

The Daily Grind

Little directional information for us to grab hold of overnight, which probably means a slow grind today. The dataflow is unlikely to be too supportive of bullish positions



Source: istock

Direction finder

Overnight global stock moves were inconsequential, and Asian stock futures this morning look mixed. Political news from the US hasn't really gone anywhere either: Some notable Republicans have indicated that they are prepared to vote for impeachment, but it remains unclear that there are the votes to carry an all-important two-thirds majority in the Senate even if the House again votes to impeach, as they most probably will. President Trump still sounds defiant, saying there is zero chance of the 25th amendment being used, which is probably right, but I think the story has moved on since then.

With little happening in equity space, the same is also true for bonds and currencies. The 10Y US Treasury yield fell less than 2bp, which was enough for the USD to return to a slightly weaker footing, and EURUSD nosed up to a little over 1.22, though the bond yield/currency relationship still appears to be holding, and as I wrote yesterday, I think we will see yields move quite a bit higher in the coming months - even if for not terribly convincing reasons.

We've had a couple of Fed speakers coming out and saying that it isn't even time to start talking

about a taper yet, and that this won't be appropriate until the Pandemic is well in check (Bullard - non-voter and Rosengren). More Fed speakers are slated for today, and a similar message is likely. It sounds as if the Fed is a little worried about where bond yields may go and are trying to nip this in the bud. They probably won't do much more than inject noise into the increase, though that could slow it down.

There isn't a lot going on in Asian FX space currently, with the SGD about the best performer on a 24-hour comparison.

South Korean unemployment spikes ahead of BoK

This morning's Korean unemployment figures were bad. There's no point trying to wrap this up in any other way. Employment fell by about 70,000 on the month, almost exactly mirroring the rise in unemployment of 68K. This wasn't the result of some choppy movements into the labour force. The economically active population actually fell sharply, leading the unemployment rate up to 4.6% from 4.1%.

The consensus view on Friday's BoK meeting is that they will do nothing, and we agree with that, even after these numbers. But doubts may creep in about the possibility of a 25bp easing of the current 0.5% policy rate, and that may weigh on the KRW until the meeting is over, assuming it does indeed follow the consensus view.

For details on ASEAN developments today, see our sister publication, [ASEAN Morning Bytes](#).

And for an update on China's resumption of its deleveraging policy, [see this from Iris Pang](#), following yesterday's soft China credit figures.

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the

Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.