

Asia Morning Bites

Australian capex data to provide the first clue to next week's 1Q24 GDP release



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Global Macro and Markets

- **Global Markets:** US Treasury yields continued to edge higher on Wednesday. The 2Y yield rose 1.7 basis points, but the 10Y rose 6.2bp to 4.612%. With PCE inflation data on Friday, we may see yields push closer to the April 4.705% local peak today, with any subsequent movement determined by the PCE data outcome. EURUSD dropped on Wednesday, and is now down to 1.080. The AUD also dropped to just above 66 cents despite the higher than expected inflation print for April.

Cable has dropped back below 1.27, and the JPY has risen to 157.63. Asian FX was weaker across the board on Wednesday. The PHP propped up the bottom of the table, weakening by 0.81% vs the USD. The KRW, IDR, THB and TWD all lost more than 0.4% against the USD. The heavily managed VND was little changed despite a further increase in inflation that is encouraging thoughts of rate hikes.

US stocks fell in the latest session. The S&P 500 lost 0.74% and the NASDAQ dropped 0.58%. US equity futures are also pointing to further losses at today's open. Chinese stocks were mixed. The Hang Seng fell 1.83% but the CSI 300 eked out some small gains.

- **G-7 Macro:** The Fed's Beige book was yesterday's main macro offering. The headlines were "slight or modest" growth across most regions and a "modest pace" of price increases. Overall, the tone of the report was more sombre. Employment growth was said to be "negligible to modest" and wage growth was also reported as moving back towards pre-pandemic rates. There wasn't much else of note from the US, but Germany reported inflation figures for May, which rose more than expected. The harmonised index measure of inflation rose to 2.8% YoY from 2.4%. [Carsten Brzeski writes](#) that this does not threaten the expected June rate cut from the ECB, but it does raise questions about what happens next.

Today, is relatively light on data. Revised 1Q24 GDP data for the US shouldn't cause too much excitement, though any revisions to the 1Q PCE figures will be pounced on. The April advance trade balance figures probably won't excite markets too much - likewise, April wholesale and retail inventories. Europe publishes a barrage of confidence measures as well as the April unemployment rate.

- **Australia:** Private capex data out at 0930 SGT/HKT provide a first glance into the GDP data for 1Q24 released next week. We are looking for 1Q24 GDP to grow at a 0.2% QoQ pace, which would take the annual growth rate down from 1.5% to 1.2% YoY. Any big surprises to the 0.7% consensus capex forecast will raise the likelihood of a surprise on the GDP numbers.

What to look out for:

- Australia building approvals (30 May)
- Taiwan GDP (30 May)
- US GDP, core PCE, initial jobless claims (30 May)
- Fed's Williams and Bostic speak (30 May)
- South Korea industrial production (31 May)
- Japan labour market data, retail sales, industrial production (31 May)
- China manufacturing and non-manufacturing PMI (31 May)
- India GDP (31 May)
- US personal spending, PCE deflator (31 May)
- Fed's Logan and Williams speak (31 May)

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