

Asia Morning Bites

China's development forum lays out the blueprint for reinvigorating the economy



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Global Macro and Markets

- **Global Markets:** US Treasury yields moved lower on Friday. The 2Y yield fell 4.7 basis points while the 10Y yield fell 6.9bp to 4.198%. 10Y JGB yields remained flat at 0.73%. Despite falling yields, the USD continued to strengthen. EURUSD is now down to 1.0808. The AUD has fallen back to the low 65-cent mark and Cable has fallen just below 1.26. The JPY is a little firmer at 151.21 as the Ministry of Finance's Kanda warned against "speculative" moves. Asian FX weakened against the USD on Friday, led by the KRW and THB. The CNY has pushed up to 7.2292. US equities had a mixed session on Friday, The S&P 500 edged slightly lower, while the NASDAQ eked out a small gain. Chinese stocks were down again.
- **G-7 Macro:** Friday was relatively quiet for G-7 data. [The German Ifo index came in a bit higher than expected](#) and up from the previous month. UK retail sales also weren't quite as bad as had been expected. Today is also quiet, just US new home sales for February and some further UK retail data. There are also a few Fed speakers. Bostic, who recently remarked that the Fed may just cut once this year is up, as are Goolsbee and Cook. US Core PCE inflation comes out on Friday.
- **China:** Ahead of last weekend's 2024 China Development Forum, we saw that China's FDI fell by 19.9% YoY through the first two months of the year, highlighting weak foreign

confidence. Premier Li Qiang spoke at the Forum, where the main theme was “The Continuous Development of China.” While acknowledging challenges, the premier's speech kept a positive tone, re-iterated some of the key themes discussed at the Two Sessions, and highlighted the importance of private enterprise as well global integration to China's development. He noted that China would increase macroeconomic policy adjustment, and take pragmatic and effective action to promote high-quality development. Key themes included expanding domestic demand (including new urbanization, equipment renewal, and trade-in of consumer durable goods), accelerate construction of a modern industrial system (industrial innovation, traditional industry upgrade, emerging industry growth), and green development. Chinese markets have recently been focused on the "new productive forces" phrase coined by President Xi last year, which encapsulates this transition towards higher quality growth.

- **Singapore:** February inflation is set for release today. The market consensus points to headline inflation rising to 3.2%YoY (from 2.9% previous) and core inflation edging higher to 3.4%YoY from 3.1% in January. Inflation should remain elevated in the near term with domestic demand possibly boosted by the "Swift effect" with the February numbers already showing the initial impact. This should translate to MAS retaining its current stance for at least the first half of the year.
- **Taiwan:** Today, Taiwan publishes its February industrial production data. Similar to the other data released for February, it is expected to see a significant slowdown from January due to the Lunar New Year effect.

What to look out for: Singapore and Malaysia inflation

- Singapore CPI inflation (25 March)
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- Japan Tokyo department store sales (25 March)
- US new home sales (25 March)
- Fed's Bostic and Goolsbee speak (26 March)
- Singapore industrial production (26 March)
- Hong Kong trade (26 March)
- US durable goods orders and Conference board consumer confidence (26 March)
- South Korea Business Survey (27 March)
- Australia CPI inflation (27 March)
- US MBA mortgage applications (27 March)
- Australia retail sales (28 March)
- US GDP, initial jobless claims, core PCE, pending home sales, Univ of Michigan sentiment (28 March)
- South Korea industrial output (29 March)
- Japan labour report, Tokyo CPI, retail sales (29 March)
- Thailand trade (29 March)
- US personal spending (29 March)

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