

Asia Morning Bites

Trade data is due out of China and the Philippines today. Elsewhere, we get the US NFIB survey. Also scheduled, is a debt ceiling meeting between President Biden and Senate Republican leader, Mitch McConnell - it is probably too early to expect a solution to this



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Global Macro and Markets

- **Global markets:** It was a quiet day on Monday, which is often the way after the Friday payroll release. US stock markets hardly went anywhere. There was a more lively session in China, where the CSI 300 rose 1.14%, while the Hang Seng index rose 1.24%. US Treasury yields continued to rise, and the 2Y yield rose to 4.001% after an increase of 8.7bp. 10Y yields rose 7bp to 3.507%. Debt ceiling anxiety seems to be rising, and this may be playing a part in the increase in yields, though US CDS spreads actually dropped a little yesterday to 73.64 bp. Senate Republican Leader, Mitch McConnell, is due to discuss the debt ceiling with President Joe Biden later today. EURUSD has drifted back below 1.10 to 1.0998, while the AUD has carried on its gains taking it to 0.6780. Cable experienced some resistance to further gains yesterday and has retreated to 1.2612 ahead of this week's expected 25bp rate hike from the Bank of England. And the JPY was fairly steady at 135.07. Asian FX remained range-bound yesterday.
- **G-7 macro:** There wasn't much on the calendar yesterday, though, in the early hours of today's Asia morning, the Federal Reserve published its latest Senior Loan Officers' survey,

which pointed to further financial tightening following the recent bank turmoil. [In his note on the subject](#), James Knightley shows how bank lending is likely to sharply contract, and with that, we are, in due course, likely to see the unemployment rate rise. All of which line up with our forecast for Fed rate cuts later this year. The April NFIB survey is the other main US release of the day. Japan has already released March household spending (-1.9%YoY) and cash earnings data (+0.8%YoY), which aren't great and will not pressure Governor Ueda to change his patient approach to amending BoJ policy.

- **China:** China will release trade data today. The low base last year will likely mask the weakness in exports. Imports will probably continue to shrink due to weaker export prospects. The data needs to be read carefully. Semiconductors are one category to pay extra attention to in order to gauge the effect of lower global growth.
- **Philippines:** Trade data for March will be released today. We expect both exports and imports to drop by double digits translating to a sizable trade deficit of roughly \$4.5bn. Exports are likely to struggle due to soft demand for the electronics subsector while imports will shrink due to lower imported energy costs. The substantial trade gap means that the PHP should continue to underperform in the near term.

What to look out for:

- Australia Westpac consumer confidence (9 May)
- Philippines trade balance (9 May)
- China trade balance (9 May)
- South Korea labour market data (10 May)
- US CPI and core CPI inflation (10 May)
- Japan trade balance (11 May)
- China CPI inflation (11May)
- Philippines GDP (11 May)
- US initial jobless claims and PPI inflation (11 May)
- Hong Kong GDP (12 May)
- India CPI inflation (12 May)
- US University of Michigan sentiment (12 May)

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