

## Asia Morning Bites

Asian markets could rally on the US Treasury Secretary pick



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### Global Macro and Markets

- **Global Markets:** The US Treasury curve flattened a bit on Friday. 2Y Treasury yields rose a couple of basis points and the yield on 10Y UST's came down a similar amount. The 10Y yield is now 4.4%. EURUSD drifted down to the low end of 1.04 on Friday but has risen in early trading today to 1.0481. The rest of the G-10 FX pairs also show some early strength today after losing ground on Friday. USDJPY has dropped from 154.8 to 154.17 so far today. The moves are being interpreted as reflecting President-elect Trump's more measured pick of Scott Bessent as Treasury Secretary. Asian FX was mixed on Friday. The KRW lost more than half a per cent, rising to 1406, and the TWD was also soft. But there were gains for the THB and IDR. Some broader gains seem likely today. US equities made small gains on Friday, but Chinese equity markets remained very soft. The CSI 300 dropped 3.1% and the Hang Seng was down 1.89%
- **G7 Macro:** Last week ended fairly quietly, though some stronger-than-expected US PMI figures may encourage thoughts that we get another fairly decent non-farm payroll release next week. Who knows...this number remains a lottery. Today, Germany's Ifo survey is probably the pick of the day, and will likely confirm the weak activity that we already know about. This week's highlight will be the US core PCE inflation figures, which will likely show that inflation continues to be stubborn, and may weigh on rate cut expectations.

- **China:** The PBOC is scheduled to announce the medium-term lending facility rate this morning. We expect the rate to be held unchanged at 2.0% after no adjustments to the 7-day reverse repo rate so far this month.
- **Taiwan:** October industrial production data will be published in the afternoon. We expect growth to moderate to 9.2% YoY after the last five months of low to mid-double-digit growth, taking into account a less supportive base effect. In recent months, the strength has been primarily driven by the Computers, Electronic & Optical Products and semiconductor categories, and while this trend is expected to continue the base effect becomes less supportive in the fourth quarter.
- **Singapore:** October inflation data is due out at 1300 SGT today and will likely show the headline rate dropping below 2.0%, while the core rate eases a little lower from 2.8% in September. We don't expect the Monetary Authority of Singapore to soften inflation data until next year.

## What to look out for: Singapore CPI, South Korea retail sales, Taiwan industrial production

### November 25th

Singapore: October CPI

S Korea: October retail sales

Taiwan: October industrial production

### November 26th

Japan: October PPI services

Singapore: October industrial production

S Korea: November consumer confidence

### November 27th

Australia: October CPI

China: October industrial profits

Philippines: October budget balance PHP

### November 28th

S Korea: November BoK base rate

November 29th

India: 3Q GDP, October fiscal deficit

Japan: October jobless rate, retail sales, industrial production November Tokyo CPI, consumer confidence index

Taiwan: 3Q GDP

China: November composite and manufacturing PMI (November 30th)

S Korea: November imports, exports, trade balance (December 1st)

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