

Asia Morning Bites

Quiet day ahead of the Bank of Japan meeting and Australian inflation data tomorrow



Asia Morning Bites

Source: shutterstock

Global Macro and Markets

- **Global Markets:** There wasn't much on yesterday's US calendar, and this was reflected by rangebound US Treasuries. 2Y UST yields rose 1.6 basis points, while those on the 10Y fell 1.9bp to 4.174%. EURUSD dipped sharply to 1.0821, but the AUD remains close to yesterday's level at about 0.6550. Cable had a choppy day, dropping to within a whisker of 1.2800, but recovered back to 1.2862. The JPY has also been a bit choppy but at 153.85 remains close to yesterday's level. In Asia, the CNY reverted to a weaker path, drifting up to just over 7.26. The PHP also lost ground and USDPHP rose to 58.515. At the other end of the pack, the VND made small gains, despite some slightly higher inflation, helped by better-than-expected trade figures, and stronger industrial production and retail sales. The MYR was the best performer on the day, bucking its usual trend of mirroring CNY moves. US equities were flat on Tuesday. Equity futures are currently suggesting a weaker open today. Chinese shares were mixed. The Hang Seng rose 1.27% but the CSI 300 dropped 0.54%.
- **G-7 Macro:** It is quite a busy day for European macro today. Advance Eurozone GDP for the second quarter is forecast to rise a modest 0.2% QoQ. Eurozone confidence survey data is also published as well as German inflation data for July, which is not expected to show any further decline from the 2.5% YoY (harmonised measure) published in June. US house price

data for May is released along with the Conference Board's consumer confidence figures.

- **Japan:** The unemployment rate fell to 2.5% in June after remaining at 2.6% for the past four months, also below the market consensus of 2.6%. The labour participation rate rose to 63.7%, staying on the rise since January 2024. Although the job-to-applicant ratio slid to 1.23 (vs 1.24 May and market consensus), the new job-to-applicant ratio rose to 2.26 (vs 2.16 in May). Taken together, today's labour data continue to suggest that the labour market remains tight, supporting healthy wage growth ahead.

We believe that the recently released inflation and labour data continue to justify the Bank of Japan's rate normalisation. We are expecting a 15bp hike tomorrow, but the decision is still up in the air. Currently, the market is pricing in a 60% chance of a hike. In our view, the Bank of Japan is convinced that the virtuous cycle between wages and consumption is strengthening. However, real wage growth has remained in negative territory, which could lead the BoJ to keep policy rates on hold.

What to look out for: Japan jobless rate, Australia building approvals

July 30th

Japan: June Jobless Rate, Job-To-Applicant 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

Authors

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.