

Asia Morning Bites

China profits data for October to dominate Asian macro releases on an otherwise quiet day



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Global macro and markets

- **Global markets:** US Treasuries ended the week with yields rising again. The yield on the 2Y Treasury rose 4.9bp, while the 10Y yield went up 6.2bp to 4.466%, taking it close to the 4.50% line again. The USD was softer again on Friday. EURUSD rose to 1.0943. The AUD has tested the 0.6590 level before settling down to around 0.6584. Sterling has breached 1.26 for the first time since September. But the JPY is still hovering below 1.50 and hasn't gained as much as its other G-10 peers. Other Asian FX was mostly softer on Friday and will likely catch up with the G-10 moves this morning. The weaker currencies, KRW, THB, and TWD will probably outperform the others. The CNY is little changed at 7.1490. US equities did very little on a low trading volume day as many market participants dragged the Thanksgiving holiday over to the weekend. US equity futures are looking a bit negative today. Chinese markets were down on Friday, possibly reflecting unease after a criminal probe was launched into the financial conglomerate, Zhongzhi, though most of the weakness in the CSI 300 came from the info-tech part of the index, along with consumer discretionary stocks and industrials. Financials were down 0.44% on the day.
- **G-7 macro:** Friday's very meagre offerings on the macro front don't offer much new insight. The S&P PMI indices for the US rose fractionally for manufacturing but remained just in

contraction territory at 49.9. The service sector PMI was stronger at 50.3, but down from the October 50.8 reading, and takes the composite PMI down to just 50.4. There isn't enough history for this series to draw any meaningful conclusions from this. Today, we just get US new home sales for October. The US housing market has been doing surprisingly well, but the market is looking for a small 4.7% MoM decline this month – mainly a statistical pullback from the very robust September figure.

- **China:** Industrial profits data for October come out today. This is expected to show the contraction in earnings abating slightly, in line with some of the slightly stronger PMI and activity figures. The September figure was a -9.0%YoY ytd decline. Figures around the -6.7% mark have been cited as the consensus forecast.

What to look out for: China Industrial Profits and US new home sales

- China industrial profits (27 November)
- Thailand trade (27 November)
- US new home sales (27 November)
- Australia retail sales (28 November)
- Taiwan GDP (28 November)
- US Conference board consumer confidence (28 November)
- South Korea business survey (29 November)
- US GDP, personal consumption, wholesale inventories (29 November)
- US Fed Beige book (30 November)
- South Korea industrial production and BoK meeting (30 November)
- Japan retail sales and industrial production (30 November)
- China PMI manufacturing and non-manufacturing (30 November)
- US initial jobless claims and personal spending (30 November)
- US pending home sales (30 November)
- Japan jobless rate and job-applicant ratio (1 December)
- South Korea trade balance (1 December)
- Regional PMI (1 December)
- China Caixin PMI (1 December)
- Indonesia CPI inflation (1 December)
- US ISM manufacturing (1 December)

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