

Asia Morning Bites

Asian macro took a back seat to politics and geopolitics on Monday and will probably also do so today



Asia Morning Bites

Global Macro and Markets

- **Global Markets:** US Treasury yields fell sharply yesterday. The yield on 2Y USTs fell 10.6 basis points to 4.269%, while 10Y yields fell 12.7bp to 4.273%. This all appears to be related to the news we reported in this note yesterday about the picking of Scott Bessent to be the next Treasury Secretary, which markets have received well. Since then, there have also been headlines reporting Donald Trump as saying that he would impose an additional 10% tariffs on China and 25% on Mexico and Canada, which will add some further volatility. More positively, there are reports also that a ceasefire may be days away in the Middle East between Israel and Hizbollah.
- There was less euphoria in the equity markets. Both the NASDAQ and S&P 500 rose about 0.3% yesterday, while Chinese stock indices lost between 0.4 and 0.5%. EURUSD pushed back above 1.05 but is sitting just below that level now. Other G-10 currencies have also made further gains against the USD, though the AUD remains roughly unchanged at about 65 cents. Asian FX also had a positive day on Monday, led by the previous laggards, the KRW and TWD. The MYR also made decent gains. USDINR has dropped to 84.29 from 84.5 and USDCNY is down to 7.2462.
- **G7 Macro:** There wasn't a whole lot going on in macro-land yesterday. Just some more bad German Ifo data, but that will have surprised no one. Macro was well down the pecking

order from political appointments and other noise yesterday. There is more macro data today, but none of it is particularly interesting. The US Conference Board's consumer confidence data is probably the main release of the day, but there are also various housing-related numbers published. Early tomorrow morning Asia time (03:00 SGT/HKT) we get the FOMC minutes of the last meeting published. The commentary from FOMC members has been mixed since then, with some suggesting greater caution, but others (Kashkari overnight) indicating December remains open for further easing. Markets reflect this, with just a 55% chance of a December cut priced in. The minutes may shift the needle slightly one way or another.

- **Singapore:** After a sharp decline in non-oil domestic exports in October, we suspect there may be some downside risk to the consensus forecast for a 2.0% MoM (2.6%YoY) increase in October industrial production published at 13:00 SGT.

What to look out for: Japan PPI services, Singapore industrial production, South Korea consumer confidence

November 26th

Japan: October PPI services

Singapore: October industrial production

S Korea: November consumer confidence

November 27th

Australia: October CPI

China: October industrial profits

Philippines: October budget balance PHP

November 28th

S Korea: November BoK base rate

November 29th

India: 3Q GDP, October fiscal deficit

Japan: October jobless rate, retail sales, industrial production November Tokyo CPI, consumer confidence index

Taiwan: 3Q GDP

China: November composite and manufacturing PMI (November 30th)

S Korea: November imports, exports, trade balance (December 1st)

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