

Asia Morning Bites

RBA decision and Singapore's NODX are the key data releases on Tuesday



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Global Macro and Markets

- **Global Markets:** There wasn't a lot on the calendar yesterday to drive markets, but US Treasury yields still found an excuse to rise. 2Y and 10Y yields rose by about six basis points. The 10Y yield is now 4.281%. The Fed's Harker said in a speech that one rate cut in 2024 was appropriate based on the Fed's outlook. Markets are still pricing in closer to (but just under) 2 cuts. EURUSD headed higher on Monday, rising to 1.0739. Cable has risen back to 1.2713, but the AUD has floundered around the low 66-cent range ahead of today's Reserve Bank of Australia (RBA) cash rate target announcement. The JPY has weakened too. USDJPY has risen to 157.65. Other Asian FX lost ground to the USD on Monday. Singapore was out on vacation, but the IDR weakened further to 16400. USDCNY is roughly unchanged at 7.2561. US equities are at record highs after a decent start to the week. The S&P 500 rose 0.77% and the NASDAQ rose 0.95% on Monday. Both indices are up roughly 16% and 19% respectively year-to-date, about double the gains from European bourses. The Nikkei is up about 14% in local currency terms but is little changed in USD.
- **G-7 Macro:** There was not much on the G-7 macro calendar on Monday. US May retail sales data is released later today. Markets will look for confirmation that the macro backdrop is weakening after the soft April numbers. A 0.2% MoM increase is expected for the headline

number, but there is a fairly robust 0.5% increase forecast for the control group. We also have May industrial production. In Europe, Germany's ZEW survey for June is published later and final May CPI data too.

- **Australia:** There is complete unanimity amongst Bloomberg's consensus of forecasters for no change at today's RBA meeting. Cash rate futures are not expecting much in the way of easing this year, with only a 69% chance of a cut by December. Even that may be a bit optimistic. We think the RBA will stick to its "all options are open" approach to forward guidance, and despite weaker first-quarter 2024 GDP, will have to acknowledge that the recent inflation readings have not been very helpful. While there is little chance of any action at today's meeting, we would have to say that whatever small risk of a surprise there is, lies on the upside for rates.
- **Singapore:** Singapore reports non-oil domestic (NODX) numbers today. The market consensus points to another month of contraction (-1.1%YoY) or only a modest 2% increase from the previous month. Soft global demand continues to weigh on NODX and we won't likely see a bounce in this number in the near term, which should cap overall growth prospects.

What to look out for: RBA decision

- Singapore NODX (18 June)
- Australia RBA decision (18 June)
- US retail sales and industrial production (18 June)
- Japan trade balance (19 June)
- Indonesia trade balance (19 June)
- US MBA mortgage applications (19 June)
- China 5-year loan prime rate (20 June)
- Bank Indonesia decision (20 June)
- BoE decision (20 June)
- US initial jobless claims, building permits and housing starts (20 June)
- Japan CPI inflation (21 June)
- South Korea advance trade data (21 June)

- India PMI services (21 June)

- US existing home sales (21 June)

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