

Asia Morning Bites

South Korea's advance-release trade data for April showed exports sustaining growth. China announces their loan prime rate and Indonesia reports March trade data



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Global Macro and Markets

- **Global Markets:** US Treasury yields are about where they were this time on Friday, though they fell sharply in early trading on reports of missile attacks on Iran before recovering later on. The yield on the 2Y UST was unchanged at 4.9858%, while 10Y yields fell just 1.2 basis points to 4.6207%. EURUSD is fractionally higher at 1.0660, though it followed a similar pattern to US Treasury yields during the trading day. The AUD is also little changed at 0.6426, and the JPY is also not much different at 154.57. But Cable is down at 1.2377 after Deputy Governor, Dave Ramsden, suggested on Friday that UK inflation risks were easing. That still leaves GBP the strongest G-10 currency so far this year. The PHP was the worst performer in the APAC region on Friday, weakening by 0.75%, followed closely by the KRW, IDR and TWD. The CNY remains tightly held at just below 7.24. Equities were weak again on Friday. The S&P 500 fell 0.88% and the NASDAQ dropped 2.05%. The NASDAQ is now just 1.8% up year-to-date. Chinese stocks also fell. The CSI 300 and Hang Seng both fell just under a per cent.
- **G-7 Macro:** Besides [a slightly cooler-than-expected CPI reading from Japan on Friday](#), it was a quiet day for macro releases. It's a quiet start to the week too, though we round off the

week with US core PCE inflation data for March, where the street is looking for either no change from 2.8% YoY (minority) or a small decline to 2.7% (majority). Any undershoot to this could cause big market adjustments.

- **China:** The PBOC announces its Loan Prime Rate today. In consideration of the stronger-than-expected first-quarter economic data, the priority on currency stabilisation, and the earlier medium-term lending facility decision, we expect the 1-year and 5-year rates to remain unchanged at 3.45% and 3.95% respectively.
- **South Korea:** In the first 20 days of April, exports rose by 11.1% YoY, driven by strong semiconductor export growth (43%). By country, exports to China (9%) and the US (22.8%) also rose. Meanwhile, imports rebounded by 6.1%, probably due to higher commodity prices. We expect exports to remain a strong growth driver this quarter, but the trade surplus is likely to narrow as higher commodity prices push up imports faster. Thus, overall growth momentum for the quarter is likely to decelerate modestly.
- **Taiwan:** March export orders will be released today. We expect a rebound to positive levels of around 2.5% YoY after a sharp drop of -10.4% YoY in February.
- **Indonesia:** Indonesia reports trade figures for March today. Both exports and imports are predicted to contract with exports forecast to fall 10.7% YoY while imports are expected to drop roughly 5% YoY. The overall trade balance could bounce back to \$1.2bn, up from the surprisingly modest \$867mn reported in the previous month. A slightly wider trade surplus should be positive for the IDR which has come under pressure lately.

What to look out for:

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