

Solid start to the week

Rolling on from the better than expected headline figure for the US jobs report, Asian markets are likely to start in decent fashion this week.



Source: Shutterstock

Glass half empty

Having grown up with England's sporting mediocrity, I am taking the weekend's World Cup Rugby result better than my youngest son. He has a lifetime of disappointment ahead. Congratulations South Africa by the way. And don't let the Moody's lowered rating outlook take the edge off your victory - S. African debt didn't get "junked" as some expected, and is still clinging on to investment grade.

Markets this week may not be as upbeat (or as hungover) as a South African Rugby fan, but they should also start the week in decent spirits, as the anticipated sub-100,000 October US non-farm payrolls outcome failed to materialize. [JK has the detail in the linked note](#), and, it is worth bearing in mind that the report wasn't unambiguously positive. Note in particular the unemployment rate rise and the limp wages figures.

It sounds as if JK has no thoughts about a further Fed move at the December meeting. But it's definitely a mixed picture out there and maybe the Fed isn't completely done with easing? The same page on our website, Think.ing.com also has an article looking at the recession in US manufacturing. As JK notes elsewhere, the US Fed may be on pause, and December may not be in play, but it might not be too long before the Fed are back in action. My thoughts at that point

would be, if things have deteriorated enough for the Fed to come back and ease again early next year, then won't they need to cut at least twice? One cut would suggest they didn't have the courage of their convictions? Happily, this isn't my decision to make.

All of which makes me think, with 10Y US Treasuries at 1.71% and the S&P at new highs, there is still plenty of downside to these yields. It's just a matter of picking the turn.

Asian central bank bonanza

There's a lot of potential central bank action in Asia-Pacific this week. The RBA meets tomorrow. Governor Lowe has sounded reasonably upbeat recently. And following a relatively rapid 75bp of easing this year, the economy doesn't look in too bad shape either. The unemployment rate ticked down last month, inflation is nosing higher and the housing market is looking healthier. Retail sales today will hopefully build on that positive picture. With further easing next year barely priced in (56.5% chance of a further cut by next September implied from futures markets), the AUD probably hasn't got too much further upside, having appreciated from 0.67 to over 0.69 currently. Governor Lowe may want to inject a note of caution into his forthcoming remarks, simply to take a little wind out of the AUD's sails.

It's the RBNZ's turn next week. There is no published consensus on this, but our sense is that they are not going to cut again, leaving NZ's overnight cash rate 25bp above that of Australia. This is not unusual. Arguments for "catch-up" don't really stack up against history. Hopefully, this week's NZ employment data will not undermine recent economic improvements. The NZD too has come back a long way from its October lows of just over 0.62. Any turn in global market sentiment is likely to see both AUD and NZD soften though. It's just that currently, we are on the crest of a wave.

BNM are also meeting tomorrow, and may ease (thinks Prakash Sakpal - consensus doesn't though). His arguments are that continued very low inflation and unimpressive growth (trade figures today are likely to be flat) provide justification for a cut. Prakash is also looking for a 25bp cut from the Bank of Thailand, which also meets this week. That would take policy rates in Thailand down to just 1.25%.

Indonesian GDP due out this week might also tee up Bank Indonesia (BI) for a further cut later this month if the outcome disappoints the consensus 5.0% expectation. BI has sounded increasingly growth-friendly in recent months, so this would be the cue for them to ease again after their recent cut.

For the rest of the week, it's mainly about the service-sector PMI indices to be reported. By and large, these have been performing better than their manufacturing counterparts. Any sign that this resilience was beginning to wane could send local markets into a more downbeat mood.

Trade - not much to see here.

There isn't too much to report on the Trade War front this Monday. There is some discussion about where to meet for any public "signing ceremony". Apparently, China doesn't want to do this in the US. A neutral location is needed (How about here in Singapore?). In any case, as Iris Pang in HK points out, "...the deal should be small in substance, and China's side warns there could be no complete trade agreement with the US".

The US has also apparently had discussions with the EU and agreed not to put tariffs on their auto sector. So the trade story this week is one of "no news is good news". At least it's not negative for markets.

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