

Asia Morning Bites

China's Caixin services PMI report will be the focus for today ahead of tonight's US non-farm payroll data.



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Global markets and macro

- **Global markets:** Front-end US Treasury yields bounced slightly yesterday after their big post-FOMC drop. 2Y UST yields rose 4.6bp, but remain below 5% (4.989%). But yields on the 10Y Treasury kept falling, dropping a further 7.5bp to 4.659%. US equity markets are benefitting from the drop in bond yields. The S&P 500 rose a very decent 1.89%, and the NASDAQ was also up (1.75%). Chinese stocks were more mixed. The CSI 300 fell 0.47% on Thursday, but the Hang Seng rose 0.75%. The USD lost further ground on Thursday. EURUSD rose to 1.0617. The AUD rose to 0.6428. Cable pushed back above 1.22, though has dropped back to 1.2194 now, and the JPY has eased down to about 150.5. Asian FX was broadly stronger against the USD on Thursday and looks likely to keep making gains today. The KRW led the rest of the Asia FX pack, dropping to 1343. The THB followed, dropping to 35.99. The CNY also made small gains, and USDCNY has moved down to 7.3143.
- **G-7 macro:** It was the turn of the Bank of England to sit on its hands yesterday, following the FOMC's "pause" the previous day. [The MPC committee decided to leave Bank Rate at 5.25%](#). But pushed back against the market's expectation for rate cuts next year. Today, non-farm payrolls provide us all the entertainment we need to take us into the weekend. For what it is worth, the consensus forecast for the payrolls headline is +180K, with no

change in the unemployment rate (3.8%) and average hourly earnings growth dropping from 4.2% YoY to 4.0%. We also get the non-manufacturing ISM. However, whatever it produces will be eclipsed by the payroll numbers.

- **China:** After the disappointments of the official PMIs, and then the Caixin manufacturing PMI indices earlier this week, the consensus view of a slight rise of the Caixin service-sector PMI to 51.0 from 50.2, looks in strong danger of being undershot.
- **Singapore:** September retail sales are due for release later today. We can expect another month of modest expansion with retail sales possibly up roughly 1.5%YoY supported by robust department store sales driven by the return of visitor arrivals. Retail sales have been a bright spot for economic growth this year but elevated inflation should cap its upside in the near term.

What to look out for: China Caixin PMI services and US NFP

- China Caixin PMI services (3 November)
- Singapore retail sales (3 November)
- US NFP and ISM services (3 November)

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