

Asia Morning Bites

Asian Markets have yet to fully respond to Friday's mixed payrolls report. Indonesian 2Q23 GDP today



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Global Macro and Markets

- **Global markets:** US equities dipped slightly on Friday after a mixed labour report that contained some hints that the US economy was slowing. The S&P 500 declined 0.53% and the NASDAQ fell 0.36%. Chinese stocks had a better end to the week. The Hang Seng rose 0.61% and the CSI 300 rose 0.39%. US Treasury yields retreated sharply on Friday. The 2Y yield dropped 11.7bp, and 10Y Treasury yields fell 14.1bp to 4.034%. The USD also softened against the EUR. EURUSD rose sharply to 1.104 intraday, before settling back to just over 1.10. The AUD took a look above 0.66 but has also settled back to 0.6572. Cable rose to 1.2747, and the JPY dropped to 141.91. Asian FX was mostly weak against the USD on Friday but will likely recover lost ground in early trading today. The KRW and THB were the two weakest currencies on Friday. The KRW is now 1309.70.
- **G-7 Macro:** Friday's labour report was very mixed, with the headline payroll numbers coming in a bit lower than expectations, but wages growth rising and the unemployment rate falling. [James Knightley thinks this should keep the FOMC on hold at their September meeting](#). Fed speakers last week gave conflicting messages. Bostic suggested that as the labour market was now slowing, the Fed did not need to hike any more - a view that is in line with our house forecast. Bowman said that more hikes were likely. There is nothing of

any note from the G-7 today. Later this week, we get July CPI inflation from the US, which could move slightly higher again from June's 3.0% reading. Core inflation is forecast to stay at 4.8%YoY.

- **Indonesia:** 2Q23 GDP is set for release today. The market consensus points to a 5.0%YoY expansion for 2Q with consumption getting a lift from fading inflation. Meanwhile, softer export growth, partly due to moderating global commodity prices likely capped growth momentum amidst slower global trade. This would match the expansion reported in 1Q with growth on track to meet government expectations. Bank Indonesia recently retained its growth outlook for 2023 at 4.5-5.3%YoY.

What to look out for: Fed speakers

- Thailand CPI inflation (7 August)
- Indonesia 2Q GDP (7 August)
- Fed's Bowman and Bostic speak (7 August)
- South Korea BoP current account balance (8 August)
- Japan trade balance (8 August)
- Australia Westpac consumer confidence (8 August)
- China trade (8 August)
- Philippines trade (8 August)
- Taiwan trade (8 August)
- US trade balance (8 August)
- South Korea unemployment (9 August)
- China CPI inflation (9 August)
- Taiwan CPI inflation (9 August)
- US MBA mortgage application (9 August)

- Japan PPI inflation (10 August)
- Philippines GDP (10 August)
- RBI policy meeting (10 August)
- US initial jobless claims and CPI inflation (10 August)
- Singapore CPI inflation (11 August)
- Hong Kong GDP (11 August)
- US PPI inflation, University of Michigan sentiment (11 August)

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