

Asia Morning Bites

China's Work Conference spells out sectors to benefit from support in 2023 as G-7 quietens down for Christmas



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Macro Outlook

Global Markets: US equities ended last week with a squelch, falling in each of the last three days of trading, though equity futures suggest that we may see some small gains today. The news flow out of the US over the back end of last week painted a fairly sombre picture, with falling retail sales and industrial production, and some very soft purchasing manager index figures. That dragged down 2Y US Treasury yields a little further. The 10Y yield rose slightly on Friday, though remains below 3.50% (3.482%). Friday also saw the USD edge back below 1.06 again, helped no doubt by the weaker sentiment on risk assets. Though considering that the US is now showing a broader slowdown in activity, there is arguably more room for cheer than recent price action suggests, as it means that the pivot story, which is still well priced in by bond markets, does indeed look on track, despite what Fed officials say. Apart from the JPY recovering some of the losses from earlier in the week, Friday was a fairly quiet day for Asian FX. The PHP led the non-G-10 Asia gains, while the bottom of the pack was held up by the KRW and VND.

G-7 Macro: US PMI data fell further into contractionary territory in the December preliminary readings. The manufacturing PMI fell to 46.2 from 47.7, while the services PMI fell to 44.4 from 46.2. Inflation data out of the Eurozone was disappointing. In contrast to the progress in the US, the headline rate of EU inflation rose to 10.1% from 10.0%YoY (Harmonised index rose to 12.6 from

12.5%YoY), while the core rate of inflation remained steady at 5.0%. Apart from Germany's Ifo survey and UK CBI surveys, there isn't much out of the G-7 today.

China: The Central Economic Work Conference highlighted economic growth through domestic consumption as the top priority in 2023. New-energy cars, elderly services, technology platforms and real estate should benefit from policies to be announced at the Two Sessions in March. Please refer to the snap ([China's Central Economic Work Conference outlines support priorities for 2023](#)).

What to look out for

- India Current account balance (19 December)
- Germany IFO surveys (19 December)
- China Loan Prime rate 1Y/5Y (20 December)
- Taiwan Export orders (20 December)
- EU Consumer confidence (21 December)
- Bank of Japan meeting (21 December)
- South Korea 20 Days exports and imports (21 December)
- US Mortgage applications and wholesale inventories (21 December)
- Bank Indonesia meeting (22 December)
- Taiwan Unemployment rate (22 December)
- US Initial jobless claims and 3Q GDP Final (22 December)
- Japan CPI inflation (23 December)
- Taiwan Industrial output (23 December)
- Singapore CPI inflation (23 December)
- US Durable goods orders, personal Income, Core PCE price index, and new home sales (23 December)

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