

Asia Morning Bites

The Bank of Japan (BoJ) meets to decide on policy today and is widely expected to retain its yield curve control (YCC) policy. Singapore will report CPI inflation while South Korea will release data on PPI inflation



Asia Morning Bites

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Global Macro and Markets

- **Global markets:** Monday was a quiet day for US Treasuries. The 2Y UST yield rose 0.7bp while the 10Y yield fell slightly by 1.7bp to 4.105%. The USD made slight gains against the EUR, taking EURUSD down to 1.0881. The AUD was also weaker, falling to 0.6566, though both Cable and the JPY held their ground. Asian FX was mostly a shade weaker against the USD. The PHP and THB propped up the bottom of the table. At the other end, the TWD made small gains taking it to 31.344. US stocks clawed their way higher with a new record for the S&P 500 of 4850 after a modest 0.22% gain. The NASDAQ also made a slight gain of 0.32%. US equity futures don't seem to have a strong view on today's open. Chinese stocks had another bad day. The Hang Seng fell 2.27% while the CSI 300 fell 1.56%.
- **G-7 macro:** There was nothing of note in the G-7 macro calendar yesterday, and there isn't much going on today either. UK public finance data precedes the US Richmond Fed business survey. The Bank of Japan is also meeting (see more below).
- **Japan:** Most forecasters expect that the Bank of Japan (BoJ) will maintain its ultra-loose monetary policy today. Consequently, the market's attention will be focused on what

Governor Ueda thinks about inflation and wage growth and whether he will give any hints of policy change in the near future. The market will probably be disappointed again because we don't believe that Ueda will give a clear signal of policy normalization in the near future. He may, however, sound more dovish than in the past, given the recent slowdown in inflation. The government renewed its utility subsidy program, so we expect the BoJ to revise down its FY2024 inflation outlook in today's quarterly macro-outlook report.

- **Singapore:** December inflation is set for release today. The market consensus points to inflation dipping to 3.5% YoY (from 3.6% previously) while core inflation may inch lower to 3.0% YoY from 3.2% YoY in November. Despite the slight deceleration, the MAS is widely expected to retain policy settings at the 29 January meeting, remaining wary of potential flare-ups in inflation while also looking to support an economy facing a challenging global trade environment.

What to look out for: BoJ decision and Singapore inflation

- South Korea PPI inflation (23 January)
- Singapore CPI inflation (23 January)
- Australia business confidence (23 January)
- Taiwan industrial production (23 January)
- BoJ policy meeting (23 January)
- US Richmond Fed manufacturing index (23 January)
- Australia Westpac leading index (24 January)
- Japan trade balance and Jibun PMI (24 January)
- Malaysia BNM policy (24 January)
- US MBA mortgage applications (24 January)
- South Korea GDP (25 January)
- Japan department sales (25 January)
- ECB policy meeting (25 January)
- US GDP, durable goods orders, initial jobless claims, new home sales (25 January)
- Japan Tokyo CPI inflation (26 January)
- Philippines trade (26 January)
- Singapore industrial production (26 January)
- US PCE deflator, pending home sales and personal spending (26 January)

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