

Asia Morning Bites

Markets kick off the week bruised by Friday's equity weakness and currency swings



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Source: shutterstock

Macro outlook

- **Global:** US stocks finished last week on a sour note, with the S&P500 down 2.77% and the NASDAQ down 2.55%. Year-to-date, the indices are down approximately 10% and 18% respectively. Equity futures in the US and in Asia are negative. It's a big week for US tech earnings, with Microsoft, Alphabet, Meta, Apple, Amazon and Twitter reportedly giving earnings updates. FX swings also feature prominently in market news with USDCNY hitting 6.50 and dragging most of the Asia FX pack with it. Losses were mainly felt in the S and SE Asian pairs with MYR the weakest, though the PHP hasn't followed suit, yet. EURUSD gained slightly from Macron's Presidential Election win in France but remains only just above 1.08. But the AUD is still under pressure, sliding from about 0.7371 on Friday to around 0.7239 now. Australian inflation data later this week could put the RBA under more pressure to tighten, but a lot is priced in by markets anyway, so it is not clear that this will provide much support for the AUD. The forthcoming National Elections on 21 May could also add some volatility to the AUD in the coming weeks. US Treasury yields haven't moved much since Friday morning. 2Y US Treasury yields are 2.667% and 10Y yields 2.899%.

The G-7 macro calendar is pretty quiet today – the Ifo survey from Germany is about the

only notable release. We are in the blackout period ahead of the Fed on 5 May, so we won't get anything new from the Fed until then.

India: [The RBI minutes](#) from the April meeting showed all members concerned about the inflation backdrop and looking to remove accommodation while remaining mindful of the growth backdrop. We anticipate a 25bp hike at the June meeting.

- **Taiwan:** Industrial production in March should be strong. But April data is at risk as Covid cases are rising. Although the authorities are trying to shorten isolation periods, this should still impact retail sales, manufacturing and exports. This could put extra pressure on the semiconductor supply chain.
- **Singapore:** Singapore reports March CPI inflation today. Surging commodity prices likely pushed headline inflation to 4.6% while also dragging core inflation to 2.5%. The Monetary Authority of Singapore (MAS) recently tightened policy rates on the view that core inflation could quicken to 3-3.5% later in the year. We will be monitoring this indicator in the coming months as the MAS will take its queue from trends in core inflation.
- **Indonesia:** Indonesia banned exports of palm oil in a bid to ensure domestic supply. Palm oil, which is used for cooking as well as food preparation, is in high demand as a substitute for sunflower oil, a commodity impacted by the ongoing Ukraine war. The ban will likely push up global food costs and will last until the Indonesia government deems domestic supply as stable.

What to look out for: Inflation reports from select economies

- Singapore CPI inflation (25 April)
- Taiwan industrial production (25 April)
- Korea GDP (26 April)
- Japan labour market data (26 April)
- Singapore industrial production (26 April)
- US durable goods orders, new home sales and consumer confidence (26 April)
- Australia CPI inflation (27 April)
- US pending home sales (27 April)
- Japan retail sales and industrial production (28 April)
- Taiwan GDP (28 April)
- Hong Kong trade (28 April)
- US initial jobless claims and 1Q GDP (28 April)
- Korea industrial production (29 April)
- Australia PPI inflation (29 April)
- US core PCE and Michigan consumer sentiment (29 April)

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