

Asia morning bites

RBA minutes and China activity data are the key releases in Asia today. Elsewhere, US retail sales and debt ceiling talks will be the main focus



Asia Morning Bites

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Global Macro and Markets

- **Global markets:** US stocks made modest gains yesterday, despite regional bank shares having a better day. The S&P500 rose 0.3%, while the NASDAQ rose 0.65%. Chinese stocks had a better day. The CSI 300 rose 1.55% and the Hang Seng index rose 1.75%. There were small gains too for US Treasury yields. Yields on 2Y US treasuries rose 2.3bp to 4.01%. 10Y US Treasury yields rose 3.9bp to 3.502%. EURUSD made back some of last week's losses yesterday, but remains 1.0876. The AUD was stronger, rising back to 0.6703, and Cable recovered to 1.2527. The JPY was a little softer against the USD, rising to 135.99. Other Asian FX was mixed. The THB rallied 0.64% following the election results, but most other currencies saw small losses, with the PHP the day's underperformer.
- **G-7 macro:** US April retail sales tops the billing in the G-7. The US consumer has remained fairly resilient to the Fed's tightening, which is a cause for mild concern, so softer figures would be well received by the market. That said the consensus forecast is for a sizeable

0.8% MoM gain. Outside the US, we have 1Q23 GDP data for the Eurozone, which is expected to rise, but only just (0.1% QoQ expected). Germany's ZEW survey and UK labour data complete the macro picture for the day.

- **China:** China will release retail sales, industrial production and fixed assets investments data today. A low base from last year means retail sales and industrial production should rise over 10%YoY, so, the market would look into MoM data, and try to dig into details. These are April data, as such retail on a month-on-month basis should not be very good as consumers were likely saving for the holiday in May. Industrial production should rise gradually for domestic production and exports. So, my attention would be more on whether infrastructure grew faster than the previous month, which could become an important source of economic growth engine. China will release retail sales, industrial production and fixed assets investments data today. A low base from last year means retail sales and industrial production should rise over 10%YoY, so, the market would look into MoM data, and try to dig into details. These are April data, as such retail on a month-on-month basis should not be very good as consumers were likely saving for the holiday in May. Industrial production should rise gradually for domestic production and exports. So, my attention would be more on whether infrastructure grew faster than the previous month, which could become an important source of economic growth engine.
- **Australia:** At 0930 SGT/HKT, we have the minutes of the May Reserve Bank of Australia (RBA) meeting. Given that the decision to hike at this meeting took most of the forecasting community by surprise, these may be worth a read.

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What to look out for: RBA minutes and China data dump

- South Korea import price index (16 May)
- Australia Westpac consumer confidence and RBA minutes (16 May)
- China industrial production and retail sales (16 May)
- US retail sales and industrial production (16 May)
- Japan GDP and industrial production (17 May)
- Singapore NODX (17 May)
- Australia wage price index (17 May)

- US housing starts and building permits (17 May)
- Japan trade balance (18 May)
- Australia unemployment (18 May)
- BSP policy rate (18 May)
- US initial jobless claims and existing home sales (18 May)
- Japan CPI inflation (19 May)
- Malaysia trade (19 May)

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