

## 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.

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