

Pre-payrolls pause in Asia

Don't expect too much movement ahead of the US payrolls figure - this could go either way.



Source: Shutterstock

Thank crunchie it's Friday

Luckily I don't have to manage any funds, since if I did, I'm not sure I'd be any good at it. But if I did, I'd probably be squaring positions today ahead of US non-farm payrolls. The lottery of the monthly US Labour market is not any worse this month than usual. The spread of forecasts is indeed wide, at about 400,000 to 1,000,000. But that isn't unusual. But with decisions like the timing of the taper hanging in the balance, the outcome might be more pivotal for markets than it often is.

That certainly seems to be how most markets are reading it. We have seen some minor Treasury moves overnight that amount to a very small bull-flattening. Equities have edged up after yesterday's decline. The EUR remains in the ascendancy for now, but moves are not very substantial and Asian FX is trading broadly sideways, with the occasional currency pair sticking its nose out of the pack on local issues - KRW on an extension of movement restrictions to 3 October is a good example of this, as is the THB unwinding earlier exuberance about border opening (never seemed very plausible).

Following the weak ADP reading earlier this week, the real whisper consensus figure is probably

lower than the 725,000 current median. But anything in the 650-750,000 area would likely be considered a non-event. Much higher than that (900,000 and up), and expectations for an earlier taper and earlier rate hikes might weigh on equity markets but could lift the USD and maybe give bond yields a small upwards nudge. A bit lower, and equities ought to enjoy the reduced taper and rate expectations and the USD should slide as too should bond yields. Much, much lower and we might see growth concerns dominating all markets. USD should probably still do well, but equities will be harder hit and bond yields would likely drift much lower as real yields take a bigger hit. We'll know soon enough anyway...

Asia today

As for today in Asia, there will be a raft of services PMI data out from the APC region, and we've already had the Australian numbers, which fell to a very soft 42.9 in August from 43.3 in July. That is well into contraction territory and extends and deepens the contraction from July. We are currently looking for a contraction in GDP in 3Q after the better-than-consensus 0.7%QoQ figure that was just printed for 2Q21. After that, GDP should bounce back again as long as either the outbreak is contained, or the vaccination rate increases to allow the authorities to take a different approach to high daily case counts. If not, we will be taking a scalpel to our 4.8% full-year GDP forecast.

In China, we get the Caixin services PMI - Iris Pang writes, "We expect another contraction of service activity to be reflected by Caixin services PMI today. But that might be it for service sector PMI contractions, even if there is another localised lockdown due to Covid in September. That is because September is not a big month for leisure travel. There is a greater risk from another Covid case being found at a port or at an airport. That would affect both manufacturing and non-manufacturing PMIs. Chip shortages and reform type policies are here to stay. In fact, you should expect more reform type policies from the Chinese government for the rest of the year.

Overnight, President Xi announced that there will be a stock exchange in Beijing for innovative SMEs. This will be the first stock exchange in Beijing. This sends a message that market-driven activity is still important for the economy. The macro direction of the economy will increasingly be driven by the "planned" part while the market will drive "micro" decisions for businesses".

And Singapore retail sales figures for July out later are covered by Prakash Sakpal, who writes, "The consensus is of a sharp slowdown in sales to almost zero year-on-year growth or even negative, from 26% YoY in June due to fading base year effects. Spending remained under pressure from Phase-2 Covid-19 movement restrictions, which started in mid-May and went through mid-August. The retail sector continued to operate as normal, however, while the government's wage support policies and falling jobless rate prevented a big hit to demand. Rising core CPI inflation also underscores resilient demand. By product type, automobiles will probably lead the slowdown as reflected by a -19% YoY plunge in new vehicle registrations in July after surges in the previous three months. All said the reopening of the economy and return of pent-up demand should keep private consumption in the driving seat for GDP growth over the rest of the year; it contributed almost half of the 14.7% YoY GDP growth in 2Q21".

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebvre

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