasury yields continued to push higher yesterday, mainly at the back end of the curve in response to stronger-than-expected retail sales figures. The yield on 2Y notes rose 2.4bp, while 10Y yields rose 8bp taking them to 4.601%, their highest since November last year. There has also been a further slight decline in EURUSD, which has fallen to 1.0627. G-10 currencies are also weaker, particularly, the JPY, which is now up at 154.21. Other Asian FX has also weakened against the USD – the VND has weakened 0.65% in the last day to 25195. It had been looking a bit overvalued on real effective exchange rate grounds... US stocks had a poor day on Monday. The S&P 500 was down 1.2% and the NASDAQ was down 1.79%. Chinese stocks were mixed. The CSI 300 gained 2.11% but the Hang Seng fell 0.73% ahead of today's data deluge.
- **G-7 Macro:** Yesterday's main release was the US retail sales report from March, and it showed no signs of any slowdown by the US household sector. The headline number rose 0.7% MoM, and there were upward revisions to February. The control group also rose strongly, gaining 1.1% MoM, and also had upward revisions to the history. As household consumption has been the driving force behind US GDP growth, this report suggests that any slowdown in 1Q24 may be very marginal. As James Knightley points out, this is

nominal data, and inflation accounts for much of the increase. Nonetheless, that does not make it any easier for the Fed to shrug off, and [he sees no chance of rate cuts any time soon](#). Today, the calendar is a bit lighter, which may provide some respite. UK labour market data precedes US housing starts and building permit data.

- **China:** The key economic data for March and the first quarter will be published today, including the GDP, industrial activity, fixed asset investment, retail sales, property market, and job market data. Market forecasts for GDP growth have been revised higher after stronger-than-expected data in the first two months of the year. Our forecast for first-quarter growth is for it to come in shy of the 5% target at 4.7% YoY. Retail sales may continue to moderate as consumer confidence remains downbeat. A strong March manufacturing PMI bodes well for industrial production continuing its bottoming out from last year, but it remains to be seen if industrial activity can sustain the momentum. Fixed asset investment data is likely to remain relatively modest in 1Q24 as fiscal policy rollout after the Two Sessions is unlikely to be reflected in the data. The property market has yet to confirm a bottom, and markets will watch the price data closely for any signs of stabilisation; a bottoming out of housing prices would be a positive sign of sentiment recovery.

What to look out for: China data deluge

- South Korea import price index (16 April)
- China GDP, retail sales and industrial production (16 April)
- US housing starts and building permits (16 April)
- Fed's Daly and Jefferson speak (16 April)
- Japan trade (17 April)
- Singapore NODX (17 April)
- US Fed Beige book and MBA mortgage applications (17 April)
- Fed's Powell, Williams and Barkin speak (17 April)
- Australia jobs report (18 April)
- Japan machine tool orders (18 April)
- US initial jobless claims and existing home sales (18 April)
- Fed's Mester, Bowman and Williams speak (18 April)
- Japan CPI inflation (19 April)
- Fed's Bostic speaks (19 April)

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