

MNI Asia Pac Weekly Macro Wrap

23 May 2025 – By Jon Cavenagh, Jaime Grant, Maxine Koster, Stephen Petrie & Gavin Stacey

JAPAN

- Japan national CPI continued to show firmer core price trends. Activity figures have been mixed this past week. The sharp rise in onshore JGB yields has also been in focus, although we look to be ending the week a little calmer.

AUSTRALIA

- The RBA cut rates 25bp to 3.85%, the lowest in two years, as was widely expected. It was a consensus decision following a discussion of unchanged rates vs a cut and then when the latter was chosen quickly the dialogue became between 25bp or 50bp of easing. 25bp was the strongest argument.
- The preliminary May S&P Global composite PMI showed a moderation in growth with the index easing to 50.6 from 51, the lowest since February. The quarterly averages are showing that after a slight pickup in private sector growth in Q1 it likely slowed a bit in Q2.

NEW ZEALAND

- The NZ government continues to expect the budget to be in surplus in FY29, while the timing is unchanged the amount has been revised down and is flat as a share of GDP. From FY26 deficits were revised higher due to weaker revenue as growth was revised down near-term and unemployment higher.
- NZ posted its third consecutive monthly merchandise trade surplus in April at \$1426.04mn up from \$794.43 to drive a further narrowing in the YTD deficit to \$4812mn from \$6250mn, the lowest since October 2021. The improvement has been the result of export growth outpacing imports.

SHORT TERM RATES

- \$-Bloc markets are little changed over the past week, except for Australia, which saw a 17bp softening in expected year-end rate.

CHINA

- April's house price data continued to highlight the challenges for authorities in achieving a recovery in the multi-year downturn in house prices. April's new house prices decline increased from March to -0.12%.
- April data releases showed limited impact from the trade war.
- The 1- and 5-year Loan Prime Rates were reduced in line with expectations.

SOUTH KOREA

- South Korea's early May trade data released today showed that exports are falling, particularly to the US. A delegation from South Korea's trade ministry will visit the US over May 20-22 to hold follow-up discussions to reach a compromise before US President Donald Trump's tariffs on Korea's exports resume in July.

ASIA

- Singapore's economy expanded +3.9% YoY in the first quarter, marginally higher than early estimates. As South East Asia's most open economy Singapore's GDP result was widely anticipated as an indicator as to the current impact of the trade war. Indian PMIs painted a resilience growth backdrop.

ASIA EQUITY FLOWS

- Asia's major markets are staring at another strong week of inflows with almost \$2bn recorded to yesterday.

JAPAN

JAPAN DATA April National CPI Still Shows Firm Underlying Price Pressures :

Japan April national CPI was close to market forecasts and continued to show elevated y/y inflation momentum. The headline printed at 3.6%/y/y, versus 3.5% forecast (3.6% was the March outcome). Ex fresh food rose 3.5%/y/y, also a touch above forecasts (3.4%, while the prior print was 3.2%). Ex fresh food and energy was 3.0%/y/y, in line with forecasts (2.9%/y/y was the March outcome).

* The chart below plots the y/y trends for these various inflation indicators. The measure which excludes fresh food and energy (the dark blue line) continues to show a steady upside trend. At face value the print will add marginally to BoJ confidence around achieving its inflation target.

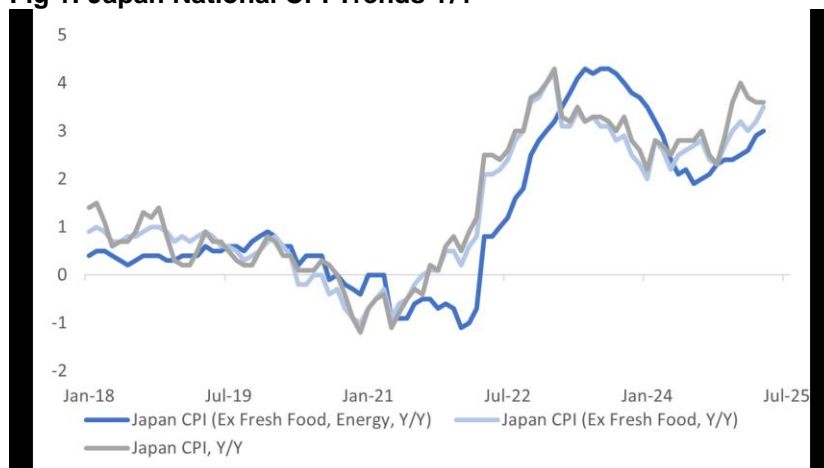
* In m/m terms, headline rose 0.1%, while the core measures maintained positive m/m gains. Goods prices rose 0.4%, while services were down 0.1%.

* Food prices were lower, with fresh food off 5.8% m/m. Education also fell sharply, down -5.7% in the month. Utilities rose 3.0%, while entertainment, up 1.4%, along with household goods (+1.4%) and clothing (+1.3%) were other positives.

* In y/y terms, education at -5.6%, is the only negative sub category. Utilities is the highest at 8.4%. Headlines crossed earlier that the government is mulling measure to cut utility bills (FNN via BBG).

* This may help headline inflation pressures, but underlying pressures still remain firm at this stage. Note next Friday we get May Tokyo CPI.

Fig 1: Japan National CPI Trends Y/Y



Source: MNI - Market News/Bloomberg

JGBS: Bull-Flattener Partially Reverses Some Of This Week's Carnage

JGB futures are stronger and at Tokyo session highs, +22 compared to settlement levels.

- Outside of the previously outlined National CPI, there haven't been many by way of domestic drivers to flag.
- "US President Donald Trump initiated a phone call with Japanese Prime Minister Shigeru Ishiba to discuss tariffs in general terms. The two leaders discussed various topics, including tariff negotiations, economic security cooperation, and national security." (per BBG)
- "Workers at companies affiliated with the Japan Business Federation won pay hikes exceeding 5% for a second consecutive year, which will help to keep a floor under domestic inflation"(BBG)
- Cash US tsys are slightly richer in today's Asia-Pac session after yesterday's rally. A light US calendar tonight with New Home Sales and Kansas City Fed Services Activity data due. The US markets will be closed for Memorial Day on Monday.

- Cash JGBs have bull-flattened, with yields 1-6bps lower. The benchmark 30-year yield is 4.5bps lower (2bps lower in the last 10mins) at 3.135% versus the high of 3.204% set this week.
- Swap rates are little changed out to the 7-year range but 1-3bps lower beyond. Swap spreads are mixed.
- On Monday, the local calendar will see Coincident/Leading Index data alongside an Auction for Enhanced-Liquidity 5-15.5 YR.

JAPAN DATA: Exports Up Modestly, Auto Exports To US Up Y/Y In April

Japan's April trade data was fairly close to market forecasts. Exports were +2.0%/y, against a +2.5% consensus and 4.0% prior. Imports fell -2.2%/y, against a -4.2% forecast and prior 1.8% outcome. This saw the trade position print at -¥115.8bn, against a surplus forecast of ¥215.3bn forecast. The prior trade surplus for March was revised slightly wider.

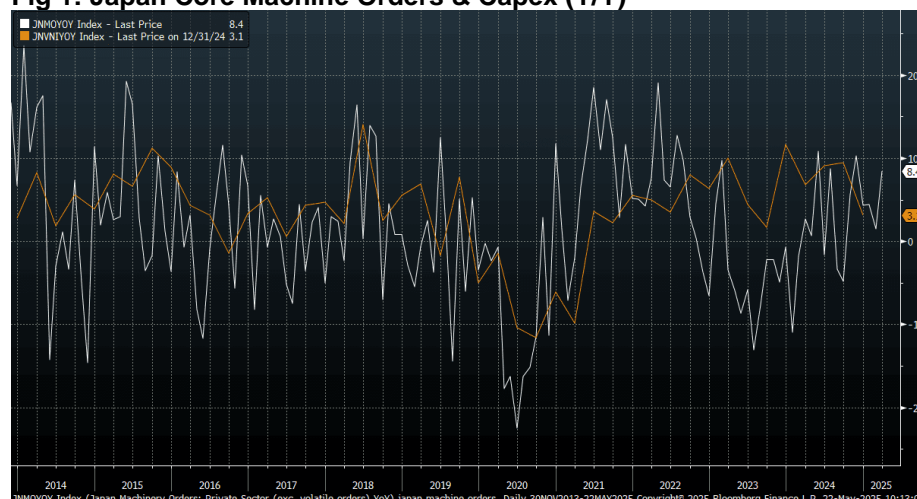
- In seasonally adjusted terms, exports were down 2.7%/m, while imports fell 1.4%. The adjusted trade deficit was at -¥408.9bn, also wider than market forecasts.
- In volume terms, exports were up 0.5%/y, after a -0.8% outcome in March. To the US export volumes were +1.2%/y. The trade surplus with the US was down slightly versus March levels.
- BBG notes that car shipments to the US were +11.8%/y in April, accounting for 25% of total shipments in terms of volumes. This underscores the push by Japan to get tariff relief on this front the US.
- In nominal terms exports' were down in y/y terms to the US, EU and China.

JAPAN DATA: March Core Machine Orders Well Above Estimates

Japan core machine orders for March printed well above market estimates. The m/m outcome was +13% against a -1.6% forecast, while prior was 4.3%. In y/y terms we rose 8.4%, against a -1.8% forecast and 1.5% prior.

- The chart below plots core machine orders (in y/y terms) against Capex in y/y terms from the national accounts. We had the Q1 print for GDP show firmer business spending than forecast, so today's core machine orders print for March reinforces this positive trend for end Q1.
- Still, given the Q2 outlook and beyond is being impacted by tariffs and trade uncertainty, the result is unlikely to shift steady BoJ thinking in the near term.
- The detail showed manufacturing orders up a strong 8.0% in m/m terms.

Fig 1: Japan Core Machine Orders & Capex (Y/Y)



Source: MNI - Market News/Bloomberg

JAPAN DATA: Local Investors Offshore Bond Purchases Surge In Recent Weeks

The standout last week, was the continued rise in Japan buying of offshore bonds. In the past two weeks, we have seen just over ¥4.75trln in net buying in this space. This pushes year to date flows back to positive territory. This pick up comes despite a turn down in global bond returns. This trend has continued this week, given sharp moves higher in back end US Tsy yields. Still global returns are well above earlier 2025 lows.

- Local Japan investors sold offshore equities for the first time since mid March last week, ending a strong run of outflows.
- In terms of inflows into Japan, we saw a continued net buying of local stocks. This marked the seventh straight week of net inflows into this segment.
- In contrast, offshore investors remained net sellers of local bonds for the third straight week. Again, given the surge higher in JGB yields this past week, such trends will be a watch point for the market. Inflows from offshore investors had been quite strong in April for local bonds.

Table 1: Japan Weekly Offshore Investment Flows

Billion Yen	Week ending May 16	Prior Week
Foreign Buying Japan Stocks	714.9	439.4
Foreign Buying Japan Bonds	-241.4	-141.3
Japan Buying Foreign Bonds	2824.6	1928.7
Japan Buying Foreign Stocks	-226.3	250.8

Source: MNI - Market News/Bloomberg

JAPAN DATA: Preliminary May PMIs Mixed, Manufacturing Edges Up, Services Weaker

Japan preliminary PMIs for May were mixed. The manufacturing read was 49.0 versus 48.7 in April (per Jibun Bank). The index has been sub 50 since mid last year. The services PMI fell to 50.8 from 52.4 in March, which dragged down the composite read to 49.8 from 51.2 prior.

- In terms of the detail, manufacturing output fell to 48 from 48.9, but new orders did rise.
- On the services side, employment edged down to 51 from 52.1 (per BBG), while prices charged were also down on the April read.
- For the composite reading, new order fell to 49.6 from 50.9 prior, which is the weakest read since Dec 2022 (per BBG).
- The trend in the services and composite reads have been choppy so far in 2025, but the new orders trends will be watched. The last China PMI prints also showed deterioration in new orders, led by the external side.

AUSTRALIA**RBA: Policy Outlook Depends On Trade**

- [Download full report here](#)
- The RBA cut rates 25bp to 3.85%, the lowest in two years, as was widely expected. It was a consensus decision following a discussion of unchanged rates vs a cut and then when the latter was chosen quickly the dialogue became between 25bp or 50bp of easing. 25bp was the strongest argument.
- The impact of current global uncertainty on economic decisions contributed to downward revisions to staff forecasts for GDP growth, inflation and employment but the outlook remains very unclear. These downward adjustments open the possibility of further easing depending on data and global developments but the RBA “remains cautious”.
- A 25bp rate cut in July is given a 68% probability, with a cumulative 70bps of easing priced by year-end.
- The progress on trade deals and any further delays are likely to impact the RBA’s July 8 decision.

AUSTRALIA DATA: Westpac Lead Index Pressured By Global Events

The April Westpac leading indicator was flat on the month but after falling 0.15% in March, the annualised 6-month rate eased to 0.19%, the lowest since October. This latter measure leads detrended growth by three to nine months and so suggests activity could slow in H2 but it is indicating that H1 should be stronger than late 2024. Westpac observes that the weaker index reflects recent global developments but currently through markets and sentiment.

- The RBA revised down its 2025 growth outlook in its May forecasts with Q4 2025 now expected to be 0.3pp lower than February at 2.1% due to a softer consumer recovery and heightened global uncertainty. These were significant reasons behind yesterday's 25bp rate cut.
- Westpac expects GDP to be 1.9% y/y in Q4 2025 up from 1.3% y/y in Q4 2024 but lower than the RBA is projecting. It believes that the central bank will "take a cautious, measured approach to policy easing" and be on hold in July as it waits for Q2 CPI data on July 30.
- The largest negative contributions to the 6-month rate of the lead indicator came from equities, consumer confidence/unemployment expectations and hours worked, while US IP, the Australian yield spread and AUD commodity prices were positive.

Australia Westpac leading indicator vs real GDP growth %

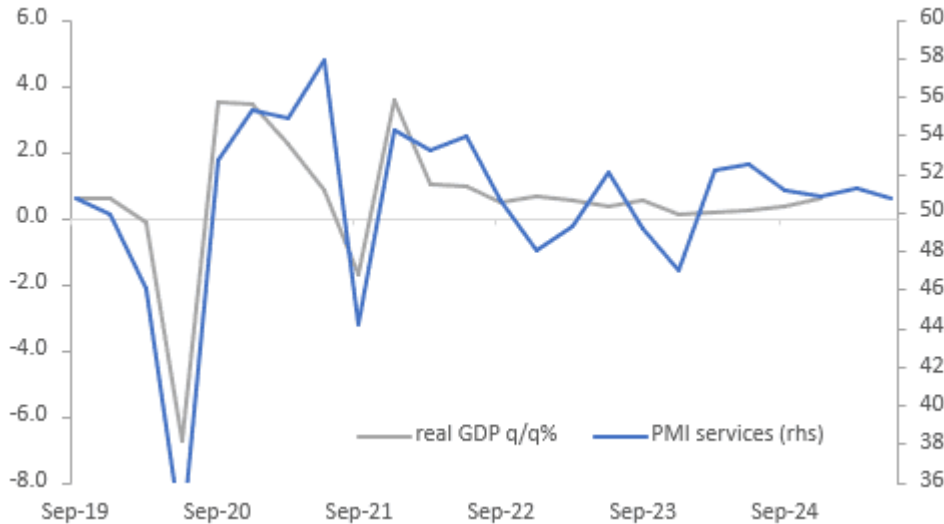


Source: MNI - Market News/LSEG

AUSTRALIA DATA: Q2 Slowdown Suggested By PMI Data

The preliminary May S&P Global composite PMI showed a moderation in growth with the index easing to 50.6 from 51, the lowest since February. The quarterly averages are showing that after a slight pickup in private sector growth in Q1 it likely slowed a bit in Q2. The manufacturing PMI was stable at 51.7, while services eased to 0.5 points to 50.5, lowest since November.

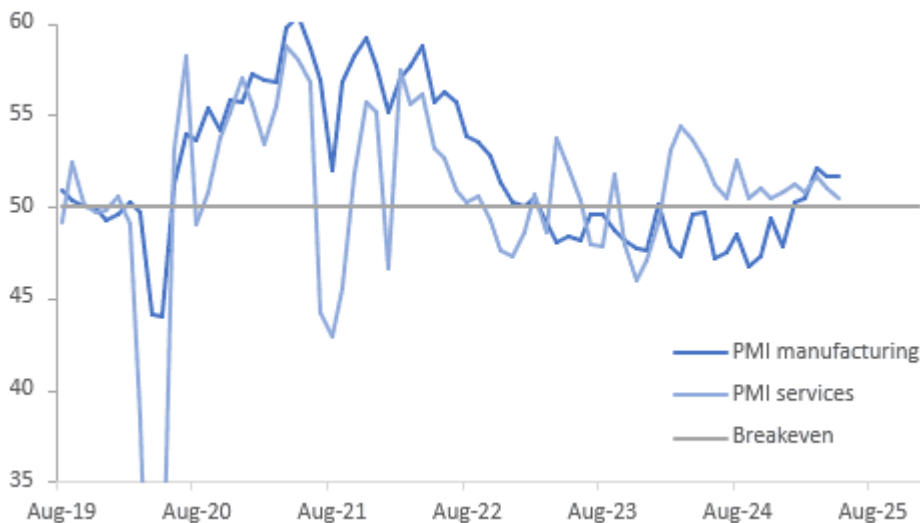
Australia S&P Global services PMI vs GDP q/q%



Source: MNI - Market News/Bloomberg/LSEG

- While new orders continue to grow, it was at a slower pace in May with services at their lowest in 10 months. Export orders rose for the first time in three months driven by manufacturing but were still soft. S&P Global report that firms noted a decline in new business during the election campaign.
- Both services & manufacturing firms continued hiring although the pace slowed in May from April. Job creation continues due to expectations of better business conditions driving higher orders going forward, but firms are still careful reducing purchasing and inventories.
- Input and output inflation measures slowed to historical averages with the former at a 3-month low but firms are still able to pass them onto customers. The RBA noted this week that some sectors are finding that the "weakness in demand makes it difficult to pass on cost increases".
- Services firms stated that higher costs were linked to staffing, while for manufacturers it was higher raw material prices.
- Confidence fell to below the historical average and its lowest since October driven by services. Manufacturing rose likely in line with a de-escalation in global trade tensions.

Australia S&P Global PMIs



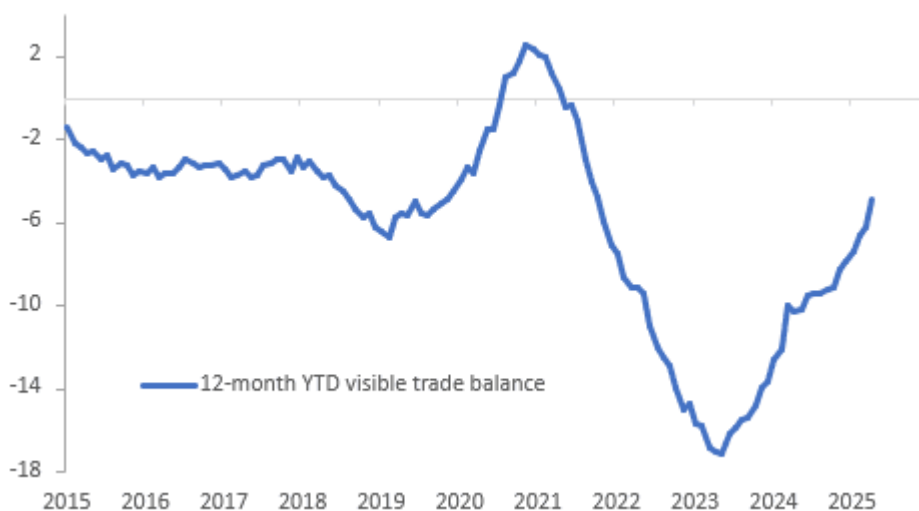
Source: MNI - Market News/Bloomberg

NEW ZEALAND

NEW ZEALAND: Strong Primary Exports Boost Trade Surplus

NZ posted its third consecutive monthly merchandise trade surplus in April at \$1426.04mn up from \$794.43 to drive a further narrowing in the YTD deficit to \$4812mn from \$6250mn, the lowest since October 2021. The improvement has been the result of export growth outpacing imports with shipments to China, the US and Europe particularly strong.

NZ merchandise trade balance NZ\$bn YTD



Source: MNI - Market News/LSEG

- Goods exports rose 4.2% m/m & 24.0% y/y in April up from 16.2% y/y. Statistics NZ notes that the dairy and fruit seasons coincided and so the pickup in exports and thus the record high trade surplus were driven by primary producers.
- The value of shipments of dairy products rose 38% y/y, meat 34% y/y helped by higher prices, and fruit +29% y/y.
- Like other countries, NZ appears to be attempting to beat US tariff deadlines with exports rising 25.5% y/y driven by meat, dairy & fruit. NZ is set to face the minimum duty of 10%. Exports to China increased 29.9% y/y (dairy & timber), +31.4% y/y to Europe, +12.2% y/y to Japan and 4.9% y/y to Australia.
- Imports fell 0.9% m/m to be up only 1.2% y/y as domestic demand remains weak and lower oil prices reduced the value of petroleum cargoes. Plant & equipment contracted 7.4% y/y while transport jumped 36.8% y/y. Consumer goods rose 2.6% y/y.

NZ goods exports vs imports y/y% 3-mth ma



Source: MNI - Market News/LSEG

NEW ZEALAND: Business Inflation Expectations Broadly Higher

The RBNZ has released its first official business expectations survey for Q2 2025 after trialling it over H2 2024. It found that inflation expectations rose across time horizons from 1-year to 10-years. Data released last week also showed an increase for Q2. The RBNZ decision is announced on May 28 and it is likely to cut rates 25bp but rising inflation expectations may make its tone more cautious.

- 1-year ahead expected CPI rose to 2.44% from 2.25% in Q1 with the pickup broad-based across business size and sector, while 2-years ahead increased to 2.54% from 2.47% but was less uniform. Both 5-year and 10-year ahead are above the top of the RBNZ's 1-3% band with the latter now close to 4%.
- The increase in expected inflation was not driven by wages, as 1-year moderated to 2.6% from 2.8% while 2-year was stable at 3.2%.
- 1-year ahead unemployment expectations fell slightly to 5.1% from 5.2% but 2-years rose 0.1pp to 4.9%. The struggling construction sector showed a larger decline than the total over both periods signalling greater optimism re the outlook.
- The survey was taken from April 22 to 30 and was likely impacted by increased global trade uncertainty.

NEW ZEALAND: Growth Environment Drives Weaker Public Finance Outlook

The NZ government continues to expect the budget to be in surplus in FY29, while the timing is unchanged the amount has been revised down and is flat as a share of GDP. From FY26 deficits were revised higher due to weaker revenue as growth was revised down near-term and unemployment higher. A similar pattern is likely in the updated RBNZ staff forecasts released May 28. CPI inflation was revised up this financial year but still around the mid-point of the target band over the forecast horizon.

- FY25 deficit is expected to be at 2.3% of GDP down from 3.0% estimated in December, while FY26 is forecast to be 0.3pp higher at 2.6%. Both the revenue and expenditure shares of GDP have been revised down across the horizon.
- Net debt forecasts are lower near term with FY25 revised down 2.4pp to 42.7% of GDP but the peak remains around 46% in FY28. NZ will increase its bond programme by \$3bn in FY25.
- Production-based GDP growth is now forecast to contract 0.8% in FY25 down from +0.5%, while FY26 was revised down 0.4pp to 3.3%. The unemployment rate should still peak at 5.4% and then trend lower to 4.3% by FY29.
- Key policy initiatives announced include a tax incentive to increase capex and in terms of spending there will be increased funding for defence (\$1bn 2025 & \$1.6bn 2026), infrastructure (\$1bn hospitals, \$0.7bn schools), cost-of-living support and for frontline public services. There is \$1.338bn of new measures net of additional revenue/savings (\$4.9bn), while there is \$6.8bn of new capital investment.
- The default employee/employer contributions to KiwiSaver will rise 1pp to 4% by April 2028.
- Monthly CPI releases will start in 2027.

SHORT-TERM RATES: \$-Bloc Markets Little Changed Over Past Week, Except For AUS:

Interest rate expectations across dollar-bloc economies were little changed through December 2025 over the past week - except Australia. Australia saw the most significant shift, with a 17bp softening in expected year-end rate. The US rate rose 6bps, with New Zealand and Canada little changed.

* In Australia, the RBA cut rates 25bp to 3.85%, the lowest in two years, as was widely expected. It was a consensus decision following a discussion of unchanged rates versus a cut and then, when the latter was chosen quickly the dialogue became between 25bp or 50bp of easing. 25bp was the strongest argument.

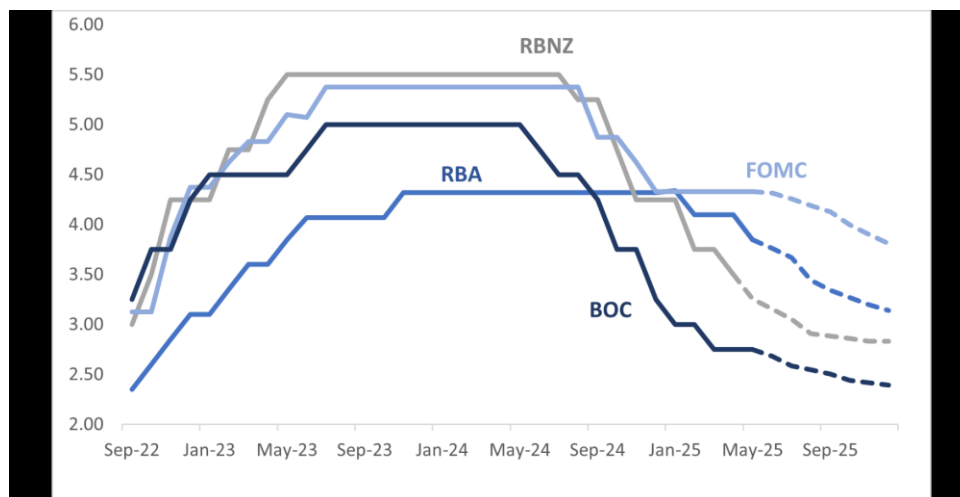
* A 25bp rate cut in July is given a 68% probability, with a cumulative 70bps of easing priced by year-end. The progress on trade deals and any further delays are likely to impact the RBA's July 8 decision.

* Across the \$-bloc more broadly, markets appear content to consolidate recent hawkish repricing, which has largely stemmed from a reduction in downside risks, particularly surrounding trade policy, as headlines around potential deals gained traction.

* The next key event for the region is the RBNZ's May 28 policy meeting, where a 25bp rate cut is currently fully priced in.

* Looking ahead to December 2025, current market-implied policy rates and cumulative expected easing are as follows: US (FOMC): 3.81%, -52bps; Canada (BOC): 2.40%, -36bps; Australia (RBA): 3.13%, -72bps; and New Zealand (RBNZ): 2.83%, -67bps.

Figure 1: \$-Bloc STIR (%)

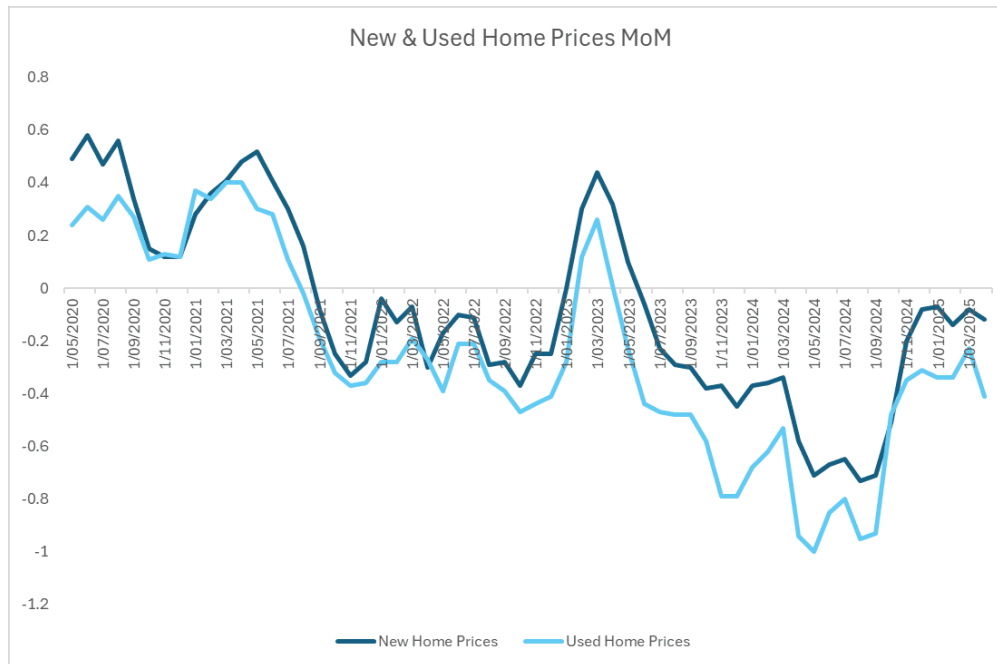


Source: MNI - Market News / Bloomberg

CHINA

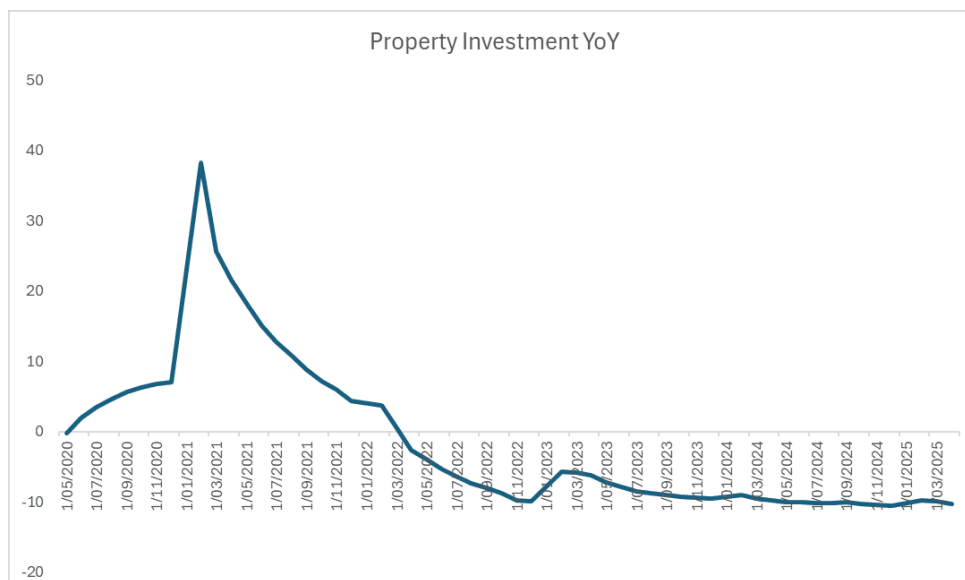
CHINA: House Prices Down Shanghai a Brightspot

- April's house price data continued to highlight the challenges for authorities in achieving a recovery in the multi-year downturn in house prices.
- April's new house prices decline increased from March to -0.12%, representing 23 consecutive months of contracting.
- April's used house prices decline increased from March to -0.41%, representing a contraction in every month since the last expansion in April 2023.
- New home prices did rise in 22 cities MoM compared to March and 3 cities saw growth YoY.
- Used home prices in 5 cities rose MoM.
- Beijing saw a rise in new home prices of +0.01% MoM yet declined -5% YoY.
- Shanghai saw a rise in new home prices of +0.5% MoM whilst delivering a +5.9% YoY increase.



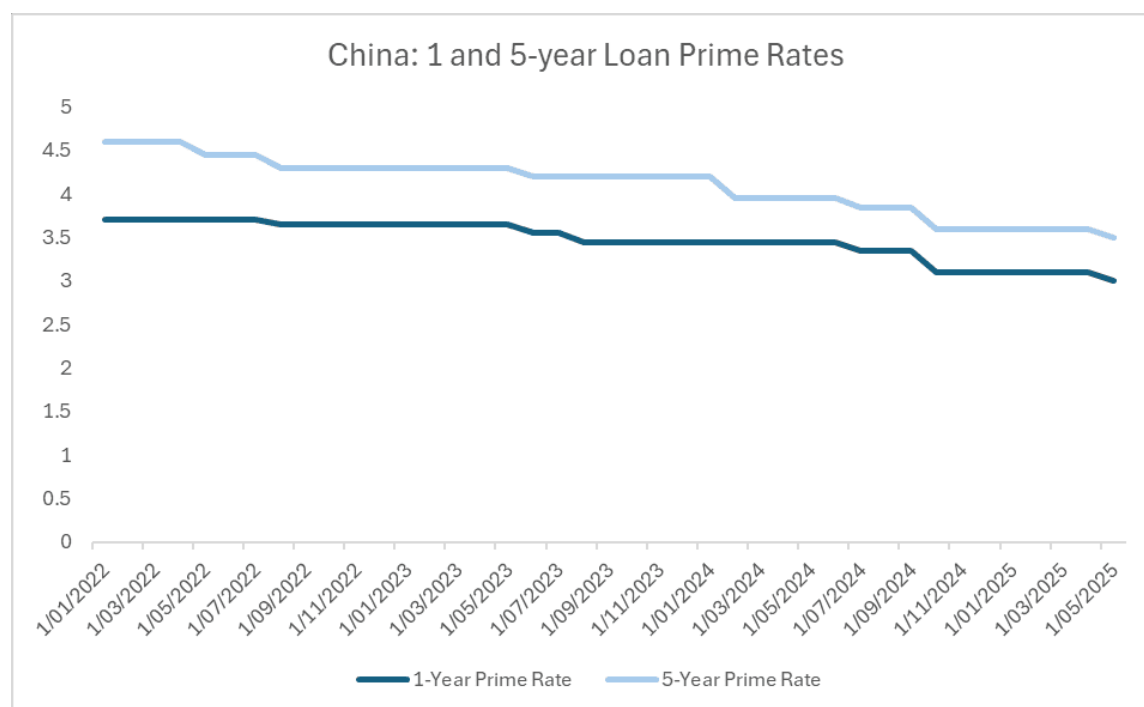
CHINA: Hard to See Significant Tariff Impacts in April Data

- April data releases showed limited impact from the trade war.
- April retail sales did decline to +5.1% (from +5.9% in March) yet remains above the 1 year average of +3.6% and the 5 year average of +4.5%.
- In what could be front running tariffs, industrial production beat expectations rising +6.1%, ahead of forecasts of +5.7%
- Investments in Fixed Assets (excluding rural households) rose +4.0%, moderately lower than March's result of +4.2%
- The ongoing malaise in the property sector shows limited signs of improving (as witnessed by the release of home prices earlier today) with the April Property Investment YTD YoY printing at -10.3% where it has remained since 2023.
- Residential property sales YTD YoY declined -1.9%, higher than March's result of -0.4%
- China's surveyed jobless rate was steady at +5.1%



CHINA: Prime Rates Lowered As Expected

- The 1 and 5 year Loan Prime Rates were reduced in line with expectations.
- On May 7 the PBOC reduced the 7-day reverse repo rate by 10bps used in it's daily operations to manage interbank liquidity.
- As a direct input into the Prime Rates charged by banks, the reduction in the reverse repo was expected to feed directly through to the LPRs.
- The move lower by 10bps for each sees the 1-year LPR to 3.00% and the 5-year LPR to 3.50%, the lowest they have been since inception.



CHINA: January-April Deficit Record

- Ministry of Finance data shows the Chinese government deficit tipped CNY2.6tn in the year to April.
- This deficit is one of the largest on record and represented a 50% increase year on year.
- The government is looking to cushion the economy as it is buffeted by the impacts of the trade war.
- Total expenditure rose 7.2 per cent to CNY12 trillion yuan, the data showed.
- In signs the economy may be stabilizing, tax revenue rose 1.9% from a year earlier after a 2.2% decline in March.
- Signs that the wave of government bond issuance are impacting the fiscal position were evident as interest payments rose 11%.
- With signs that the US China relationship is thawing and this release could represent the low point in the deficit as signs that economic activity is stabilizing.

SOUTH KOREA

SOUTH KOREA: Early Exports Fall a Sign of Tariff Threat

- South Korea's early May trade data released today showed that exports are falling, particularly to the US.

- Early month exports declined -2.4% (there were no working day effects) year on year.
- This is a bigger decline than the -5.2% decline for the first 20 days in April.
- Imports declined by -2.8% year on year (from -11.8% the month prior).
- Shipments to China declined by over 7%.
- Shipments to the US declined by over 14%.
- A delegation from South Korea's trade ministry will visit the US over May 20-22 to hold follow-up discussions in efforts to reach a compromise before US President Donald Trump's tariffs on Korea's exports resume in July.

SOUTH KOREA: Government to Focus on Service Exports

- An ailing Korean economy is facing greater concerns due to populist spending pledges by major presidential candidates who vow to either give more cash handouts or to further cut taxes to woo voters, according to economists on Wednesday. Central to such sugar-coated election promises is the aim to improve public livelihoods and encourage corporate investments. (source [Korea Times](#))
- Service-manufacturing integration to bolster productivity, output, value-added growth, experts say. The government plans to spend 13 trillion won (\$9 billion) this year to bolster service exports, a new source of sustainable, high-quality jobs for younger generations, the finance ministry said Wednesday. Advancing the move is a surge in jobs created by service exports over the past few years, especially in high-tech information technology (IT) and content-related services. Included are broadcasting, advertising, over-the-top (OTT) streaming platforms such as Netflix or Amazon Prime, IT system management and database services. (source [Korea Times](#))

ASIA

SINGAPORE: GDP: Outlook Improving on Trade Truce

- Singapore's economy expanded +3.9% YoY in the first quarter, marginally higher than early estimates.
- As South East Asia's most open economy Singapore's GDP result was widely anticipated as an indicator as to the current impact of the trade war.
- The better-than-expected result was underscored by wholesale trade, manufacturing and what looks like front loading of activity to avoid US tariffs.
- A concerning sign for the domestic economy was a contraction in services.
- The government is maintained its wide band for GDP growth in 2025 of 0-2% citing global economic uncertainty with "risks tilted to the downside."
- The Ministry of Trade and Industry sees the current situation in the trade war as 'de-escalating' since the US and China negotiations.
- On the contraction of services the MIT noted that "Growth in consumer-facing sectors such as retail trade and food and beverage services is likely to remain lacklustre, weighed down by locals' continued spending abroad and the expected weakening of domestic labour market conditions."

MALAYSIA: CPI In Line with Expectations

- Malaysia's April CPI rose +1.4% YoY in line with estimates and March's result.
- Core CPI rose +2% YoY.
- Food and non-alcoholic beverages +2.3% YoY; Housing, water and electricity +2% YoY and Transport +0.7% YoY.
- The BNM does not have a specific inflation target but believes above 3% exceeds what is deemed acceptable.
- Clearly at these levels, the BNM has limited concerns as to inflationary pressures, even in a trade war environment.
- The BNM next meets on July 09.

INDIA: Preliminary PMI's Show Ongoing Resilience

- India's preliminary PMI's confirmed that the economy remains resilient in spite of the global uncertainties.
- The PMI Manufacturing (preliminary) rose to +58.3, from +58.2 prior and marking the best result since the middle of 2024.
- Despite the rise output declined to +61.4 from +61.9 and new orders fell also.
- The PMI Services (prelim) jumped to +61.2 from +58.7 prior to the highest it has been since Q1 2024
- The PMI services saw employment rise to +57.9 from +53.9 to market its highest ever reading; and prices charged rose for its highest reading since November 2024.

INDIA: India's Economy Resilient – RBI

- India's preliminary PMI's confirmed that the economy remains resilient in spite of the global uncertainties. The PMI Manufacturing (preliminary) rose to +58.3, from +58.2 prior and marking the best result since the middle of 2024. Despite the rise output declined to +61.4 from +61.9 and new orders fell also. The PMI Services (prelim) jumped to +61.2 from +58.7 prior to the highest it has been since Q1 2024. The PMI services saw employment rise to +57.9 from +53.9 to market its highest ever reading; and prices charged rose for its highest reading since November 2024.
- India's economy has remained resilient even as global economic growth continues to be weighed down by ongoing trade tensions, uncertain policies and muted consumer sentiments, the Reserve Bank of India, said in its latest report. The apex bank said that even though the temporary pause in tariffs provided some relief amid ongoing headwinds, the overall outlook still remains vulnerable. Emerging markets and developing economies, particularly in Asia, are likely to face major impacts, experiencing slower growth due to trade tensions, weak consumer confidence, and policy uncertainty. Furthermore, volatility in financial markets has become a key risk to global economic projections. (source [RBI](#))
- India's NIFTY 50 could not hide from the risk aversion and is down -0.80%, to be down over -1.5% so far this week.
- The rupee's continues to oscillate around 85.65 where it has barely moved from over the last few days.
- Bonds are a touch softer this morning with the IGB 10 yr 6.25% (+0.5bp).

ASIA EQUITY FLOWS: Another Strong Week of Inflows for Major Markets :

Asia's major markets are staring at another strong week of inflows with almost \$2bn recorded to yesterday.

* South Korea: Recorded outflows of -\$202m yesterday, bringing the 5-day total to -\$187m. 2025 to date flows are -\$11,542. The 5-day average is -\$37m, the 20-day average is +\$61m and the 100-day average of -\$120m.

* Taiwan: Had inflows of +\$108m yesterday, with total inflows of +\$1,292m over the past 5 days. YTD flows are negative at -\$10,342. The 5-day average is +\$258m, the 20-day average of +\$443m and the 100-day average of -\$117m.

* India: Had inflows of +\$266m as of the 21st, with total inflows of +\$746m over the past 5 days. YTD flows are negative -\$10,013m. The 5-day average is +\$149m, the 20-day average of +\$238m and the 100-day average of -\$116m.

* Indonesia: Had inflows of +\$38m as of yesterday, with total inflows of +\$126m over the prior five days. YTD flows are negative -\$2,853m. The 5-day average is +\$25m, the 20-day average +\$9m and the 100-day average -\$33m.

* Thailand: Recorded inflows of +\$43m as of yesterday, inflows totaling +\$42m over the past 5 days. YTD flows are negative at -\$1,671m. The 5-day average is +\$8m, the 20-day average of -\$9m the 100-day average of -\$16m.

* Malaysia: Recorded outflows of -\$49m as of yesterday, totaling -\$40m over the past 5 days. YTD flows are negative at -\$3,174m. The 5-day average is -\$21m, the 20-day average of +\$35m and the 100-day average of -\$22m.

* Philippines: Saw outflows of -\$9m as of yesterday, with net outflows of -\$42m over the past 5 days. YTD flows are negative at -\$259m. The 5-day average is -\$8m, the 20-day average of +\$1m the 100-day average of -\$3m.

	Yesterday	Past 5 Trading Days	2025 To Date
South Korea (USDmn)	-202	-187	- 11,542
Taiwan (USDmn)	108	1292	- 10,342
India (USDmn)*	266	746	✓ - 10,013
Indonesia (USDmn)	38	126	✓ - 2,853
Thailand (USDmn)	43	42	- 1,671
Malaysia (USDmn)	-49	-40	- 3,174
Philippines (USDmn)	-9	-42	- 259
Total	239	1979	- 41,488

*as of 21 MAY

Source: MNI - Market News / Bloomberg

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