

Asia Morning Bites

RBA minutes do not support the market view that the 7 Nov meeting was a "dovish hike". FOMC minutes later.



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Global macro and markets

- **Global markets:** US Treasury yields saw further small increases at the front end of the yield curve yesterday, but 10Y yields declined very slightly. The 10Y now yields 4.42%. We saw very similar action yesterday, with small increases in 2Y yields, but a flat 10Y yield. There was very little on the macro calendar, which hasn't stopped markets from gyrating recently, but they seem to have run out of internal momentum at the moment and may need an external stimulus to power the next move. This is not likely to happen today, as the data calendar is once again extremely thin. EURUSD kept going yesterday, even without any particularly helpful tailwind from bond yields. EURUSD rose from about 1.0910 yesterday to 1.0945 currently. The AUD has pushed up to 0.6563, Cable has breached 1.25, and the JPY is down to 148.29. Amongst the Asian FX pack, yesterday saw broad-based gains. USDCNY has dropped to 7.1669. The TWD was also stronger despite some political concerns. Both the INR and THB missed out on the gains. US stocks were more optimistic yesterday. The S&P 500 rose 0.74% while the NASDAQ was up 1.13%. Chinese stocks also had a more positive day. The Hang Seng rose 1.86% while the CSI 300 rose 0.23%.
- **G-7 macro:** Aside from the October leading index for the US, there was no macro data of any note yesterday. For what it is worth, the index came in at -0.8%, lower than the

consensus and the previous month's figure of -0.7%. Today, October US Existing home sales is all we have on the calendar today, along with the Chicago National Activity indicator (a recession yardstick). Outside the US, UK public finances and EU car registrations don't offer much excitement for markets.

- **Australia:** [We have just had the minutes of the 7 November RBA meeting.](#) We disagreed at the time with the market view that this had been a "dovish hike". Reading these minutes, we stand by that view. Yes, the RBA needs to see supporting data evidence to be persuaded to hike rates again. But that was also the case prior to this meeting. What has changed is that the run of inflation data has been higher than expected, and the domestic economy has been more resilient. Add to that, the fact that even the RBA's higher revised inflation projections required more than just the one rate hike delivered at the November meeting, and we think that suggests the risks to the RBA view are still skewed to them having more hiking to do.

What to look out for: FOMC minutes

- South Korea PPI (21 November)
- Australia RBA minutes (21 November)
- US existing home sales (21 November)
- US FOMC minutes (22 November)
- Australia Westpac leading index (22 November)
- Singapore GDP (22 November)
- US Univ of Michigan sentiment, initial jobless claims and durable goods orders (22 November)
- Singapore CPI inflation (23 November)
- Bank Indonesia policy (23 November)
- Japan CPI inflation (24 November)
- Singapore industrial production (24 November)

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