

Weekly Market Recap

Asia Pacific | 19 Jun 2017

Week in review

			Survey	Actual	Prior
US	CPI y/y	May	2.0%	1.9%	2.2%
US	Retail sales m/m	May	0.1%	-0.3%	0.4%
CN	Retail sales y/y	May	10.6%	10.7%	10.7%
CN	Industrial production y/y	May	6.3%	6.5%	6.5%

Week ahead

- 21/6 - **JP** - All industry index
- 23/6 - **U.S., EU** - PMI flash
- 22/6 - **U.S.** - Leading indicators

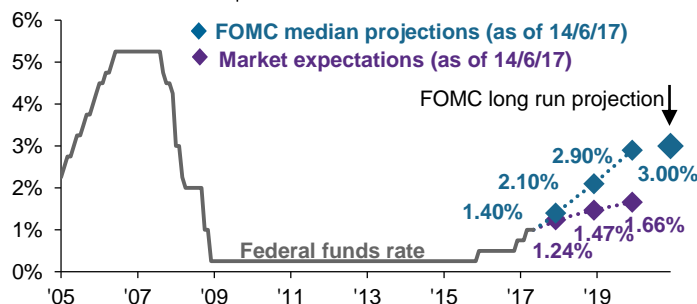
Thought of the week

The FOMC raised key rates by 25 bps, as expected, to a range of 1.0% to 1.25%. Despite some weak data recently, the Fed's view on inflation is that the recent soft patch is transitory and that the level of inflation will remain steady. Inflation has been weak for the past 3 months, but is expected to return to a pace close to the Fed's longer-run target of 2%, mainly due to inflationary pressure from tighter labor markets and March's number being affected by some one-off price cutting measures in telecom plans. Future interest rate projections were revised down slightly, tempering greater rate hike expectations. Regardless of the recent weak inflation releases, other economic data and the tight labor market backs up the case for at least 1 more U.S. rate hike this year.

Chart of the week

Latest Federal funds rate expectations

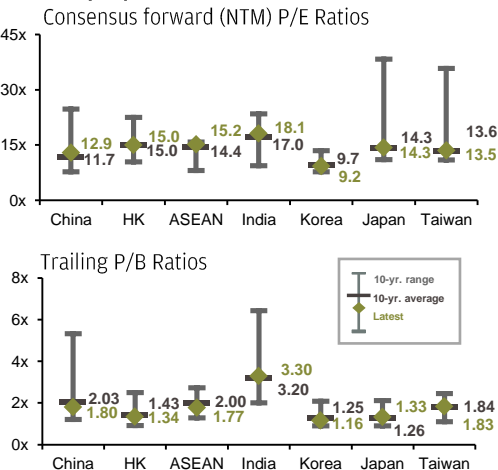
FOMC and market expectations



EQUITIES (Indices: 12 to 16 Jun)

	% w/w	% m/m	% YTD
MSCI AC Asia Pac ex JP U\$	-0.7	1.0	17.6
MSCI AC Asia Pac ex JP	-0.6	0.8	13.8
MSCI US	0.1	1.4	8.8
MSCI Europe U\$	-0.3	-0.8	13.8
MSCI EM U\$	-1.5	-1.2	16.3
MSCI World U\$	0.0	0.9	9.8
Countries			
Hong Kong Hang Seng	-1.6	1.1	16.5
Taiwan SE Weighted	-0.4	1.2	9.8
Korea SE Composite	-0.8	2.9	16.5
Japan Topix	0.3	0.7	5.1
MSCI Japan U\$	0.2	2.6	9.5
Shanghai SE A Share	-1.1	0.3	0.7
MSCI China U\$	-2.2	1.4	22.0
Singapore Straits Times	-0.7	0.1	12.2
KLCI Composite	0.1	0.7	9.1
Bangkok SET	0.6	2.0	2.2
Philippine SE Composite	-1.4	1.2	15.2
Jakarta SE Composite	0.8	1.4	8.1
MSCI ASEAN U\$	0.0	1.4	13.6
India BSE100	-0.7	0.4	18.3
ASX All Ordinaries	1.6	-1.3	1.6

Asian equity markets valuations



		Change (bps)			
GOVT 10-YEAR YIELDS		16/6/2017	w/w	m/m	YTD
China		3.56	-7	-8	49
Korea		2.17	0	-14	8
Germany		0.27	1	-16	7
Japan		0.05	0	1	1
UK		1.01	1	-12	-8
India		6.66	3	-17	-19
Thailand		2.42	-10	-32	-24
US		2.15	-5	-17	-29
Australia		2.41	1	-18	-35
Singapore		2.09	-2	-5	-46
Indonesia		6.78	-10	-25	-112
		Change (%) (per USD)*			
CURRENCIES		16/6/2017	w/w	m/m	YTD
Korea	USD/KRW	1,134	-1.0	-1.6	6.5
Taiwan	USD/TWD	30.35	-0.8	-0.8	6.2
Euro	EUR/USD	1.1198	0.1	1.0	6.2
Thailand	USD/THB	33.96	0.3	1.7	5.4
Japan	USD/JPY	110.68	0.0	2.1	5.4
India	USD/INR	64.4225	-0.2	-0.5	5.4
Australia	AUD/USD	0.76	1.2	2.5	5.3
Malaysia	USD/MYR	4.2765	-0.3	1.1	4.9
Singapore	USD/SGD	1.3826	0.1	0.9	4.5
Swiss	USD/CHF	0.9731	-0.3	1.5	4.4
New Zealand	NZD/USD	0.7257	0.8	5.3	4.1
UK	GBP/USD	1.2803	0.5	-0.9	3.6
China	USD/CNY	6.8138	-0.2	1.1	2.0
Indonesia	USD/IDR	13,298	0.0	0.0	1.3
Canada	USD/CAD	1.32	1.4	2.8	1.3
Philippines	USD/PHP	49.8950	-0.8	-0.4	-0.4
		Change (%)			
COMMODITIES		16/6/2017	w/w	m/m	YTD
Crude Oil (WTI, \$/bbl)		44.74	-2.4	-8.0	-16.8
Nat. Gas (HH, \$/mm BTU)		2.96	-2.3	-9.5	-20.2
Silver (\$/troy oz)		16.76	-3.4	0.2	3.2
Gold (\$/troy oz)		1,255	-0.9	1.7	9.6
DJ/UBS Commodity Index		81.27	-1.4	-2.7	-7.1
Copper (\$/ton)		5,656	-1.5	1.3	2.8

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Source: Federal Reserve, Factset, J.P. Morgan Asset Management

All returns in local currency except where stated.

* Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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