

Asia Morning Bites

Asian markets are buoyant ahead of the US labour report



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Global macro and markets

- **Global Markets:** US Treasury yields continued to decline on Thursday ahead of today's US non-farm payrolls release. There is some market speculation that Fed Chair Powell hinted at a weak payroll number at the recent FOMC meeting. This may be helping to push yields lower. 2Y yields fell 8.7 basis points, while the yield on 10Y yields fell 4.7bp to 4.58%. EURUSD has steered an erratic path upwards, taking it to 1.0731. The AUD has strengthened to 0.6574. Cable has tracked the EUR move and ended slightly stronger at 1.2542, while the JPY has drifted lower and is currently at 153.11. China is still out, but the rest of the Asian FX pack had a better day yesterday, led by the SGD, which has declined to 1.3540. Most other currencies gained between 0.3-0.4% versus the dollar. US stocks were buoyed by the lower yield environment and the S&P 500 rose 0.91%. The NASDAQ gained 1.51%. Equity futures are also positive.
- **G-7 Macro:** Eyes down for April non-farm payrolls and all the rest of today's US labour report. The consensus forecast is for a robust 240,000 for the headline payrolls number. The unemployment rate is not forecast to change from 3.8%, while average hourly earnings growth is forecast to ease down from 4.1% to 4.0% YoY. Despite Powell's possible hint at the FOMC, this is, as ever, a roll of the dice and almost anything is possible. Yesterday's data had little substance. The productivity figures and unit labour cost numbers were a bit disappointing. They can be reconciled by assuming that underlying wage growth or

employment was higher than was assumed in the first quarter. That doesn't necessarily have any implications for today's payroll figure. However, it may muddy the waters with some upward revisions to prior months, even if the April figure comes in softer. In Europe, France and Italy report budget figures, and France also publishes March Industrial production.

- **Singapore:** Singapore's March retail sales are due for release today. We expect sales to enjoy a modest rise of roughly 3% year-over-year. Retail sales for recreation and travel-related services were likely boosted by a concert series held earlier that month. A robust retail sales report could nudge 1Q GDP higher although overall growth should stay moderate for as long as inflation remains elevated.

What to look out for: Singapore retail sales and US jobs report

- Singapore retail sales (3 May)
- US non-farm payrolls (3 May)

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