

Asia Morning Bites

Markets are still digesting the more hawkish central bank backdrop and events in Russia over the weekend. More central bank flavour will come this week from the Sintra ECB event, where Powell, Lagarde, Bailey and Ueda will be speaking. US PCE data rounds off the week



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Global Macro and Markets

- **Global markets:** Equities finished in the red on Friday. There was not much upside. Bourses opened down and then stayed down for most of the session. The S&P 500 fell 0.77%, and the NASDAQ fell 1.01%. Digesting the Fed's recent comments about further rate hikes, and also the similar noises coming from the ECB and the Bank of England's surprise 50bp hike, together with anxiety about the unfurling events in Russia would all have weighed on sentiment. US equity futures are looking a bit brighter this morning. China was still on holiday at the end of last week. US Treasury yields dropped last Friday. The 2Y US Treasury yield fell 5bp to 4.741%. 10Y UST yields fell 6bp to 3.735%. EURUSD moved lower on Friday, falling to 1.0845 intraday before recovering to just above 1.09. The AUD was also weaker against the USD, falling to 0.668. Sterling was steadier, but Cable also lost ground to 1.2728, and the JPY was also weaker, rising to 143.521. Friday was a poor day for Asian FX, with declines across the board except where markets were closed for public holidays. The KRW,

SGD, THB and MYR all lost 0.5% or more.

- **G-7 macro:** US PMI data showed some signs of weakness on Friday. The Manufacturing PMI slid further into contraction territory, dropping to 46.3 from 48.4, while the service sector PMI softened to 54.1 from 54.9, though remains in expansion mode. Germany's Ifo survey is about all we have to get excited about today. The ECB's Central Bank forum in Sintra kicks off today. The end of the week will be more interesting, with another dose of PCE data from the US.
- **Singapore:** Industrial production data will be released later this afternoon. The market consensus points to another month of contraction (-7.1%YoY) as production tracks the struggles on the trade front. We can expect this trend to continue in the near term given the outlook for global trade.
- **Philippines:** President Marcos appointed former Monetary Board Member Remolona to take over as Bangko Sentral ng Pilipinas (BSP) Governor next week. We are not expecting any major shifts in policy thinking from incumbent BSP Governor Medalla and we expect the BSP to match any moves by the Fed in the coming months.

What to look out for: Singapore industrial production and Powell's comments later in the week

- Singapore industrial production (26 June)
- Taiwan industrial production (26 June)
- Japan leading index (27 June)
- Hong Kong trade balance (27 June)
- US durable goods orders, new home sales and Conference Board consumer confidence (27 June)
- Australia CPI inflation (28 June)
- Philippines bank lending (28 June)
- US MBA mortgage applications and wholesale inventories (28 June)
- Fed's Powell speaks (28 June)
- Japan retail sales (29 June)
- Australia retail sales (29 June)

- US initial jobless claims and pending home sales (29 June)
- Fed's Powell and Bostic speak (29 June)
- South Korea industrial production (30 June)
- Japan labour market data (30 June)
- China PMI manufacturing (30 June)
- US personal spending and Univ of Michigan sentiment (30 June)

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