

Asia Morning Bites

Tokyo December CPI inflation settled at 2.4%, Australian retail sales out later Tuesday, together with Taiwan's trade figures



Asia Morning Bites

Source: shutterstock

Global Macro and Markets

- **Global markets:** US Treasury markets had another choppy day on Monday but finished roughly unchanged. 2Y yields traded in a 10bp range, but ended only 0.6bp lower than the previous day, and it was a similar story for 10Y yields, which ended only 1.5bp lower at 4.030%. EURUSD is similarly unchanged at about 1.0950. The AUD didn't move much either, but the JPY and GBP both made small gains against the USD. Asian currencies had a quiet day on Monday too, with only the THB registering anything notable, and losing a further 0.87% to take it to 35.028. USDCNY is roughly unchanged at about 7.15. Equity markets were the standout on Monday. After a grim start to the year, the S&P 500 gained 1.41%, and the NASDAQ rose 2.2%. Chinese stocks fell. The Hang Seng dropped 1.88% and the CSI 300 fell 1.29%.
- **G-7 macro:** European confidence measures posted some gains yesterday. The region released data on consumer confidence, economic confidence, industrial and service confidence. And all of the indicators made gains, though some of them were quite small (consumer confidence). Arguably, these data suggest that [the Eurozone is slowly moving out of recession](#). Today, we get the US NFIB small business survey, as well as US trade data for November. In Europe, we get November unemployment figures and German industrial

production for November.

- **Australia:** November retail sales data should show a statistical bounce back from the weak October reading of -0.2% MoM. The consensus looks for a 1.2% gain with the latest data. Building approvals data for November are also published today and will likely do the opposite after a decent 7.5% MoM October gain.
- **Japan:** Today, Japanese data showed inflation and household spending weakening. Together with the recent major earthquake in Ishikawa, this likely means that the Bank of Japan will maintain its current policy settings at its January meeting. Tokyo CPI inflation slowed to 2.4% YoY in December (vs 2.7% November, 2.5% market consensus) mainly due to the high base last year. In a monthly comparison, inflation was unchanged. Cost-push inflation seems like it is easing as utilities and fresh food prices declined. But entertainment prices gained smartly, suggesting demand-driven cost pressures are still intact. In a separate data report, household spending fell -1.0% MoM (sa) in November (vs -0.1% in October), but the three-month change is still higher than 3Q23 so we expect household spending to improve in the 4Q23 GDP release. Regarding the BoJ decision, we think that the BoJ will wait and see until the earthquake aftermath becomes clearer. We estimate the damage of the earthquake will be limited and temporary. If so, then the Bank of Japan will be able to shift its policy by the end of 2Q24 after the Spring wage negotiations season.
- **Taiwan:** December export growth should build on the slight gains registered in November – a combination of base effects dropping away and some genuine pick up in demand for high-end semiconductors.

What to look out for: Australia retail sales, US NFIB survey

- Fed's Bostic speaks (9 January)
- Australia retail sales (9 January)
- Japan Tokyo CPI inflation (9 January)
- Taiwan trade data (9 January)
- China new Yuan loans (9 January)
- US trade data and NFIB survey (9 January)
- South Korea unemployment (10 January)
- Australia CPI inflation (10 January)
- Philippines trade data (10 January)
- Fed's Barr speaks (10 January)
- US MBA mortgage application and wholesale inventories (10 January)
- Australia trade data (11 January)
- Bank of Korea policy (11 January)
- US CPI inflation and initial jobless claims (11 January)
- Fed's Williams speaks (11 January)
- Japan BOP current account balance (12 January)
- China CPI inflation and trade data (12 January)
- India CPI inflation (12 January)
- US PPI inflation (12 January)
- Fed's Kashkari speaks (12 January)

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>.