

Asia Morning Bytes

Asia markets could see cautious bounce back to close out the week



Macro / Market outlook

- **Global:** Yesterday was all about FX markets, with EURUSD dropping sharply into a 1.11 range, and dragging tightly knit units like the AUD with it. The AUD is now in the mid-0.70s, and any further declines would bring sub-0.70 figures into play. The [RBA next week](#) may add some volatility. US equity markets opened higher but soon started to slide and ended the session lower again. Equity futures markets are positive though, so this negativity may not last long into the Asian open. Bond markets continued to see a flatter yield curve. UST2 yields pushed higher but 10Y UST yields went lower and are now hovering around 1.80%. On the macro front, the main release yesterday was 4Q US GDP. This rose 6.9%YoY - more than expected - [but mainly due to inventories](#) and augurs badly for the 1Q22 figures. University of Michigan inflation expectations may be worth a look today - they have been shooting

higher.

- **General Asia & Pacific:** Asia's data calendar thins out to close the week. Friday will feature trade data from Malaysia, growth numbers from Hong Kong and Singapore's unemployment report. [Next week](#) however should see a bit more focus on inflation, manufacturing and monetary policy.
- **South Korea:** December industrial production was stronger than implied by recent PMI indices, rising by 4.3%MoM (sa) to maintain annual growth at 6.2%YoY - close to the previous month's growth rate. Electronics were unsurprisingly behind much of the year-on-year growth, as were medical instruments. Motor vehicles also did well, which also contrasts with the supply-constrained experience of many European motor vehicle manufacturers and hints that local semiconductor supplies are much ampler. A rare pick up in the leather/luggage sector may also hint at re-opening of travel effects.
- **Japan:** Tokyo CPI inflation fell from 0.8% in December to 0.5% in January. We will probably see National CPI inflation deliver a similar decline when it is released in a few weeks, suggesting that Japan's slight inflation uptick may be past its worst. No implications for the Bank of Japan from this.

What to look out for: US Michigan inflation expectations and geopolitical developments

- South Korea industrial production (28 January)
- Tokyo CPI inflation (28 January)
- Singapore unemployment (28 January)
- Malaysia trade balance (28 January)
- Hong Kong GDP (28 January)
- US personal spending and Michigan sentiment (28 January)

Authors

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@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>.