

## Asia Morning Bites

Asian market sentiment is so far shaking off the worsening geopolitical tension



## Asia Morning Bites

### Global Macro and Markets

- **Global Markets:** Despite Ukraine launching an ATACMS missile launch against a target inside Russia, and following the lowering of Russia's nuclear response threshold, plus damage (deliberate?) to some undersea data cables linking Germany to Finland and Sweden, global markets held their nerve yesterday. US Treasury yields were little changed over the day, and US equities managed some respectable gains ahead of the NVIDIA earnings announcement today. Gold and Bitcoin both made some gains, though overall, market sentiment was not convincingly "risk-off". EURUSD dropped to 1.0524 but quickly recovered to 1.06. Cable and the JPY followed the same path as EURUSD, strengthening before returning to roughly their starting position for the day. The AUD made steadier gains as [the latest RBA minutes continued to pour cold water on early rate cut thoughts](#). AUDUSD is now 0.6536.

Asian FX had a mixed day on Tuesday. The THB led the pack, gaining more than half a per cent. There were also smaller gains for the TWD and KRW. But the PHP lost ground and the RMB was also slightly weaker. USDCNY is now 7.2394.

- **G-7 Macro:** Yesterday was very quiet for G-7 Macro releases. The US published some weaker-than-expected housing starts and permits numbers for October, but there wasn't

much else to focus on. Today isn't much better. UK inflation may be the pick of the day for G-7 Market releases, along with German PPI data. Progress on core CPI in the UK is slow, though some further improvement is forecast for this latest figure for October. The Eurozone also publishes some wage data today.

- **Japan:** Japan exports rebounded a stronger than expected 3.1% YoY in October (vs -1.7% in September and 1.0% market consensus). By region, exports to Asia grew 7.6% while exports to the US and EU dropped -6.2% and -11.3% respectively. By items, semiconductor machinery jumped 42.6% while motor vehicle exports declined -0.9%. The export data suggest that global demand for IT and semiconductors remains strong, but the weakness in car exports raises concerns about weakening consumer demand. However, we read this auto data cautiously as we believe the weakness was partly due to supply disruptions in Japan. The stronger-than-expected growth signals 4Q24GDP will stay on a recovery path.
- **China:** China will announce its loan prime rates this morning. With no cuts to the benchmark 7-day reverse repo rate this month, the 1-year and 5-year LPR are widely expected to be held unchanged at 3.1% and 3.6% respectively. The odds of another rate cut within 2024 have declined, and we expect the PBOC to stand pat as the last two months of economic data have shown signs of stabilisation. Our current global scenario predicts that US tariffs on China will not start until 3Q25 at the earliest (and potentially as late as 1Q26) and are phased in. As a result, we are looking for just 20bp of cuts in 2025, with room for more cuts in the case of a full-blown trade war breaking out earlier than expected.
- **Indonesia:** Bank Indonesia (BI) will conclude its rate-setting meeting today. Policy rates are currently 6.0%, which is high relative to both regional norms and the prevailing inflation rate which is below 2%. But the IDR has been fairly weak since early October, and until that changes, we probably won't see any more easing from them. That said, there are a couple of forecasters taking a punt on a 25bp rate cut, so a cut remains a tail risk.

## What to look out for: Australia Westpac leading index, Indonesia BI-rate, South Korea PPI

### November 20th

Australia: October Westpac leading index

China: November 5-Year loan prime rate, 1-Year loan prime rate

Indonesia: November BI-rate

Japan: October exports, imports, trade balance

S. Korea: October PPI

Taiwan: October export orders, 3Q BoP current account balance

### November 21st

Indonesia: 3Q BoP current account balance

S. Korea: November exports 20 days, imports 20 days

**November 22nd**

India: November HSBC India manufacturing PMI, composite PMI

Japan: October national CPI, November Jibun Bank manufacturing PMI

Taiwan: October unemployment rate

## Author

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

### Lynn Song

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).