

A positive end to the week

A rebound in US stocks overnight should at least offer an upbeat start to Friday's trading



Source: Shutterstock

Positive start, but where will it end?

After a couple of days of risk aversion, it's good to see some green re-enter the screens, and that at least should provide Asia with a more positive start to trading than it has seen in recent days.

As far as individual markets go, yesterday's stock recovery also brought with it some increase in US Treasury yields, which were up almost 3bp to 1.045%, but despite this, the USD slid against the EUR slightly, and it is looking as if back at these lower yield levels, the USD has returned to behaving more as a risk-on / risk-off currency. If that is the case, then Asian FX should recover some ground today and with the KRW having been easily the most battered of all the Asian currencies this week, I would look for that to bounce the most today. The KRW might also take some comfort from strong industrial production figures out already this morning - more on that later.

The Day ahead

Before we turn to the events of the day, it's worth a quick backward look to see what also may have influenced sentiment yesterday.

One further spot of bright news regarding the Covid-19 pandemic was the third phase results from Novovax, which should probably get regulatory approval shortly (I say that, though the process seems very slow in some regions...EU). But that puts another source of the vaccine on the table, or at least it will shortly. That could get a further boost if the Johnson and Johnson vaccine also gets approval, especially as that only requires one jab I am led to believe, so could double the speed of vaccination.

We got 4Q20 GDP out of the US yesterday. [Here's a link to James Knightley's commentary on that.](#) But it was only slightly below consensus expectations, with consumer spending not growing too well. But as JK notes, this will pass. There are good reasons to be positive about growth in 2021. That release makes tonight's personal income and spending figures less interesting, but we do get University of Michigan sentiment data, and within that, the inflation expectations figures that have been creeping up recently. They will be worth a look. Jobless claims last night were also a bit better than expected, dropping slightly from last week.

As mentioned, we've already had some positive industrial production figures from Korea this morning for the December period. but the 3.7%MoM gain for industrial production owes mainly to a negatively autocorrelated series (it is whip-sawing), and the underlying rate of growth (while still decent and appearing to pick up pace) is not as strong as that one monthly figure suggests. Production strength is also not widely spread across the economy, with services, construction, and public administration all weakening from last month and the all-industry index only managing a 0.5% gain from last month. None of this is going to change anyone's expectations for BoK policy, which we see as being on hold for most of the year.

Malaysian Trade data and Thai production figures are also out today - for more on them - [please check out our sister publication, ASEAN Morning Bytes.](#)

Fingers crossed the good start persists for the whole of the day. Happy Friday and have a pleasant weekend.

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@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>.