

Asia Morning Bites

Australian inflation remains unchanged in January. Hong Kong releases the latest GDP numbers.



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Global Macro and Markets

- **Global markets:** It was another very quiet day for US Treasury markets. 2Y yields were little changed and the 10Y yield only rose a little over 2bp to 4.303%. EURUSD was also steady in the mid-1.08 range. The AUD made back a little of the ground it lost on Monday getting back to 0.6545. Cable was steady, while the JPY took a look at 150, but pulled back to 150.47 currently. In the rest of Asia, the THB was one of the strongest performing currencies on the day, building on the previous day's gains and helping to reverse some of the losses from earlier in the week. There was little change elsewhere. US equities made small gains, but equity futures don't indicate these being extended today. Chinese stocks had a decent day. The Hang Seng rose 0.94% and the CSI 300 rose 1.20%.
- **G-7 macro:** There was a lot of second-tier data out of the US yesterday. Durable goods orders registered a weak headline, but this is a messy piece of data and the various core elements and capital shipments figures weren't as soft. Likewise, the two house price reports gave conflicting pictures of the strength of the housing market, while the Conference Board's consumer confidence figure dropped sharply. Today, the US publishes the second report on 4Q23 GDP. No major changes are expected from the first release. However, keep a look out for the profit data that will accompany the GDP revisions.

Tomorrow is the big day for the US, with the core PCE release. Elsewhere, the Eurozone publishes a raft of consumer and business confidence data. The market is looking for modest improvements.

- **Australia:** January inflation remained unchanged at 3.4% YoY, against expectations for an increase to 3.6%. Despite this better-than-expected result, we still anticipate increases in inflation in February and beyond to the middle of the year before the downturn re-emerges. And while it is not our base case, this still leaves a narrow window for the RBA to hike one more time if conditions warrant it.

What to look out for: Australia inflation

- Australia CPI inflation (28 February)
- New Zealand RBNZ (28 February)
- Hong Kong GDP (28 February)
- US GDP and core PCE (28 February)
- Japan retail sales and industrial production (29 February)
- Australia retail sales (29 February)
- Thailand trade (29 February)
- Taiwan GDP (29 February)
- India GDP (29 February)
- US initial jobless claims and PCE (29 February)
- Japan labour data (1 March)
- South Korea trade (1 March)
- Regional PMI (1 March)
- China PMI non-manufacturing and manufacturing, Caixin PMI (1 March)
- Indonesia CPI inflation (1 March)
- US ISM and University of Michigan sentiment (1 March)

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