

Asia Morning Bites

Korea's March consumer sentiment index slips from February. Singapore releases February industrial production



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Global Macro and Markets

- **Global Markets:** US Treasury yields rose again yesterday. 2Y yields rose 3.6 basis points to 4.625%, while the 10Y rose 4.7bp to 4.245%. [There's a good piece by our rates team on Think](#) for some detail on the likely near-term direction and implication for corporate borrowing rates. Rising rates and the level of the USD don't seem strongly correlated currently on a daily basis. On Friday, the USD rallied as yields rose. On Monday, it weakened, though yields rose again. EURUSD is back to 1.0837 and it feels like 1.08 is becoming a floor for this pair, as we haven't pushed meaningfully through this level for more than a month. Maybe core PCE on Friday will provide a catalyst, in which case, 1.07 could become a new target. G-10 currencies mostly made back some of their recent losses against the USD yesterday, except for the JPY, which was little changed at 151.51, helped by more verbal intervention from Ministry of Finance officials. Most of the Asian currencies also made small gains against the USD yesterday. The CNY opened sharply down at about 7.1950 after a strong daily fixing at 7.0996, but moved quickly back up above 7.20 and is now 7.2114. Neither the KRW nor PHP managed to hold on to any gains against the USD yesterday. US stocks were down slightly on Monday. Both the S&P 500 and NASDAQ fell about 0.3% on the day. US equity futures are looking a bit brighter though. Chinese stocks were again down on

Monday. The Hang Seng only fell by 0.16%, but the CSI 300 was down 0.54%.

- **G-7 Macro:** It was a quiet day for macro data yesterday. Today, we have US durable goods orders for February. This is always a tricky data release, with plenty of volatility and sub-indices which are often more important than the headline. The March Conference Board consumer confidence survey and Richmond Fed business surveys are also out, as well as some January house price data from S&P CoreLogic. Fed speakers weren't too interesting yesterday. Bostic repeated his one rate-cut theory, while Cook cautioned about too hasty easing. There are no Fed speakers on the calendar today.
- **South Korea:** The consumer sentiment index stepped back to 100.7 in March from 101.9 in February, but has remained above the neutral level of 100 for three consecutive months. The outlook for domestic economic conditions and spending remained unchanged, but the other sub-indicators all declined. The outlook for house prices appears to have bottomed out, rising to 95 after two months at 92. More importantly, consumers' inflation expectations for the next 12 months reaccelerated to 3.2% from 3.0%, probably due to recent high fresh-food prices. As inflation expectations rise again, it is likely to keep the Bank of Korea on alert.
- **Singapore:** February industrial production is set for release today. We expect only a modest gain in line with soft non-oil domestic exports. The market consensus points to a 0.4%YoY rise or an increase of 2.1% from the previous month. We see this trend persisting at least in the near term as global growth remains moderate.

What to look out for: Singapore industrial production and Hong Kong trade

- 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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