

Asia Morning Bites

Trade reports from Taiwan and the Philippines due today



Asia Morning Bites

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Global Macro and Markets

- **Global Markets:** Tuesday was very quiet in US Treasury markets. The 2Y UST is unchanged from yesterday at 4.83% after trading in a narrow range all day. 10Y yields edged down 3 basis points to 4.457%, bouncing off an intraday low of 4.42%. Markets largely ignored the Minneapolis Fed's Neel Kashkari, who said he doesn't rule out rate hikes if needed. In the coming days, there are a lot of Fed speakers, which might inject a little more volatility into markets. EURUSD has dropped slightly to 1.0749 and G-10 currencies are generally softer against the USD. USDJPY has moved back up to 154.81. Most of the Asia FX pack was also softer against the USD yesterday. The SGD followed the G-10 currencies closest, followed by the THB. USDCNY has risen to 7.2186. After a couple of days of gains, US stocks traded sideways yesterday. There wasn't much action in Chinese stocks either. The CSI 300 was roughly unchanged on the day while the Hang Seng dropped just 0.53%.
- **G-7 Macro:** The absence of any action in markets yesterday reflects a fairly boring macro calendar. Eurozone retail sales were a bit stronger than had been forecast, though German factory orders were worse. Today is also very quiet, just German industrial production to look out for. Overnight we have had March US consumer credit figures, and they were quite weak – though this is quite a noisy series, and extracting a signal from one month's data is not advisable. We have a while to wait before the next big US release. That is April CPI out on 15 May. This comes out on the same day as US April retail sales and real weekly earnings.

Until then, it could be a bit dull.

- **Taiwan:** Taiwan releases its April trade data in the afternoon. We are looking for a moderation in export and import growth after a strong March. There should be a very limited impact on activity data from the 7.4 magnitude earthquake in early April. Export orders returned to positive growth in March, and suggest that the recovery in trade could continue in 2Q24, with the key electronics orders outperforming overall orders so far this year. Year-to-date, exports to the US have been the main contributor to export growth, with many other regions seeing weaker or even negative growth.
- **Philippines:** Philippine trade data is set for release today. Both exports and imports are expected to contract. Exports are forecast to fall 2.2% year-over-year and imports could fall 6% YoY. The overall trade balance could widen to \$4.1bn, suggesting the current account remains in deficit. This in turn points to weakness for the PHP until this trend reverses.

What to look out for: Trade data from Taiwan and the Philippines

- Philippines trade (8 May)
- Taiwan trade (8 May)
- US MBA mortgage applications (8 May)
- Philippines GDP (9 May)
- China trade (9 May)
- UK BoE policy (9 May)
- US initial jobless claims (9 May)
- US industrial production and Univ of Michigan Sentiment (10 May)

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