

Chinese authorities calm markets

Concern about one of China's asset management companies has eased following reassuring comments from the China Banking and Insurance Regulatory Commission. Not too many takeaways from PM Suga's weekend trip to the US



Suga Biden

Source: shutterstock

Markets find some calm

After some weeks of worrying about the fate of one of its state-owned asset management companies and weighing on similar credits in the region, the China Banking and Insurance Regulatory Commission has finally commented on the company which is causing all the concern, noting that it is operating "normally", and has "ample liquidity". Whether or not you take this at face value, it does now sound as if the authorities are prepared to back this firm which should limit worries that investors will face haircuts, and should allow markets to trade in a more upbeat fashion today.

This news, rather than any overseas news, is probably going to dominate the theme at the start of this week. Global stocks finished slightly up on Friday, though nothing to get excited about. There was limited action in US Treasury space, where the 10Y yield still hovers below 1.6%. And EURUSD was also fairly rangebound. There were a few more movers in Asian FX space, notably the THB, INR and IDR, all showing some gains despite all going on the US Treasury's monitoring list for potential

currency manipulators.

Who's on the US Treasury "naughty list?"

Prakash Sakpal has been covering the US Treasury currency manipulator list story for us. Here is what he writes "The US Treasury maintained India, Thailand, Malaysia and Singapore among the 11 trading partners it is watching for currency manipulation in the latest semi-annual report released last Friday. These countries meet at least two of three thresholds to be labelled as manipulators ([read more here](#)). Some of these thresholds, like the large current account surplus of Thailand or Malaysia, are longstanding structural issues, although onslaughts of Covid-19 have been helping to address this to some extent by denting tourism receipts. In Singapore, the operation of monetary policy guides market intervention, while India's pursuit of a large accumulation of FX reserves is probably aimed at averting a balance of payments crisis of which the country has faced several in the past.

We don't think the region's governments or central banks will pay much heed to the US Treasury's latest report, which is likely to die a natural death without much market impact, as it has often done in the past. Though three countries, including two from Asia-Pacific (Taiwan, Vietnam, as well as Switzerland) come in for repeated commentary, so future reports may be less forgiving.

The currencies of India, Thailand and Malaysia have been some of Asia's most underperforming so far this year, thanks to ongoing issues with Covid-19, while Singapore's is sitting in the middle of the Asian performance chart. We see these countries holding on to these FX positions over the rest of the year".

Suga-Biden meeting low key

There hasn't been all that much coverage of the visit by Japan's PM Suga to the US this weekend - the first global leader to visit the Whitehouse since President Biden took office. Prior to the trip, there was quite a lot of hype regionally about the importance of this summit, because of the pressure Japan was seemingly under to take a strong line against China on matters including Taiwan. I've attached a link to [a decent story on this from Reuters](#) which covers much of the detail if you are interested. The joint statement did make reference to "the importance of peace and stability of the Taiwan Strait," amongst other things and not surprisingly has received a rapid denunciation from China.

The net conclusion of all this? Well firstly, no real harm seems to have been done. But Biden seems to be slowly building a coalition against China's assertiveness in the region, not just Taiwan, but also a number of other disputed territories, so this looks like an early pointer to the way ahead - coalition building. The fact that Suga was the first global leader to visit Biden also suggests that though the domestic economy is higher up Biden's priority list for obvious reasons, China, and by extension, the rest of Asia, is topping the international priority list.

All of this has overshadowed the joint pledge by the US and China on environmental cooperation which also came over the weekend. For balance, [here is the BBC's take on that story.](#)

Author

Alissa Lefebre
Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials
marine.leleux2@ing.com

Jesse Norcross
Senior Sector Strategist, Real Estate
jesse.norcross@ing.com

Teise Stellema
Research Assistant, Energy Transition
teise.stellema@ing.com

Diederik Stadig
Sector Economist, TMT & Healthcare
diederik.stadig@ing.com

Diogo Gouveia
Sector Economist
diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

ING Analysts

James Wilson
EM Sovereign Strategist
James.wilson@ing.com

Sophie Smith
Digital Editor
sophie.smith@ing.com

Frantisek Taborsky
EMEA FX & FI Strategist
frantisek.taborsky@ing.com

Adam Antoniak
Senior Economist, Poland
adam.antoniak@ing.pl

Min Joo Kang
Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Sophie Freeman
Writer, Group Research
+44 20 7767 6209
Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com