Asia Morning Bites

Asian risk assets are likely to follow the mixed US lead following weaker data yesterday

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Global Macro and Markets

- **Global markets:** US Treasury yields reversed course again yesterday, following some slightly higher US weekly jobless claims figures (see below). It doesn't take much to cause a large swing in Treasuries these days. 2Y yields dropped 7.4bp to 4.838%, while those on the 10Y bond fell 9.6bp taking them back well below the 4.5% level again to 4.436%. EURUSD responded to the drop in yields by powering higher, threatening 1.09, but lost momentum and drifted back to finish only slightly higher than this time yesterday at 1.0854. The AUD slid back below 0.65 to 0.6470. Cable was fairly steady at 1.2414, but the JPY rallied to 150.67. The Asian FX pack was mixed. The Malaysian ringgit joined the AUD by softening, though at the other end of the spectrum, the THB, KRW and TWD all made modest gains. USDCNY is also slightly stronger at 7.2427. US stocks went sideways on Thursday. Chinese stocks had another down day. The Hang Seng dropped 1.36% while the CSI 300 fell 0.97%. Crude oil was sharply lower yesterday too. Front-month Brent crude fell to USD77.42/bbl, its weakest since July.
- **G-7 macro:** Weekly jobless claims pushed up in the latest data release. The initial claims number rose from 218,000 to 231,000, while the continued claims total rose from 1.833m to 1.865m. US industrial production data was also slightly weaker than predicted, falling

0.6% MoM, against expectations for a 0.4% MoM fall. The previous month's production growth was also revised down. Today, the US releases housing starts and permits data, following a weaker-than-expected NAHB housing market index yesterday.
- **Singapore:** October non-oil domestic exports fell 3.4% YoY compared to expectations for a 6% contraction. For the month, NODX rose 3.4%, versus projections for a rise of 2%. The slightly better report was due to a smaller contraction for the electronics sub-sector (-5.6% YoY). The recent struggles of NODX have been mirrored in industrial production and we can expect NODX to remain subdued until world demand improves.

What to look out for: US housing data and Fed speakers

- Singapore NODX (17 November)
- Malaysia GDP (17 November)
- US Housing starts and building permits (17 November)
- Fed's Collins, Barr, Daly and Goolsbee speak (17 November)

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