

## Asia Morning Bites

Singapore's non-oil domestic exports fall back in August after the July surge



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### Global Macro and Markets

- **Global Markets:** Expectations for a 50bp cut from the Fed tomorrow are growing following another push from former Fed Governor, Bill Dudley yesterday. The second 25bp of easing is now more than 70% priced in, which will make it a considerably easier decision for the Fed than if it were just a 50:50 toss-up. 2Y yields fell a further 3.2bp on Monday, and the 10Y yield fell 3.4 basis points to 3.618%. The market is unlikely to go into the Wednesday meeting 100% priced in for 50bp of easing, so there is probably only a few more basis points of room for yields to decline ahead of the decision. EURUSD pushed decisively up through 1.11 yesterday and has settled at just below 1.1130. The AUD has risen to 0.6750, and Cable is up to 1.3211. However, USDJPY is at 140.90, roughly unchanged from yesterday after breaking down through the 140 level yesterday. Quite a lot of Asia is closed for mid-Autumn holidays, so there isn't a lot going on in Asian FX, though we see some signs of strength where markets were still open and the TWD, PHP and THB made small gains in the last 24 hours. China is closed again today, as is Taiwan and South Korea. Hong Kong is off tomorrow. US equity markets were pretty hesitant yesterday. The S&P 500 managed to eke out a 0.13% gain, but the NASDAQ fell 0.52%. The two bourses are up more than 18% and 17% respectively this year, which isn't bad for end-of-cycle performance. The question is, do rate cuts now juice these markets still further, or will investors take profits as cuts start?

- **G-7 Macro:** It was a very quiet day for Macro yesterday, with just the Empire Manufacturing survey out. This was pretty strong, rising from -4.7 to +11.5. This survey is not likely to feature too heavily in Fed deliberations, though today's US retail sales for August might do. Retail sales are forecast to decline by 0.2% MoM, while the control group is expected to make a small 0.3% MoM gain. US August industrial production (IP) is also due as well as some inventory and housing market data. The IP figure is forecast to rise 0.2% MoM. Germany's ZEW survey for September will be published. Further declines are forecast.
- **Singapore:** August non-oil domestic exports dropped by 4.7% MoM after their 12.2% surge in July. While a pullback was widely anticipated, this was a little worse than had been forecast and resulted in the year-on-year growth rate also falling back to 10.7% from 15.7% in July. Electronics exports were up a very solid 35.1% YoY. But Pharmaceuticals, which are often choppy owing to the batch nature of production and shipments, fell 31.6% YoY. By country, export growth mostly slowed down, or contracted in year-on-year terms in August. The exception was Taiwan, which points to some of the strength we observed in the electronics segment.

## What to look out for: Singapore non-oil domestic exports, Indonesia trade balance data, Japan tertiary index

### September 17th

SG: August non-oil domestic exports

Indonesia: August exports, imports, trade balance

Japan: July tertiary industry index

US: August retail sales, industrial production

### September 18th

Japan: August exports, imports, trade balance, July core machine orders

Australia: August Westpac leading index

China: September 1-year medium term lending facility rate (due 18-25 Oct)

Indonesia: BI-Rate decision

### September 19th

US: September FOMC rate decision, July total net TIC flows

Australia: August employment change, unemployment rate

UK: Bank of England Bank rate

Taiwan: September CBC Benchmark Interest rate

Philippines: August BoP overall

### September 20th

Japan: August national CPI, September BoJ target rate

China: September 5-year and 1-Year loan prime rates

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