

# iFlow

## WEEK AHEAD

April 7, 2024

## Eclipses

*"Nations, like stars, are entitled to eclipse. All is well, provided the light returns and the eclipse does not become endless night. Dawn and resurrection are synonymous. The reappearance of the light is the same as the survival of the soul." – Victor Hugo*

*"When the sun is in eclipse and disappears, you can see its greatness." - Seneca*

### Summary:

April is the cruelest month. The earthquakes in Taiwan, the ongoing flooding across the world, wars on two continents, the fear and euphoria of markets and of the public as they await the full solar eclipse. The drop in equity prices globally, the sharp rise in rates and the confusion over the USD drivers - whether its growth or real rates or geopolitical power – all are still in play in the week ahead. Last week brought high for longer talk from the Fed speakers with the market listening and being even more hawkish pushing any June easy out to September, economic data to support such thinking with a stronger US jobs report even though the US growth seems to be moderating just as the rest of the world shows green shoots – as highlighted by ISM and PMI reports. The rise in US rates reflects the fear that the FOMC won't cut rates fast enough leaving the front end of the US curve mispriced, while the cost of debt and the role of paying for it will be the focus for next week as we shift from macro economics to micro stories of 1Q earnings and 2Q outlooks. The consumer in the US remains robust with jobs but the mood maybe a bit less clear as inflation fears from higher energy costs, politics from the US election going full swing and the squeeze of higher rates on credit making auto and home sales more complicated shows up. The role of the Fed has been eclipsed by the risks of asset bubbles and the real economy

in the months ahead. Fighting the tape maybe a bit like fighting the eclipse, there is a certainty to the risk of a reversal, but similarly of a bounce back up.

### **Key Themes:**

- **No landing and whether the FOMC can ease in 2024.** The role of growth rather than inflation is in constant play as the Federal Reserve dual mandate begs the question of too full employment as the Friday jobs report showed unemployment down 0.1% to 3.8% - now fully 2 years below 4.0% which most see as NAIRU. The inflation rate next week will be key for the markets but perhaps not the FOMC which will likely wait for the PCE core to help it guide whether  $R^*$  is higher or if their policy is just not restrictive enough. The role of high for longer on all markets is still critical for stocks, bonds and the FX levels as few see much success from easing abroad without the US matching. The role of QT and liquidity will be another problem linked to FOMC policy shifts with tapering to allow balance sheet shrinkage without undo bond market stress looks critical as well.
- **US debt and the fear of the squeeze.** The next week brings more US coupon supply and the fear of the US debt returns as politics in the US remain grim given that both parties don't talk about the risks of fiscal domination driving all policy ahead. The cost of the US debt on the discretionary budget is now over that of the US defense spending. The double-digit costs will make markets focus on the level of rates in the US and that effect on US corporate borrowing and global sovereigns. Fear that the US will have a risk premium return is in back in play similar to the early 1990s.
- **US and China tough conversations:** Over the weekend, US Treasury Secretary had tough conversations with China. With focus on China's overproduction of electric vehicles and solar panels. For many investors ignoring opportunities in China due to geopolitical pressures has been a de facto policy, but this is being tested by the tape and by the key role that the world's second largest economy and population has in the world. China is back to playing a kingpin in world affairs with Russia visiting next week to talk about Ukraine, with US President Biden warning Beijing on further meddling in the South China Sea particularly with the Philippines and with the role of China in Electric Vehicles where the fear of dumping surplus inventories dominates discussions in the EU and US.

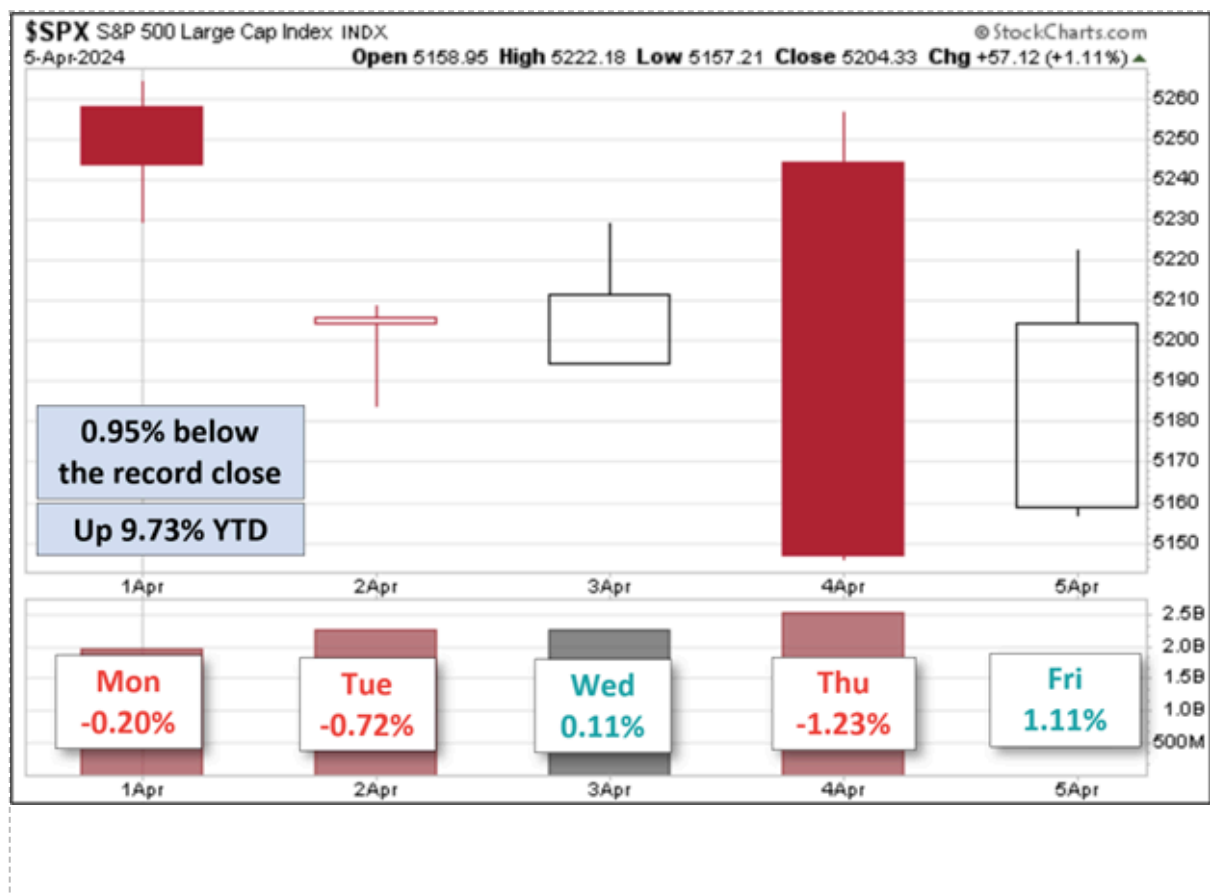
**What are we watching:** US CPI, China CPI, FOMC minutes, RBNZ, BOC, ECB rate decisions

- **Economic Data: Monday** German industrial production, **Tuesday** Mexico CPI, US CPI **Wednesday**, China CPI **Thursday**, IMF world outlook, **Friday** Singapore GDP, China trade, OPEC monthly
- **Central Banks: Monday:** SNB Jordan, Fed Kashkari; **Tuesday:** SNB Schlegel, **Wednesday:** BOJ Ueda speech, RBNZ decision, Bank of Canada rate decision, FOMC minutes; **Thursday:** ECB rate decision, Fed Williams speech, Fed Bostic; **Friday:** Bank of Korea rate decision,
- **US issuance: Bills and Bonds** – with **Monday** \$70bn in 3M and \$70bn in 6M; **Tuesday** \$65bn in 42-day CMB and \$58bn in 3Y notes; **Wednesday** 17-week bills and \$39bn in 10Y notes; **Thursday** 4W and 8W bills along with \$22bn in 30Y reopening. The IG issuance is expected to be front-loaded with \$20-\$25bn - near last week's \$24bn issuance which saw 84% in the money.

#### What changed last week:

- **In Equity markets** the US S&P500 fell 0.95% despite a Friday rally on back of stronger jobs. The anticipation for 1Q earnings which start with big banks next Friday is the next key as bond selling didn't derail risk. Nasdaq fell 0.8% while DJIA fell 2.27%. In other big bourses, China rose 1.77% on the week with better PMI reports, while Mexico rose 1.91% and Australia fell 0.29%. The EuroStoxx 50 fell 0.89% with Spanish IBEX off 1.33% and Italy MIB off 1.73%.

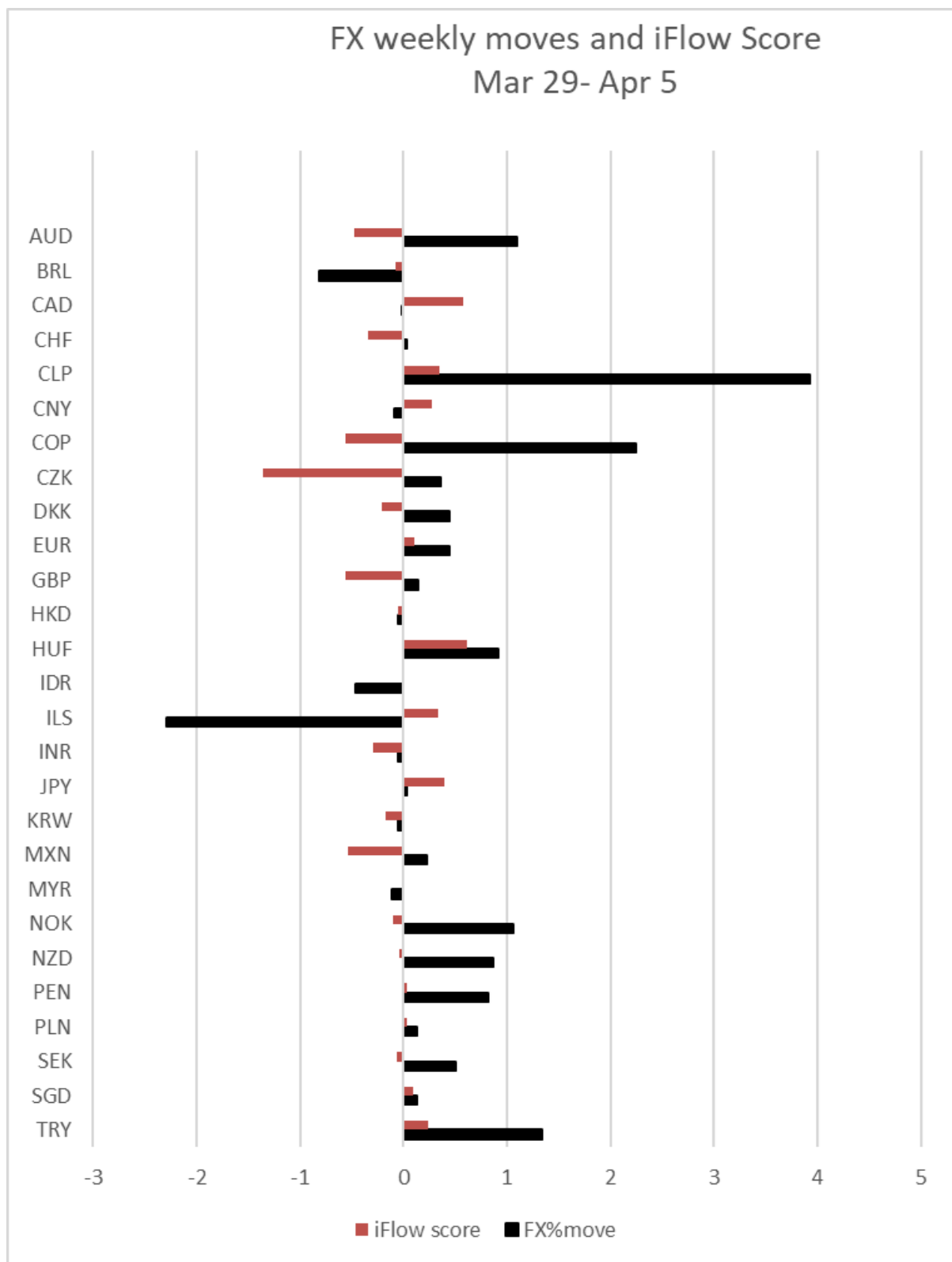
#### US equity markets slip on rates, high for longer?



- **In FX markets**, the USD fell 0.25% despite higher US rates and better jobs, with EM leading gains but with some notable exceptions. CLP, COP, TRY all rose over 1% but ILS, BRL and ARS lost. In G10 AUD led gain even with RBA dovish minutes while NOK and NZD also rallied. But CHF and CAD lagged. The divergence of iFlow to market was most notable in CLP, COP and ILS.

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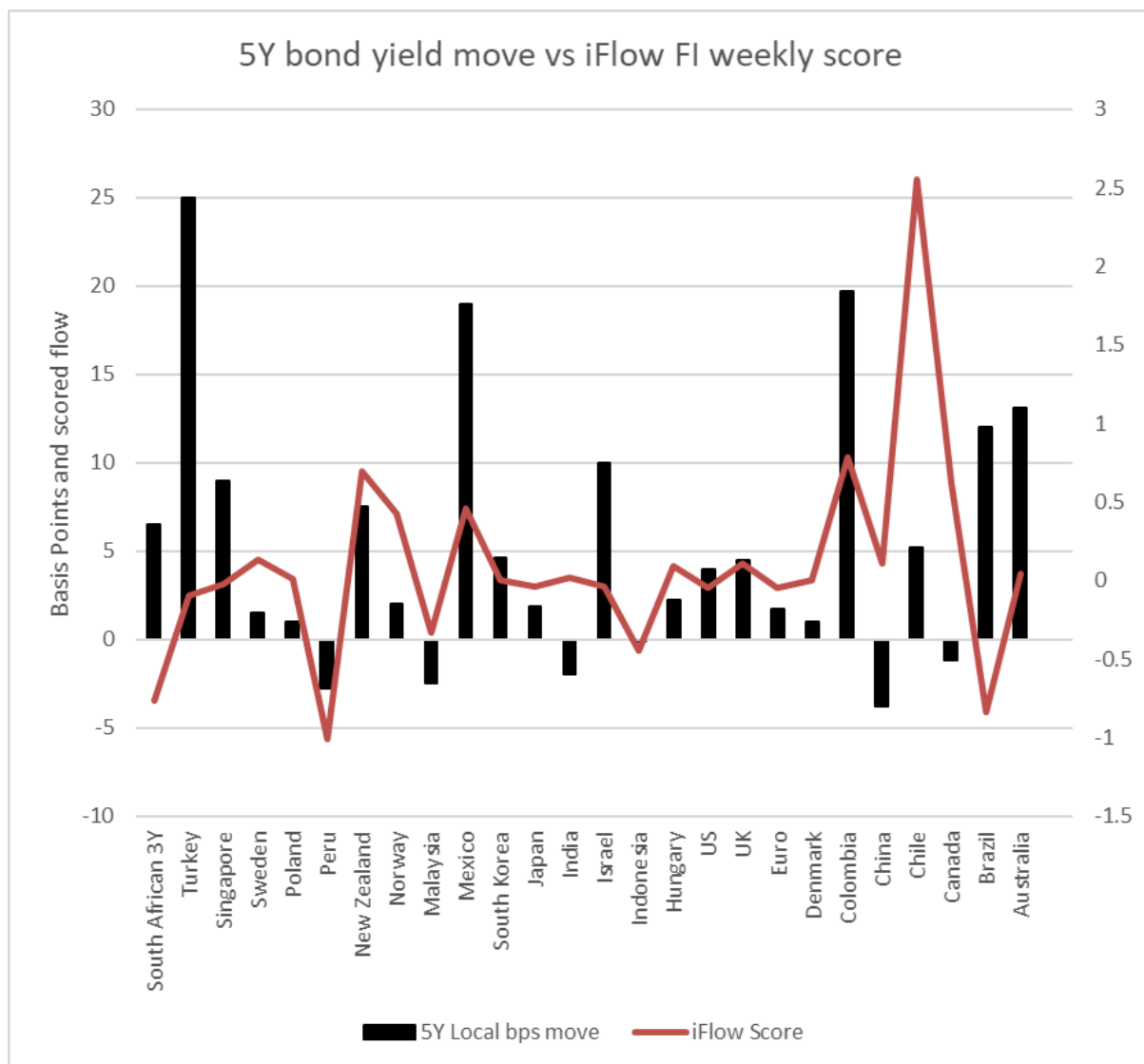
**FX sees USD slip despite rate move higher**



Source: Bloomberg, iFlow, BNY Mellon

- **In Fixed Income**, the holiday shortened week and the US data dominated, with US curve bear steepening even as the Fed rate cut expectations shifted from June to September after stronger NFP. Focus on US CPI and supply dominates along with Fed reactions to data ahead. The rest of the world was mixed as the week ahead delivers many central bank decisions with notable gains for bonds in China, India and Peru while most of the rest of the world lost ground with Turkey and Colombia notable in EM.

US Bond	High	Low	Current	% from Low	1W change
30Y	5.35	0.99	4.55	3.56	0.21
20Y	5.44	0.87	4.66	3.79	0.21
10Y	5.26	0.52	4.4	3.88	0.20
5Y	5.18	0.19	4.4	4.21	0.19
2Y	5.22	0.09	4.75	4.66	0.13
3M	5.63	0	5.36	5.36	0.03
FFR	5.41	0.04	5.32	5.28	0.00
The Yields and Fed Funds Rate data from January 2007					



Source: Bloomberg, iFlow, BNY Mellon

News Agenda and Weekly Themes – US CPI/PPI, FOMC minutes, rate decisions from ECB, BOC, RBNZ along with China CPI/PPI

This week, the United States investors' focus will be on March CPI and FOMC minutes. Adding to the watchlist are Michigan consumer confidence, Producer Prices, as well as exports and import prices, complemented by several speeches from Federal Reserve officials. Globally, interest rate decisions are on the agenda in the Euro Area, Canada, New Zealand, the Philippines, Thailand, Korea, Peru and Israel. In China, spotlight will be on consumer and producer prices, alongside trade data and new yuan loans. Similarly, inflation rates will be announced in Mexico, Brazil, India, and Russia. Europe's focus will be also on Germany's foreign trade and industrial production and UK's February GDP reading and industrial production. Finally, Australia will release NAB business confidence and Westpac Consumer confidence data and Japan consumer confidence.

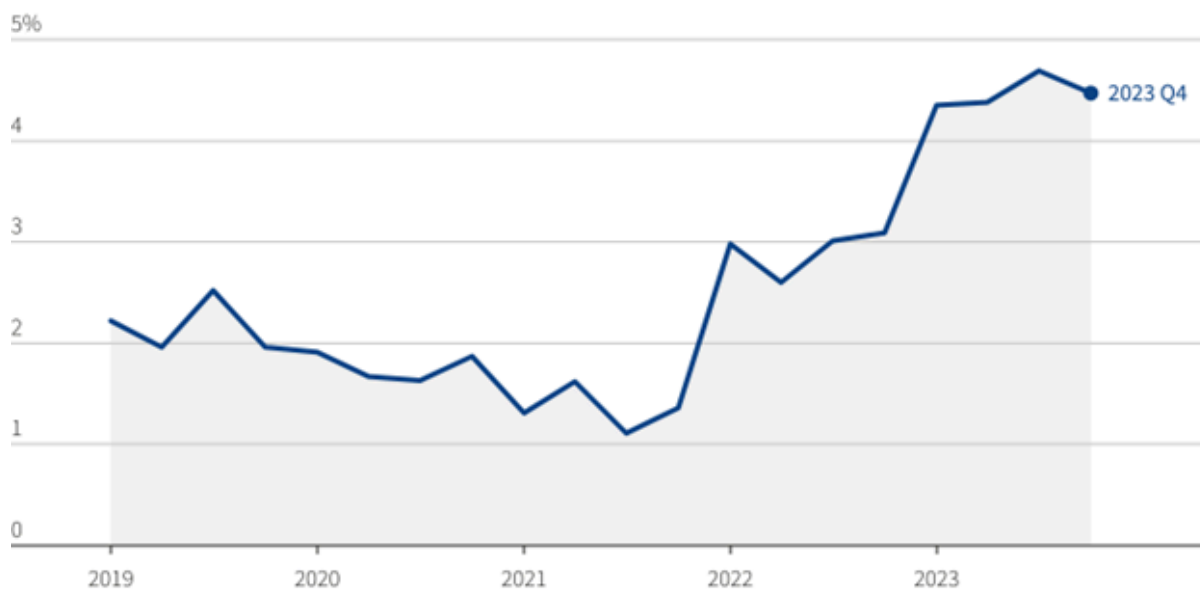
**1. ECB and June cut** - Traders see a nearly 100% chance of a 25 basis-point cut in June, so a green light is crucial to uphold market sentiment for the Thursday, April 11<sup>th</sup> meeting. A flurry of policymakers have explicitly signaled June as the date of a first move. Even Austria's uber-hawk governor [Robert Holzmann](#) is not opposed. Data showing [inflation](#) falling unexpectedly to 2.4% in March adds to the market's view on the ECB easing ahead and makes even this April meeting Thursday "live." Worries about German CRE exposure and the banks, the split of growth between Northern Eurozone and Southern Eurozone economies and the upcoming politics of the election for the EU all matter to the decision along with the EUR where 1.07 or 1.09 look important.

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**Will the ECB lock in a June ease?**

## ECB will review critical Q1 wage data before June meeting

Negotiated wage growth dropped to around 4.5% in Q4, ECB wants to see further slowdown.



Source: European Central Bank | Reuters, April 4, 2024 | by Pasit Kongkunakornkul

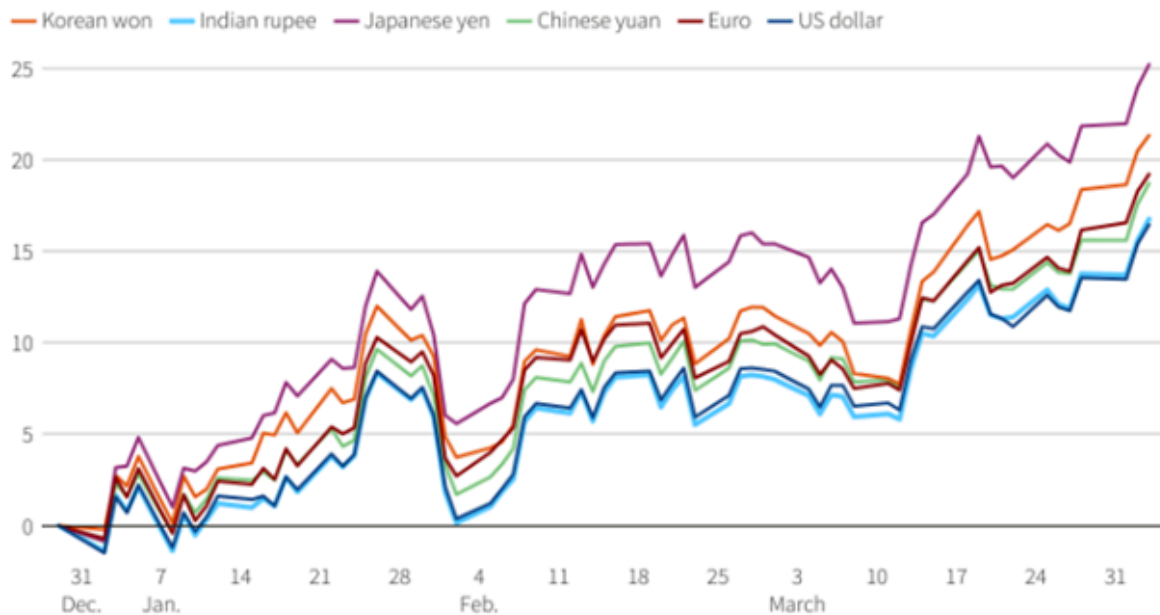
Source: Reuters, BNY Mellon

**2. Oil and \$90 bbl** – The fear of geopolitics matters again with oil at breakout levels into the key summer driving season. The fear of escalation from Iran after last week's Israel attacks in Syria killing a top general adds to the credibility of future disruptions being sufficient to drive oil and products higher. The OPEC+ meeting in May is all but certain to keep production short by 2mbd. The recovery in China shown by the PMI reports gives credibility to the green shoots of global recovery and hence more demand for energy. The role of the USD in the cost of energy isn't lost on central bankers and puts import prices as a key factor to consider. The purchasing power lost by the stronger USD complicates the power of rate cuts to fix economic ills given ongoing currency weakness. How CPI and central bankers act this week will be key for the oil markets along with the Friday OPEC monthly.



## A crude inflation problem

Oil is back around \$90 a barrel. The strong dollar means the biggest importers have an even bigger bill



Note: Brent crude in local currency, rebased to 0 as of Dec 30 2023

Source: LSEG/Reuters - Amanda Cooper

Reuters Graphics

Source: Reuters, BNY Mellon

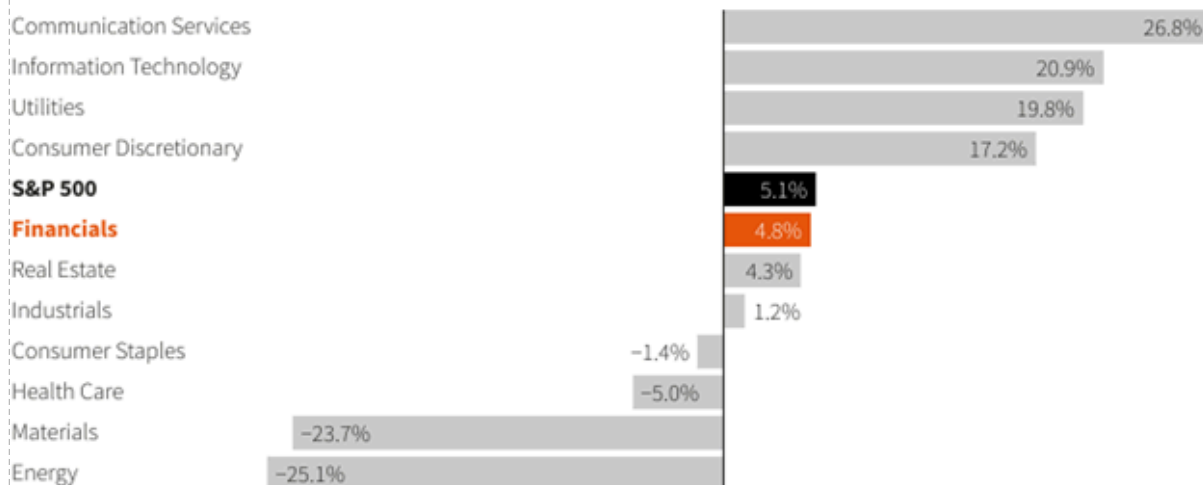
**3. The start of 1Q earnings season** – big banks pm Friday, April 12th. The role of lower inflation in helping keep margins and profits robust in 2023 will be test in the 1Q reporting season as the sticky inflation allows less room for easy growth while credit conditions worry. Investors are counting on robust corporate profit this year to support rising valuations as the stock market has rallied to record highs. The S&P 500's price-to-earnings ratio is hovering at its highest in about two years. JPMorgan Chase, Citigroup and Wells Fargo all report results on April 12. Delta Air Lines and BlackRock are among other notable companies set to provide quarterly updates in the days ahead. Focus is also on Wednesday's March inflation data after numbers out on Friday showed U.S. employers hired far more workers than expected last month and lifted wages at a steady clip - potentially delaying anticipated rate cuts this year.

**Will banks warn on credit?**

## U.S. banking giants kick off earnings season

First-quarter earnings growth for the financial sector is expected to be roughly in line with the broader S&P 500.

### Yearly estimated earnings growth rate in Q1 2024



Source: LSEG I/B/E/S | Reuters, Apr. 4, 2024 | By Vineet Sachdev

Source: Reuters, BNY Mellon

**4. Can other central banks ease without the US?** The calendar of when markets expect the first set of further easing in G10 monetary policy matters this week as the meetings ahead set the tone beyond the ECB. Rate setters elsewhere in the world are sandwiching the ECB: Canada and New Zealand meet on Wednesday, Singapore and South Korea on Friday. No rate changes anticipated, but traders want a sense of when rate cuts will come and how policymakers will navigate a delicate balancing act. Markets have trimmed bets for a June Canada rate cut after news the economy grew by 0.6% in January, its **fastest growth rate** in a year. New Zealand is in technical recession but with inflation still above 4.5%, easing is not expected until August. Singapore is grappling with sticky inflation and the risk of elevated price pressures for longer as recent **Taylor Swift concerts** fueled service-sector price rises. And Korea's central bank said in February it was too early to pivot with the path for inflation, at 3.1%, uncertain. Markets only bet on it cutting rates late this year. Elections are another complication with Korea next but pressure in Canada is rising for another election while the EU June election may clash with the ECB plans.

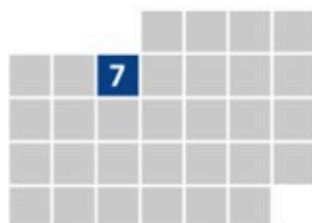
**Market expectations can shift sharply this week**

## Major central banks poised to embark on cutting cycle

Upcoming central bank meetings at which markets predict a more than 50% chance of a rate cut. Japan is expected to hike in its next move.

May 2024

7: Sweden



June

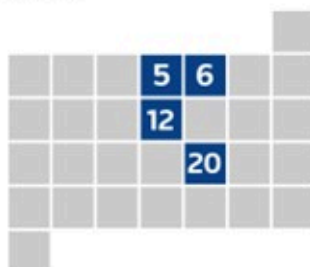
5: Canada

6: Euro zone

12: US

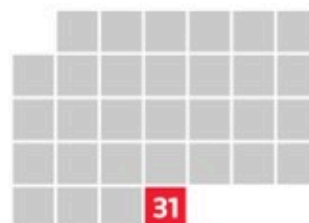
20: Switzerland

20: UK



July

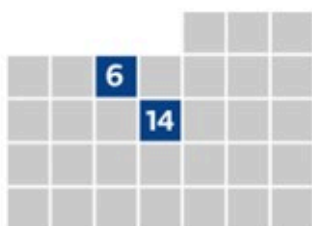
31: Japan



August

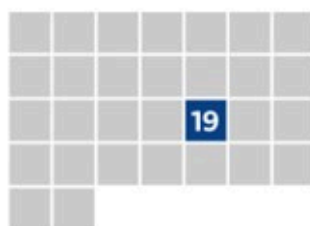
6: Australia

14: New Zealand



September

19: Norway



- Calendar highlights the first likely dates, according to market pricing, for central bank rate moves
- Market pricing for Japan is for a 10 bps rate increase in July. The Bank of Japan hiked its policy rate for the first time in 17 years in March.

Sources: LSEG Eikon

Sumanta Sen • April 4, 2024 | REUTERS

Source: Reuters, BNY Mellon

## Economic Data and Events Calendar April 8-12:

### Central Bank Decisions

- **Philippines BSP (Monday, April 8)** – We expect the BSP to maintain rates at 6.5% and reiterate its forward-looking statement, whereby the central bank stood “ready to adjust its monetary policy settings as necessary in keeping with its primary mandate to safeguard price stability”. Since the previous meeting in February, inflation has rebounded sharply to 3.4% while core CPI has eased to 3.6%, driven by a surge in food prices, especially rice. Macro indicators remain generally robust and all eyes will be on the BSP’s latest risk-adjusted inflation forecast. Our view is for the BSP to remain on hold for as long as possible, subject to global rate moves.
- **Israel Bol (Monday, April 8)** – No change is expected from the Bol though there is a tail risk of a cut. The February decision sent a clear message

regarding current economic constraints and the associated inflation impulse. Consequently, the status quo will likely prevail and the risk to inflation will remain to the upside, which was the case with the latest data as sequential price growth hit 0.4%*m/m*. Recent developments have pushed geopolitics up the agenda again though this is beyond the Bol's purview.

- **New Zealand RBNZ (Wednesday, April 10)** – The RBNZ is expected to remain on hold at 5.50% and the market is relatively subdued regarding expectations for easing. However, activity indicators are clearly pointing to further deceleration, while the household is also showing restraint based on spending and confidence numbers. Nonetheless, this has yet to translate into decisive downside moves in wages or headline prices and the RBNZ may need to wait for the lagged effects of migration generating stronger aggregate demand to wear off before shifting towards a strong easing bias.
- **Thailand BoT (Wednesday, April 10)** – There is little scope for the BoT to change the status quo, especially with currency risks escalating across the region. A shift towards a dovish bias would only exacerbate pass-through risk, with very limited guarantee of success in supporting the economy. Nonetheless, with headline inflation still negative and core inflation drifting to flat, the central bank will be attuned to domestic growth risks as well. Leading indicators remain in contraction territory though tourism is continuing to recover at a robust pace, led by a return in Chinese visits.
- **Canada BoC (Wednesday, April 10)** – No cut is expected at the Bank of Canada's Governing Council meeting in April, which will feature the latest quarterly Monetary Policy Report. Data on the real economy is weakening, while inflation ex housing is slowly moderating. Rate cuts could come in June.
- **Eurozone ECB (Thursday, April 11)** – We consider this ECB decision to be a live meeting and there will be some Governing Council members calling for a cut. However, President Lagarde appears to have been successful in establishing a June move as the consensus within the Governing Council and for now, there has been only limited pushback from the more hawkish elements within the central bank. Admittedly, recent data has indicated some stabilisation in the economy, albeit at a very low level. However, inflation prints have continued to surprise to the downside and if there are clear signs of core inflation heading back to 2%, we expect policy expectations to re-price in a more dovish manner relative to current baseline.
- **Peru BCRP (Thursday, April 11)** – After the surprise hold in March the market will be far more conservative in BCRP expectations and we expect consensus to shift towards maintaining the status quo at 6.25%. Inflation on a sequential basis is clearly picking up again, with March price growth hitting 1% alone. Given PEN's struggles relative to peers in keeping currency strength to

generate negative pass-through, there is very limited room for manoeuvre given the Fed's current outlook. At best, much of LatAm will likely need to maintain current settings and await more concrete evidence of the Fed moving towards an easing cycle.

#### Key data/releases

Date	BST	EDT	Country	Event	Period	Cons.	Prior
04/08/24	00:50	19:50*	JN	BoP Current Account Balance	Feb	¥3050.0b	¥438.2b
04/08/24	07:00	02:00	GE	Industrial Production SA MoM	Feb	--	1.00%
<b>04/08/24</b>	<b>08:00</b>	<b>03:00</b>	<b>PH</b>	<b>BSP Overnight Borrowing Rate</b>	<b>Apr-08</b>	<b>6.50%</b>	<b>6.50%</b>
<b>04/08/24</b>	<b>14:00</b>	<b>09:00</b>	<b>IS</b>	<b>Base Rate</b>	<b>Apr-08</b>	<b>4.50%</b>	<b>4.50%</b>
04/09/24	12:00	07:00	SA	Manufacturing Prod NSA YoY	Feb	--	2.60%
04/09/24			CH	Money Supply M2 YoY	Mar	8.70%	8.70%
04/10/24	00:50	19:50*	JN	PPI YoY	Mar	0.80%	0.60%
<b>04/10/24</b>	<b>03:00</b>	<b>22:00</b>	<b>NZ</b>	<b>RBNZ Official Cash Rate</b>	<b>Apr-10</b>	<b>5.50%</b>	<b>5.50%</b>
04/10/24	07:00	02:00	NO	CPI MoM	Mar	--	0.20%
04/10/24	07:00	02:00	NO	CPI YoY	Mar	--	4.50%
04/10/24	08:00	03:00	CZ	CPI MoM	Mar	--	0.30%
04/10/24	08:00	03:00	CZ	CPI YoY	Mar	--	2.00%
<b>04/10/24</b>	<b>08:05</b>	<b>03:05</b>	<b>TH</b>	<b>BoT Benchmark Interest Rate</b>	<b>Apr-10</b>	<b>2.50%</b>	<b>2.50%</b>
04/10/24	12:00	07:00	US	MBA Mortgage Applications	Apr-05	--	-0.60%
04/10/24	13:00	08:00	BZ	IBGE Inflation IPCA YoY	Mar	4.00%	4.50%
04/10/24	13:00	08:00	BZ	IBGE Inflation IPCA MoM	Mar	0.27%	0.83%
04/10/24	13:30	08:30	US	CPI MoM	Mar	0.30%	0.40%
04/10/24	13:30	08:30	US	CPI YoY	Mar	3.50%	3.20%
<b>04/10/24</b>	<b>14:45</b>	<b>09:45</b>	<b>CA</b>	<b>Bank of Canada Rate Decision</b>	<b>Apr-10</b>	<b>5.00%</b>	<b>5.00%</b>
04/11/24	02:30	21:30*	CH	PPI YoY	Mar	-2.80%	-2.70%
04/11/24	02:30	21:30*	CH	CPI YoY	Mar	0.40%	0.70%
04/11/24	07:30	02:30	HU	CPI YoY	Mar	3.60%	3.70%
04/11/24	13:00	08:00	BZ	Retail Sales YoY	Feb	--	4.10%
<b>04/11/24</b>	<b>13:15</b>	<b>08:15</b>	<b>EC</b>	<b>ECB Main Refinancing Rate</b>	<b>Apr-11</b>	<b>4.50%</b>	<b>4.50%</b>
<b>04/11/24</b>	<b>13:15</b>	<b>08:15</b>	<b>EC</b>	<b>ECB Deposit Facility Rate</b>	<b>Apr-11</b>	<b>4.00%</b>	<b>4.00%</b>
04/11/24	13:30	08:30	US	PPI Final Demand MoM	Mar	0.30%	0.60%
04/11/24	13:30	08:30	US	Initial Jobless Claims	Apr-06	--	221k
04/11/24	23:45	18:45	NZ	Food Prices MoM	Mar	--	-0.60%
04/12/24	05:30	00:30	JN	Industrial Production MoM	Feb F	--	-0.10%
<b>04/12/24</b>	<b>00:00</b>	<b>19:00*</b>	<b>PE</b>	<b>Reference Rate</b>	<b>Apr-12</b>	<b>--</b>	<b>6.25%</b>
<b>04/12/24</b>			<b>SK</b>	<b>BOK Base Rate</b>	<b>Apr-12</b>	<b>3.50%</b>	<b>3.50%</b>
04/12/24	07:00	02:00	SW	CPI MoM	Mar	--	0.20%
04/12/24	07:00	02:00	SW	CPI YoY	Mar	--	4.50%
04/12/24	07:00	02:00	SW	CPI Level	Mar	--	413.76
04/12/24	07:00	02:00	GE	CPI YoY	Mar F	--	2.20%
04/12/24	07:00	02:00	GE	CPI MoM	Mar F	--	0.40%
04/12/24	07:00	02:00	UK	Industrial Production MoM	Feb	--	-0.20%
04/12/24	07:00	02:00	UK	Manufacturing Production MoM	Feb	--	0.00%
04/12/24	15:00	10:00	US	U. of Mich. Sentiment	Apr P	78.7	79.4

**Key speeches/events**

Date	GMT	EDT	Country	Event
04/06/24	14:00	09:00	EC	ECB's Stournaras Participates in Fireside Chat
04/08/24	08:00	03:00	SW	Riksbank's Thedeen speech at Nordea in Copenhagen
04/08/24	10:00	05:00	GR	ECB's Stournaras Speaks at Bank of Greece AGM
04/08/24	11:00	06:00	SW	Riksbank's Thedeen speech in Malmo
04/08/24	13:00	08:00	PD	National Bank of Poland Publishes Minutes of Rate Meeting
04/08/24	16:15	11:15	SZ	SNB's Jordan, BIS's Carstens Speak in Zurich
04/08/24	16:30	11:30	UK	BOE's Breeden speaks
04/08/24	18:00	13:00	SW	Riksbank's Thedeen speech in Malmo
04/09/24	00:00	19:00*	US	Fed's Kashkari Participates in Town Hall Meeting
04/09/24	09:00	04:00	EC	ECB Bank Lending Survey
04/09/24	11:00	06:00	SW	Riksbank's Floden speech on the economy and monetary policy
04/09/24	17:30	12:30	SZ	SNB's Schlegel Speaks in Geneva
04/10/24	03:00	22:00*	NZ	RBNZ Monetary Policy Review
04/10/24	09:00	04:00	NO	Norges Bank Deputy Governor Longva Speech
04/10/24	09:00	04:00	NO	Norges Bank Governor Wolden Bache Speech
04/10/24	13:45	08:45	US	Fed's Bowman Discusses Basel Capital Requirements
04/10/24	17:45	12:45	US	Fed's Goolsbee Participates in Panel Discussion
<b>04/10/24</b>	<b>19:00</b>	<b>14:00</b>	<b>US</b>	<b>FOMC Meeting Minutes</b>
04/10/24	21:15	16:15	NZ	Finance Min at Parliament Select Committee on BPS
04/11/24	12:15	07:15	SW	Riksbank's Jansson speech on the economy and monetary policy
<b>04/11/24</b>	<b>13:45</b>	<b>08:45</b>	<b>EC</b>	<b>ECB President Christine Lagarde Holds Press Conference</b>
04/11/24	13:45	08:45	US	Fed's Williams Gives Keynote Remarks
04/11/24	17:00	12:00	US	Fed's Collins Speaks at Economic Club of New York
04/11/24	18:30	13:30	US	Fed's Bostic Participates in Moderated Conversation
04/11/24	19:00	14:00	UK	BOE's Megan Greene speaks
04/12/24	07:30	02:30	SW	Riksbank's Breman speaks on the psychology of inflation
04/12/24	09:00	04:00	EC	ECB Survey of Professional Forecasters
04/12/24	12:00	07:00	UK	Bank of England releases Bernanke report on forecasting
04/12/24	19:30	14:30	US	Fed's Bostic Gives Speech on Housing
04/12/24	20:30	15:30	US	Fed's Daly Participates in Fireside Chat

**Conclusions: Does higher CPI in China help or hurt?**

While markets look at the US Thursday release of CPI with trepidation, they may be hit more by the CPI/PPI in China. Both nations have similar debt issues – with China facing a property debt issue, the US stuck with CRE along with many other G10 nations, while both have government debt at levels that could prove unsustainable. The way to fix these debt problems matter – FX depreciation and inflation are one route, time and financial repression another, while some hope for growth and productivity as the third and most helpful way out.

The hope for a turnaround in the Chinese economy has been a key factor for APAC investment flows rising and falling throughout the last year. Stocks in China are back to multi-month highs though they had a short week from Thursday holidays. The Shanghai Composite recently enjoyed its biggest rally in a month after data showed the fastest expansion in manufacturing for more than a year. That was followed by even more hopeful numbers showing an acceleration in **services activity**, hinting that consumer animal spirits might finally be stirring. The coming days bring fresh indicators that could support or subvert that optimism: consumer and producer price indexes on Thursday and trade data on Friday. These will be important litmus tests of **consumer appetite**. The consumer price index meanwhile will be key since the first rise for six months in the previous batch of data is what helped Chinese stocks scale

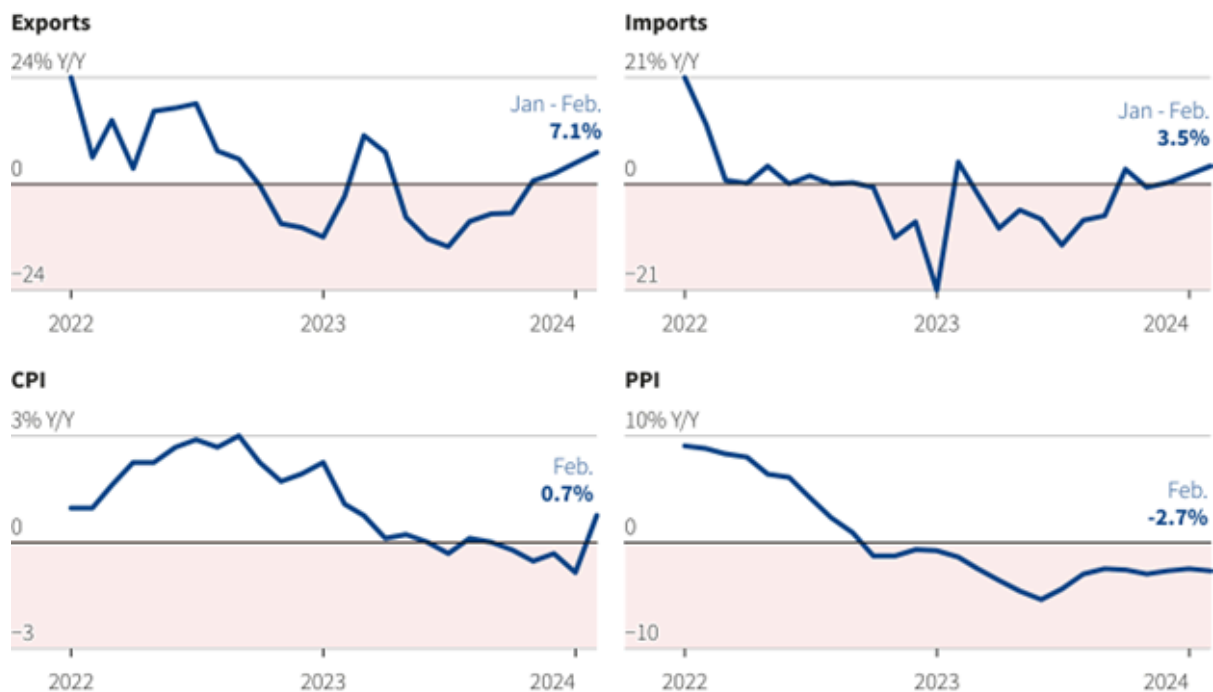
post-November peaks, though figures were potentially skewed by Lunar New Year holidays. The CNY intervention is going to be a factor to watch as it matters to the path of trade and CPI along with the role of APAC pressures on the JPY weakness. TWD is also in the focus given the tragedy of its earthquake last week and the risks for more spending which will add to growth and inflation there. Markets have room for some inflation bounce back in APAC but just how much is the question and how that leads to price pressures elsewhere remains a key worry.

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## China demand matters, CPI and Trade key next week

### A test of optimism for China

With trade growth beating expectations and consumer prices turning positive in February, all eyes are on whether China will be able to maintain this momentum.



Source: LSEG Workspace | Reuters, April 4, 2024 | By Kripa Jayaram

Source: Reuters, BNY Mellon

Disclaimers and Disclosures

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