

Asia Morning Bites

Korean PPI rises and Singapore inflation data due later will limit the scope for near term policy easing



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Global Macro and Markets

- **Global Markets:** There hasn't been much additional market response to the Biden announcement on Sunday. US Treasury yields were slightly higher on Monday across the curve but not materially. EURUSD has slipped back below 1.09 to 1.0891, and the AUD has also lost ground, falling to 0.6643, though Cable and the Yen look steadier. Yesterday's surprise rate cuts from the PBoC didn't have too much impact on USDCNY, which rose fractionally to 7.2750. There wasn't much movement elsewhere in Asian FX pairs. Equity markets in the US had a positive start to the week. The S&P 500 rose 1.08% and the NASDAQ rose 1.58%. Chinese stocks were mixed. The Hang Seng gained 1.25% yesterday, but the CSI 300 fell 0.68%.
- **G-7 Macro:** It's a quiet day for G-7 macro releases. The US has several regional business surveys due, as well as existing home sales data. None of these are likely to be particularly market-moving.
- **South Korea:** Producer prices rose 2.5% YoY in June, accelerating for the seventh straight month. The gain in June was mainly due to a high base related to the government's energy subsidy programme last year. Petroleum prices jumped 13.4% in June (vs 8.7% in May), although the monthly rate declined -0.1% month-on-month nsa. Fresh food prices

moderated further to 10% year-on-year in June (15.3% in May). However, we have already seen a sharp rise in retail prices for fresh food in July due to the recent bad weather conditions. Therefore, despite the slowdown in producer prices, we expect fresh food prices to pick up again in July. For more details, please see our report [here](#).

- We also published a report on the recent semiconductor booms and their impact on South Korea/Japan's trade. Please see [Asia's AI chip trade growth continues to boom](#).
- **Singapore:** June CPI data is due at 1300 SGT today. Headline inflation is forecast to drop from 3.1% to 2.7%, but the core rate is expected to only decline to 3.0% from 3.1% on a flat month-on-month reading. This isn't enough to warrant any near-term reaction from the Monetary Authority of Singapore. Core inflation has been flat at 3% or just over since September last year.

What to look out for : Singapore's CPI and South Korea's PPI

July 23rd

S Korea: June PPI

Singapore: June CPI

Taiwan: Industrial production

Japan: Machine tool orders

July 24th

Japan: Jibun bank Japan Flash PMI

S Korea: July Consumer sentiment index

Philippines: June budget balance PHP

July 25th

Vietnam: July CPI, Trade balance, Exports and Imports (By 31st July 2024)

S Korea: 2Q24 GDP

Japan: PI services

Singapore: July MAS Monetary Policy Statement

Australia: Judo Bank PMIs

India: HSBC PMIs

July 26th

Japan: July Tokyo CPI, Leading index CI

Singapore: June Industrial production

US: U. of Mich. Sentiment

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