

All fool's day vote

I'm making no cheap jokes about today's vote by UK's MPs on Brexit alternatives...that space will be amply filled by others. Elsewhere, China bounces back on fiscal stimulus. Japan's Tankan falls as expected, Australia's housing slows a bit more slowly, and South Korea's trade data soften further.



Yet another vote

Here are a couple of good articles to set you up for the week - a week when I find myself having to say, once again, (and with little confidence), "By the end of this week, we should have a better idea of where Brexit is going". Though by now, that refrain will be wearing very thin. I don't blame you for doubting me. I don't really believe it myself. [The first note is by our very own James Smith](#), from deep within Brexitland. The second is from the BBC, and a bit hard to find from their news site, but pops up readily enough on google after a search on Brexit news. That article [runs through 8 alternatives to PM May's Brexit draft treaty](#), which was soundly defeated again last week.

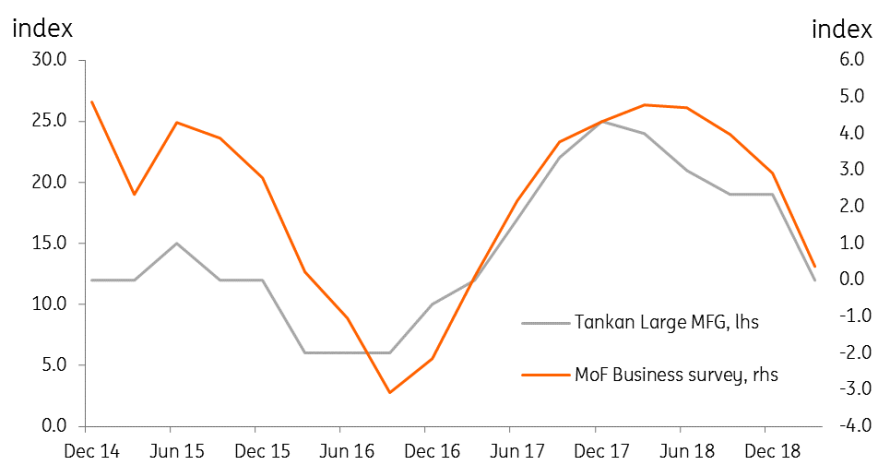
As James Smith notes, the Customs Union vote, which was one of two front runners last Friday, without actually getting a majority, might eke out some more gains today, though such a Brexit may throw Parliament into turmoil. This wasn't the Brexit that Brexiteers were hoping for, but it is maybe one of the few forms of Brexit the Remainers could accept. Bearing in mind the split across the country on Brexit, I think one could argue reasonably that a compromise Brexit might be

something that all sides ought to coalesce around as minimizing the misery for all concerned, rather than treating this as a winner-takes-all event and risking a damaging no deal Brexit. Another 24 hours will show whether this is the case (maybe). Meanwhile, we read on various newswires that Conservative MPs are preparing for a snap election.

China data better news for Australia and AUD

In the bundled version of this note, our Greater China Economist, Iris Pang, has written up the [strong PMI results from over the weekend](#), and she also has [a longer piece out today on the Chinese economy](#). The news, for now, is constructive. With markets recently poising themselves for a US, if not a global recession, the evidence that China has not lost control of its economy is welcome. This is a message that won't be lost elsewhere, including Australia. Hawks on the RBA will note this China news, as well as their own March CoreLogic house price index, showing monthly Australian house prices declining more slowly at 0.7% MoM from 0.9% in February. The AUD is looking reasonably bid today. Our sub-0.70 AUDUSD forecast for 2Q19 took a knock from the Fed's dovish tilt. We are reviewing whether we need to amend it, though it remains in place for now, with somewhat lower conviction than previously.

Tankan survey - Large Manufacturing and MoF business survey



Tankan weak, Korean trade data soft

Japan's 1Q19 Large Manufacturing Tankan index came in at 12, down from 19 in 4Q18, and a little softer than the consensus 13, though in line with the MoF's earlier business survey. You have to dig quite hard amongst the various subcomponents to come up with positive news in this release, which is a sign that perhaps you should not bother, and instead, accept the headline for what it is. We recently chopped out a consumption tax hike from our forecasts. It's maybe time the government acknowledged that this is again looking difficult to implement.

Korea's March Exports fell 8.2%YoY (consensus 7.0%YoY, ING f -7.4%). This was a bit weaker, though not massively so than the preliminary 20-day figure, so the market impact may not be substantial. The KRW has been sliding since it briefly got as low as 1123 helped by Fed dovishness, and we haven't given up hope of a break above the 1140 range top that hasn't been exceeded since last November. More data like this will help.

Asia Day ahead

More PMI data dominate today's Asia calendar, with the variance in results likely to be dominated by local factors than any broader themes like global trade or tech slump.

Inflation from Thailand and Indonesia are the only other stand-outs today. Neither looks likely to trouble markets unduly, with both at the lower end of their target ranges.

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