

Asia Morning Bites

Big week coming up for Asia



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Global Macro and Markets

- **Global Markets:** No big surprises from the PCE inflation data on Friday allowed US Treasury yields to fall further in anticipation of September rate cuts. The market is now more than fully pricing in a 25bp rate cut in September, though seems to have written off a cut at this week's FOMC meeting, which seems reasonable. By the year end markets are now closer to pricing in three rather than two rate cuts. 2Y Treasury yields fell 4.1 basis points on Friday and 10Y yields fell 4.7bp taking them down to 4.194%. EURUSD hasn't moved much and is still hovering around the 1.0850 level. The AUD, which has been hard-hit by the JPY carry unwind is also treading water at the mid-65 cent level as the JPY stabilises at about 154.15 ahead of this week's Bank of Japan rate meeting (we are looking for a 15bp hike). Cable is also fairly steady at 1.2868. In Asian FX apace, the USDCNY moved higher on Friday after its recent gains and is now 7.2505. The IDR also lost some ground, rising to 16290. At the other end of the spectrum, the THB made some modest gains and USDTHB has dropped to 35.926.
- **G-7 Macro:** As mentioned, there weren't any big surprises in the PCE inflation data on Friday. The headline PCE index rose 0.1% MoM enabling the inflation rate to edge down to 2.5% YoY from 2.6%. The core index rose 0.2% MoM as expected, but on rounding, stayed at 2.6% YoY, rather than falling to 2.5% as expected. US personal incomes for June rose slower than expected, rising only 0.2% MoM (0.4 expected) but spending grew 0.3% MoM.

University of Michigan consumer confidence data rose modestly, close to expectations. The G-7 calendar lacks much interest today.

- **Vietnam:** We get most of Vietnam's macro releases for July today, including CPI inflation, trade and retail sales data. The inflation numbers have been running very close to the central bank's 4.5% upper target (4.34% in June) and retail sales have also been running hot at about 9% YoY. So it will be interesting to see if there is any sign of cooling in today's data. We are not expecting any remedial central bank rate action soon given some of the issues in the banking sector. But there are clearly some issues that need watching with this economy and it could be the currency where we see the adjustment coming absent any official action.
- **Rest of Asia:** It's a very big week for the region with the Bank of Japan meeting on 31 July and some critical June and 2Q24 inflation data for the Reserve Bank of Australia. We have a quiet Monday to get ready for this.

What to look out for: Vietnam July inflation and activity data

July 29th

Vietnam: July CPI inflation, Industrial Production, Retail sales and Trade

July 30th

Japan: June Jobless Rate, Job-To-Applclicant Ratio

Australia: June Building Approvals

US: Conf. board consumer confidence

Singapore: June Unemployment rate

July 31st

S Korea: June industrial production

Japan: June retail sales, industrial production, Housing starts, BOJ target rate

China: July Manufacturing & Non-manufacturing PMIs

Australia: June retail sales, CPI

Taiwan: 2Q Advance GDP

India: June Fiscal deficit

August 1st

US: FOMC rate decision

S Korea : July trade balance, Imports & exports, Manufacturing PMI

Japan: Jibun Bank Manufacturing PMI

Australia: June trade balance, Imports & exports

China: July Caixin China PMI

Philippines: July Manufacturing PMI

India: July Manufacturing PMI

Indonesia: July CPI

August 2nd

S Korea: July CPI

Japan: July monetary base

Australia: July PPI

Singapore: PMI

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