Asia Morning Bites

Weak Japanese and Singapore trade figures have already been released today, though there is no big cause for concern for either number. Australian employment data comes in way stronger than expected. Nothing wrong with the Australian labour market. And China is to provide yet more communication on its plans for stabilising the property market

Global Macro and Markets

- **Global Markets:** US Treasury markets were fairly quiet on Wednesday. 2Y yields fell 0.8 basis points. The yield on 10Y Treasury bonds fell 2bp and now stand at 4.012%. EURUSD fell to 1.0859 ahead of today's ECB meeting and expected 25bp rate cut, though the resurgent "Trump trade" is likely also playing a role in FX markets, that US Treasury markets don't seem to have bought into yet. That has helped drag the AUD down, which is now about 0.666 cents. Cable was also sharply lower yesterday, helped along by some very benign service price data. And the JPY has also edged up, though stopped short of the 150 mark.
- Asian currencies yesterday were mixed. The THB rallied despite a surprise rate cut from the Bank of Thailand. And the PHP also made gains following a more expected cut from BSP. There were also gains from other SE Asian currencies, though the VND lost 0.26% and the SGD also followed the G-10 currencies weaker. USDCNY was flat at just under 7.12. US stocks made modest gains yesterday, but equity futures point to a weak open later today.

- **G-7 Macro:** Apart from the much lower-than-expected service price data out of the UK, which will help to accelerate rate cuts in the coming months, it was a fairly quiet day for the G-7. Today, things liven up a lot, with September US retail sales figures as well as industrial production and the usual Thursday weekly jobs numbers. Pick of the day, of course, is the ECB meeting, where a 25bp cut is unanimously expected by the poll of Bloomberg forecasters. Here's a link to our ECB cheat sheet.

- **China**: The Ministry of Housing and Urban-Rural Development, PBOC, Ministry of Finance, and National Financial Regulatory Administration will host a press briefing this morning at 10 am (GMT+8). The theme to be discussed is the "steady and healthy development of the property sector." We could see further details on measures such as facilitating SOEs and local governments to ramp up purchases of unsold homes, project whitelists for receiving funding, as well as the moves to improve housing affordability and remove purchase restrictions. Markets continue to seek more details on the overall stimulus policy package scale but it looks likely this may still need to wait for NPC approval before it's finalised.

  Japan: Japan's exports unexpectedly contracted -1.7% YoY in September (vs 5.5% in August, 0.9% market consensus), the first decline since November 2023. By destination, exports to the US (-2.4%), EU (-9%), and China (-7.3%) all fell. Interestingly, despite the decline of China exports, exports to Asia rose 0.3%. The weaker-than-expected exports are a concern but we believe that export weakness is partly due to production disruptions caused by the typhoon and mega-earthquake warnings. We are cautious about interpreting today's data as a sign of weakening external demand. Imports rose 2.1% YoY in September (vs 2.3% in August, 2.8% market consensus), while the trade deficit narrowed to -294.3 billion JPY (vs -703.2 bn in August, -316 bn market consensus). Combined with recent soft data outcomes, we believe that the impact of the typhoon and the earthquake warnings might have been larger than expected, so we are planning to trim down 3Q24 GDP but to revise up 4Q24 GDP, expecting a technical payback.

- **Australia:** Employment data has surprised strong on the upside. The headline employment increase for September was 64,100. Most of these (51,600) were full-time jobs. The unemployment rate also declined to 4.1%. Despite some better recent inflation data in Australia, which the Reserve Bank of Australia does not yet believe is sustainably low, Australia's labour market remains resolutely tight. We see no incentive to shift from our call that the RBA won't even start cutting rates until 1Q2025, and there is a chance that even this is too aggressive.

- **Singapore:** Non-oil domestic export growth was weaker than expected in September, and the annual growth rate has slid back to 2.7% from 10.7%, though most of this is due to base effects, and exports did increase slightly from the previous month (+1.1%MoM).

What to look out for: Australia employment rate, Japan trade balance and tertiary trade index, Singapore non-oil domestic exports

October 17th

Australia: September employment change, unemployment rate, participation rate

Japan: September imports, exports, trade balance, August tertiary industry index

Singapore: September non-oil domestic exports, electronic exports

US: September industrial production

EU: ECB Meeting

October 18th

China: 3Q GDP, September industrial production, retail sales, surveyed jobless rate

India: October foreign exchange reserves

Japan: September national CPI

Philippines: September BoP overall

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