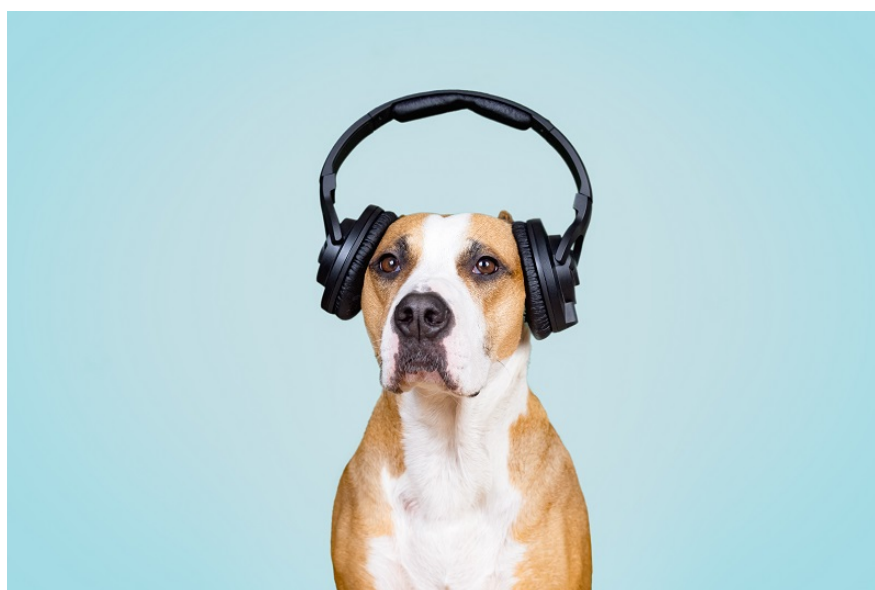


Noise on Asia but nothing concrete

Lots of little bits of second-order data floating around today - probably best characterised as mildly risk-on and positive for Asian FX and stocks



noise dog

Source: shutterstock

Gentle steer from the US

The first day of President Biden's presidency has received a broad thumbs-up from markets, with the S&P500 and NASDAQ both up. US Treasury yields did very little, falling less than a basis point and maybe reflecting some scepticism about the \$1.9tr Biden package from key Republican moderates, such as Mitt Romney and Lisa Murkowski.

The USD ended up more or less unchanged over the last 24 hours, though was both notably weaker and stronger at times. Against Asian FX, the USD was modestly offered yesterday and most Asian currencies registered small gains. More of the same seems likely today, with perhaps a little rotation within the pack.

President Biden has been busy signing executive orders, not all of which have relevance for Asia, though tangentially, rejoining the WHO is significant, as is rejoining the Paris Agreement on Climate change, which will encourage bold policy announcements taken recently in the region on this issue.

China has apparently also put restrictions on some former Trump staff, including Mike Pompeo, Peter Navarro, John Bolton, Steve Bannon and others, who will be barred from entering Mainland China, Hong Kong, or Macau and from doing business with China.

And there seems to be a spat opening up between Twitter and China over comments posted by the Chinese Embassy in the US which may inject a little volatility into US-China relations early on into the Biden Presidency.

On a similar note, Biden's Secretary of State, Antony Blinken kept to a fairly hard line on China in comments yesterday, so that could be an indication of the likely path ahead.

Asian data today - more than usual

We have a more crowded data calendar today than for the last few days.

Australian employment data for December just released was exactly in line with the 50.0K consensus (lucky guess, we were just a little higher at 67K), and that comes after last month's remarkably "clean" 90.0K increase (are they getting rid of decimals in Australia?). The full-time employment numbers (+35.7K) were very close to our expectations, though we had expected a more robust part-time jobs figure, which only rose 14.3K. The unemployment rate fell a bit more than the consensus (but in line with our forecast) to 6.6% from 6.8%. There's nothing in this to lead to any big changes in expectations on Reserve Bank of Australia policy.

The Bank of Japan also meets today, though few analysts will be looking for anything remotely interesting from them today, as has been the case for many years. Japanese December trade data already out this morning were broadly in line with expectations, exports a little weaker (+2.0%YoY), and imports a little stronger (-11.6%YoY) than forecast, but probably not enough to shift the needle in markets.

We also don't see Bank Indonesia moving at their meeting today - just one brave soul is calling for a rate cut today (it's not us) and currency and inflation stability remain Governor Warjiyo's main preoccupations for the time being. For more on this and other ASEAN news, [see also our sister publication ASEAN Bytes](#).

The ECB meeting later today also probably won't change the broad USD direction. [Here is the Cribsheet for the ECB meeting from Petr Krpata and Carsten Brzeski](#).

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