

Asia Morning Bites

Singapore reports August production figures. Global bond yields keep rising. USD keeps gaining



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Global Macro and Markets

- **Global markets:** US equity markets did what the futures markets had earlier suggested, and rose modestly yesterday. The S&P 500 and NASDAQ were both up respectively 0.4% and 0.45%, though this took some effort as stocks opened down and had to dig themselves out of a hole to achieve even this modest increase. Additional slight gains are signalled by the futures markets currently. Chinese stocks turned negative again yesterday, reversing Friday's gains. The Hang Seng fell 1.82% while the CSI 300 fell 0.65%. US Treasury yields continue to move higher. The 10Y yield rose 10bp yesterday, taking it to 4.533%. There was less going on with the 2Y yield, which rose only 1.5bp to sit at 5.125%. Fed speakers are cited as being behind some of the weakness in demand for Treasuries, according to one newswire. However, the most notable Fed speaker yesterday, Austan Goolsbee, a renowned dove, merely said that a soft landing remains a possibility, but that there remain risks. That doesn't feel like it was worth 10bp on the 10Y, probably not even 1bp. Rising yields have boosted the USD, and EURUSD has dropped below 1.06 to 1.0595. It was slightly lower back in February and March this year when it got down to 1.0516. The AUD has drifted down to 0.6423, Cable has similarly gone down to 1.2215, and the JPY has weakened to 148.83 as Governor Ueda stuck with his exceptionally cautious tone on the outlook for inflation. Other

Asian FX was mostly slightly weaker against the USD on Monday. The CNY is back above 7.30 at 7.3120, and despite the recent bond news, the INR has risen back above 83. As has often been the case recently, the THB is propping up the bottom of the league table.

- **G-7 macro:** Yesterday was thin for Macro, with a slightly weaker German Ifo survey as the main data point. The Chicago Fed national activity index (a contemporaneous recession indicator) fell below the zero mark in August, but house prices continued to rise. Today, US new home sales and the Conference Board consumer confidence index are the main releases.
- **Singapore:** Singapore reports industrial production numbers for August later today. We can expect another month of contraction for industrial production as the sector tracks the struggling export market. Non-oil domestic exports have seen a string of negative growth numbers due to soft global demand, and we expect industrial production to stay subdued until we see a meaningful pickup in global trade.

What to look out for: US consumer confidence

- South Korea consumer confidence (26 September)
- Singapore industrial production (26 September)
- US Conference board consumer confidence, new home sales, FHFA house price index (26 September)
- Australia CPI inflation (27 September)
- China industrial profits (27 September)
- Japan machine tool orders (27 September)
- US durable goods orders and MBA mortgage applications (27 September)
- Australia retail sales (28 September)
- US initial jobless claims, personal consumption, pending home sales (28 September)
- Fed's Powell, Goolsbee and Barkin speak (29 September)
- Japan Tokyo CPI inflation and labor report (29 September)
- Thailand trade (29 September)

- US University of Michigan sentiment, personal spending (29 September)

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