

Asia Morning Bites

India reports 4Q22 GDP data later tonight followed by US consumer confidence.



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Macro and market outlook

- **Global Markets:** US stocks opened higher on Monday, but then lost ground for much of the rest of the session leaving them with only small gains at the close. The S&P 500 rose 0.31% and the NASDAQ rose 0.63%. Chinese stocks had an even less inspired day. The CSI 300 lost 0.42% while the Hang Seng Index was down 0.33%. The re-opening story doesn't seem to be providing much uplift currently. US Treasury yields drifted a little lower. The 10Y bond yield fell 2.9bp to 3.914%, while the 2Y dropped 3.5bp to 4.778%. The EUR rallied against the USD in late trading, finding its way back above 1.06. The AUD has not followed suit, yet, and sits at 0.674, about the same as this time yesterday. Likewise, the JPY, which remains roughly unchanged at about 136. The GBP, in contrast, has climbed back to 1.2067. This difference in G-10 performance may be linked to the EU-UK agreement on the Northern Ireland protocol yesterday though this was well flagged and seems a bit of a stretch. Central bank speakers likewise were out on the newswires from both the Fed (Jefferson and Mester) and ECB (Vujcic), though no new ground was broken, with both sides sticking to the story of persisting with tightening until the inflation battle is won. Vujcic speaks again today, along with Philip Lane (Macro-Financial Stability). The bulk of the Asian FX pack lost ground to the USD yesterday with the KRW and PHP leading the pack weaker. There were small

gains from the CNY which now sits at 6.9441.

- **G-7 Macro:** US Durable goods orders out yesterday are always a bit of a struggle to disentangle, but the 3m moving average of the capital goods orders and shipments are one way of tackling the noise inherent in the series. Both series indicate a slight softening from December, in keeping with senior loan officers' surveys of tightening lending standards and weaker borrowing demand. This is worth watching. In contrast, pending home sales for January picked up 8.1% MoM against expectations for only a 1.0% gain. Another seasonal anomaly? US house price data along with inventories and the Conference Board consumer confidence surveys form the main items of interest in the day ahead along with some preliminary French inflation figures.
- **India:** At 8pm SGT tonight, India releases 4Q22 GDP results. The consensus is for a 4.7%YoY outcome. We favour a slightly smaller growth rate, but one that would nevertheless, cement a 6%+ growth outcome for the full year. Solid momentum despite the external backdrop is likely to help India secure another 6%+ growth outcome in 2023.
- **Japan:** Monthly activity data for January was mixed. Industrial production (IP) was weaker than expected while retail sales came in stronger. Industrial production declined for the first time in three months in January, weighing on the country's recovery momentum. Production fell 4.9% MoM in January (vs +0.3% in December, -2.9% market consensus). January export data had already suggested the weak IP in January which is partially related to China's lunar new year holidays and we expect a rebound in February. But the inventory ratio continued to rise (2.5% vs 1.5% in December), suggesting that the inventory cycle is not helpful for a meaningful pick up in production anytime soon. Meanwhile, retail sales rose a solid 1.9% MoM sa in January (vs 1.1% in December, 0.4% market consensus). Apparel (7.7%) and motor vehicles (8.1%) rose the most. As we have previously argued, Japan's economy should recover in the current quarter, mainly led by services and consumption while production remains sluggish.

What to look out for: Indian GDP

- Japan retail sales and industrial production (28 February)
- Australia retail sales (28 February)
- Singapore unemployment (28 February)
- Thailand trade balance (28 February)
- India GDP (28 February)
- US wholesale inventories and Conference board consumer confidence (28 February)
- South Korea trade balance (1 March)
- Australia GDP (1 March)

- Japan Jibun PMI (1 March)
- Regional PMI manufacturing (1 March)
- China PMI and Caixin PMI (1 March)
- Indonesia CPI inflation (1 March)
- US ISM (1 March)
- South Korea industrial production (2 March)
- Hong Kong retail sales (2 March)
- US initial jobless claims (2 March)
- Japan Tokyo CPI inflation and Jibun PMI services (3 March)
- China Caixin PMI services (3 March)
- Singapore retail sales (3 March)
- US ISM services (3 March)

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