

Asia Morning Bites

EURUSD rises sharply, but Asian currencies more stable



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Global Macro and Markets

- **Global Markets:** After Tuesday's weakness, US stocks fared slightly better, though it was still a mixed picture. And despite the NASDAQ staging a small increase, the S&P 500 was down again. Equity futures suggest a slight improvement today for both indices. Chinese stocks also halted their recent slide. The Hang Seng rose 0.71% from the previous day while the CSI 300 was still down but by less than 0.1%. Slightly improved sentiment helped 2Y US Treasury yields to rise, and they are now 3.951%, up 6.2bp from the previous day while the 10Y yield is 3.448%, after rising 4.9bp. The last 24 hours for EURUSD has been very volatile. This time yesterday, EURUSD was about 1.0977, but it rose sharply after midday heading as high as 1.1095 before pulling back to 1.1044 now. Ongoing bank concerns may be one reason for the USD's weakness, as US regulators (according to newswires) are weighing a downgrade to their assessment of First Republic Bank, though other sources mention debt ceiling concerns as the driver. The AUD did not respond positively to the [ongoing improvement in inflation](#) and has dropped back to just above 66 cents. Cable, in contrast, has followed the EUR higher and is now 1.2471 and the yen has also made gains. USDJPY is now down to 133.43. Wednesday was mixed again for Asian FX, though most moves were quite modest. The THB led the pack with a 0.52% gain on the day while the KRW held up the bottom of the pack with a 0.3% decline. USDCNY was not much changed.
- **G-7 Macro:** There was only light news flow yesterday, which from the US contained a

narrowing of the trade deficit, some worse-than-expected core goods orders, and some rising retail inventories. There's nothing in here to make too big a deal over. The rest of the G-7 was quiet. Today will deliver a barrage of European confidence measures. But the highlight is most probably the advance 1Q23 GDP release from the US. The consensus view is for a 1.9% annualized growth rate, down from 2.6% in 4Q22.

What to look out for: US GDP and core PCE

- China industrial profits (27 April)
- US GDP, core PCE, pending home sales and initial jobless claims (27 April)
- South Korea industrial production (28 April)
- Japan labour market data (28 April)
- Australia PPI (28 April)
- Taiwan GDP (28 April)
- US personal spending (28 April)

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