

Asia Morning Bites

Inflation data from Hong Kong and Singapore and PMI reports from India are out today. Australian PMIs already out



Asia Morning Bites

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Global Macro and Markets

- **Global Markets:** It was a slightly more positive day for US equities on Monday. The S&P 500 increased by 0.87%, and the NASDAQ gained 1.11%. That said, this was not enough to erase the losses from last Friday and equity futures don't seem to be very confident that this will progress further today. Treasury yields dropped slightly on Monday – probably as geopolitical tensions continued to ebb. 2Y yields fell 1.4 basis points to 4.971%, while yields on 10Y bonds fell 1.2bp to 4.608%. EURUSD is barely changed at 1.0655, although this follows another attempt to move lower which reversed in late trading. The AUD is slightly higher at 0.6447, Cable is slightly lower at 1.2348 and the JPY has risen fractionally to 154.80. Asian FX was split down the middle. The KRW and some S and SE Asian currencies made modest gains, though the THB and TWD made further losses. Moves in other currencies were minor. The CNY has moved up to 7.2436.
- **G-7 Macro:** There was nothing of note on yesterday's G-7 macro calendar. Today we get a barge-load of preliminary April PMI data from the G-7 including the US and the Eurozone. The US figures, which are watched less closely than the similar ISM reports, are not expected to deviate substantially from the moderate growth indicated by the March numbers. The US also publishes new home sales data today for March.

- **Australia:** Judo Bank PMI data for April showed the manufacturing PMI rising to within a whisker of a neutral reading (49.9). This PMI has been mostly below the threshold 50 level since late 2022. It briefly touched 50.1 in January this year but spent the previous ten months in contraction territory. The service sector PMI came off slightly from 54.4 to 54.2, though it still registers a decent growth environment for services.
- **India:** Manufacturing PMI data for India may deliver a small statistical pullback after months of strong readings. The manufacturing PMI was 59.1 in March after three months of solid gains. The service sector PMI has been steadier and registered 61.2 in March. We don't expect much change there.
- **Taiwan:** March industrial production data is released today. After weak (-1.1% YoY) growth in February, we are looking for a bounce back to around 8% YoY in March, which should benefit from a relatively favourable base effect from weak computer and electronics production in March 2023. This month's data release should not yet reflect any potential impact from the 11% electricity price hike.
- **Hong Kong:** CPI inflation will be released today. Markets are looking for inflation to remain steady at 2.1% YoY. After a brief uptick in 4Q23, inflation appears to be settling back toward around 2% in 1Q24. Housing and F&B have been drivers of inflation, while utilities and durable goods have been at negative levels for the past few months.
- **Singapore:** March inflation is set for release today. We expect inflation to stay elevated with headline inflation at 3.1%YoY and core inflation at 3.5%YoY. Concert series held early in the month could have bloated prices for travel and leisure-related services so we could still see some upside surprise to this number. With inflation elevated, the MAS will likely retain its current monetary stance until the last meeting for the year.

What to look out for: Inflation from Hong Kong and Singapore plus Taiwan industrial production

- Japan Jibun PMI (23 April)
- India PMI (23 April)
- Singapore CPI (23 April)
- Taiwan industrial production (23 April)
- Hong Kong CPI (23 April)
- US new home sales (23 April)
- South Korea consumer confidence (24 April)
- Australia CPI (24 April)

- Bank Indonesia meeting (24 April)
- US durable goods (24 April)
- South Korea GDP (25 April)
- Japan leading index and department store sales (25 April)
- Hong Kong trade (25 April)
- US initial jobless claims, GDP and personal consumption 1Q (25 April)
- Japan Tokyo CPI (26 April)
- Australia PPI (26 April)
- Singapore industrial production (26 April)
- US personal spending, Univ of Michigan sentiment and PCE core (26 April)

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