

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	144.08	144.48	+0.25	+2.49
EUR	1.0957	1.0931	▼0.0019	▼0.0011
AUD	0.6706	0.6687	▼0.0033	▼0.0074
SGD	1.3293	1.3310	+0.0029	+0.0054
CNY	7.1584	7.1687	+0.0173	+0.0255
INR	83.09	83.12	▼0.02	▼0.20
IDR	15529	15520	▼5	+50
MYR	4.6426	4.6425	▼0.0090	+0.0367
PHP	56.04	56.03	+0.34	+0.37
THB	34.87	34.95	▼0.08	+0.81

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.013%	▼1.7 bp	+8.4 bp
JPY (10YR)	0.591%	▼1.9 bp	▼2.3 bp
EUR* (10YR)	2.188%	+5.2 bp	+12.0 bp
AUD (5YR)	3.776%	▼6.6 bp	+10.8 bp
SGD (5YR)	2.729%	+1.1 bp	▼1.5 bp
CNY (5YR)	2.383%	▼1.6 bp	▼4.9 bp
INR (5YR)	7.115%	▼0.5 bp	▼2.4 bp
IDR (5YR)	6.626%	▼0.4 bp	+15.7 bp
MYR (5YR)	3.613%	▼1.3 bp	+3.0 bp
PHP (5YR)	5.911%	▼0.3 bp	+3.0 bp
THB (5YR)	2.451%	▼4.0 bp	▼4.1 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	37,525.16	▼0.42%	▼0.50%
N225 (JP)	33,763.18	+1.16%	+0.89%
STOXX 50 (EU)	4,467.17	▼0.41%	▼1.01%
ASX (AU)	4,196.15	▼0.19%	▼0.59%
STI (SG)	3,197.96	+0.34%	▼0.99%
SHCOMP (CN)	2,893.25	+0.20%	▼2.33%
SENSEX (IN)	71,386.21	+0.04%	▼0.70%
JSE (ID)	7,200.20	▼1.14%	▼1.68%
KLSE (MY)	1,498.83	+0.21%	+3.15%
PSE (PH)	6,618.52	+0.14%	+0.98%
SET (TH)	1,414.93	▼0.25%	▼1.29%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	264.69	+1.16%	+0.78%
COPPER (LME)	8,263.40	▲0.91%	▲2.10%
IRON ORE (CN)	139.45	▲0.15%	▲2.54%
GOLD	2,030.20	+0.11%	▲1.40%
OIL (WTI)	72.24	+2.08%	+2.64%

**Three Take-aways:**

- 1) World Bank's latest forecast provided the latest reminder of grim global growth as US equities struggled.
- 2) USD retained traction amid haven allure and global growth stresses ignites competitive pivot bets.
- 3) Dissonance between central bank and government may setback THB recovery in the interim.

**Slow Down**

- The World Bank's latest release of the Global Economic Prospects struck a **dim outlook with a reminder that global growth is set to slow** from 2.6% in 2023 to 2.4% in 2024 with the US economic growth projected to slow to 1.6% this year.

- In a similar vein, US equities struggled as **tech-led recovery** (Nasdaq: +0.1%) **was unable to lift** the overall mood as most sectors dragged which sent Dow dropping 0.4% and S&P 500 closing 0.2% lower.

- Brent crude prices recovering back towards mid-US\$77/barrel underscores that the previous slide from Saudi official price cuts may have been taken too far. Point being, **given the backdrop of unresolved shipping concerns, the slide in oil prices may need to slow.**

- With US data release being rather quiet, some haven demand may have seeped in **on growth concerns** as UST yield curve bull flattened (2Y: -1.0bp; 10Y: -1.7bp).

- Similarly, **growth concerns** may have enhanced the Greenback's haven allure as the USD gained against most G10 peers despite lower UST yields. The USD/JPY managed to recover back above mid-144 to close relatively flat.

- Admittedly, the element of **competitive pivot** also played a role as the EUR sank towards 1.09.

- Afterall, the World Bank's forecast of Eurozone 2024 growth at 0.7% is much lower than the US and hardly cheery. This also underscores the ECB policy constraints with ECB's Villeroy highlighting the need to be **neither obstinate or hasty.**

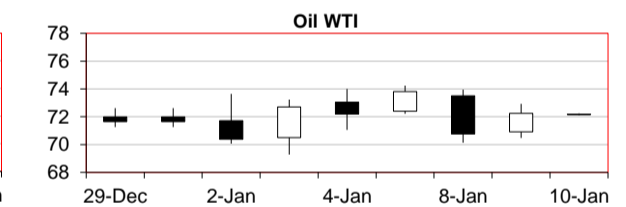
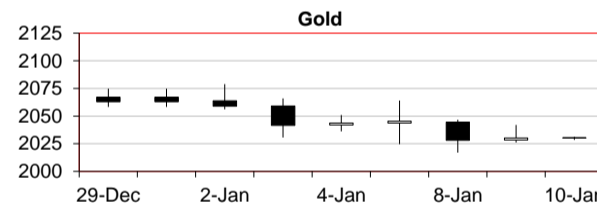
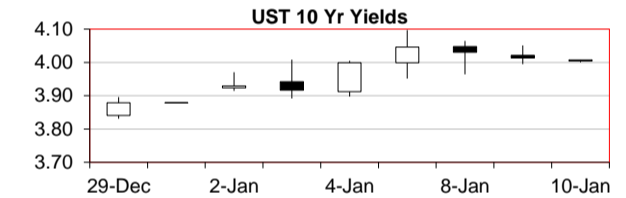
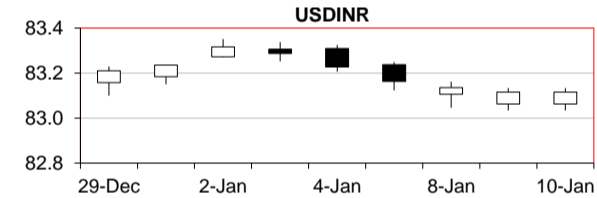
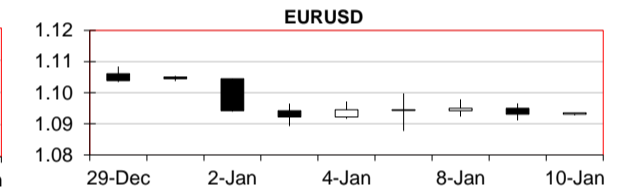
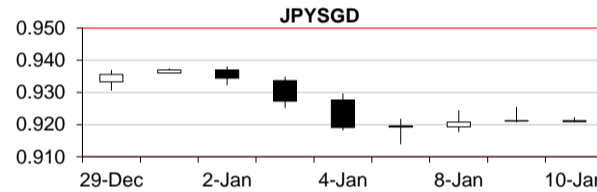
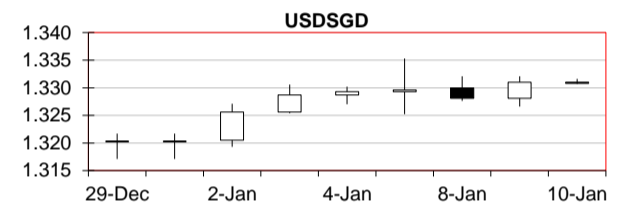
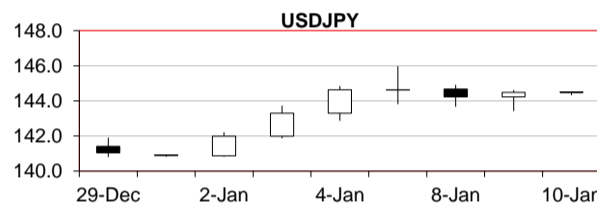
- Meanwhile, ECB's Centeno espoused that **"we don't have to wait till May"**. That said, the latest EZ unemployment rate print showing a decline to 6.4% will continue to raise fears in policy markers that last mile dis-inflation may not come easy.

- In Asia FX, the USD/SGD rose above 1.33. Down Under, the AUD slipped below 67 cents.

**OVERNIGHT RESULTS**

(TW) Trade Balance (Dec): \$11.1b (Mkt: \$9.0b; Nov: \$9.8b) | (PH) Unemployment Rate (Nov): 3.6% (Oct: 4.2%) |

(US) Trade Balance (Nov): -\$63.2b (Mkt: -\$65.0b; Oct: -\$64.3b) | (EZ) Unemployment Rate (Nov): 6.4% (Mkt: 6.5%; Oct: 6.5%)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	144.44	EUR/USD	1.0932
USD/SGD	1.3311	USD/THB	34.93
JPY/SGD	0.9216	USD/MYR	4.642

**Forecast**

USD/JPY	143.50 - 144.70
EUR/USD	1.0880 - 1.0980
AUD/USD	0.6640 - 0.6750
USD/SGD	1.3260 - 1.3340
JPY/SGD	0.9164 - 0.9296
USD/CNH	7.1400 - 7.1900
USD/INR	83.00 - 83.30
USD/IDR	15490 - 15550
USD/MYR	4.630 - 4.661
USD/PHP	55.70 - 56.10
USD/THB	34.80 - 35.30

**Today's Direction**

	Bull	Bear
USD/SGD	7	1
USD/JPY	7	1

**THB: Dissonance**

- While the recent THB underperformance has been stark, the underlying drivers were utterly tense and shrouded in uncertainty.

- The first bout of weakness was on the back of **PM Srettha publicly urging for the BoT to lower interest rates**. Given that much of the decline in headline deflation had been driven by **administrative fiscal policies, monetary easing** will be uncomfortable and a **high bar for the BoT amid elevated core inflation**.

- Secondly, while the Council of State had issued advice on the 500bn baht borrowing bill which was **attached with several conditions** (such as the underlying urgency of the situation and the need for detailed spending plans), it appears that the **thought of higher borrowing needs was sufficient to spook markets** and sent the THB weaker.

- Higher fiscal borrowing triggering financial stability fears poses further challenges for the BoT.

- All in, while the **meeting between PM Srettha and BoT Governor Sethaput this afternoon** may attempt to present a more united front, the underlying trade-offs remain unchanged.

- Furthermore, given the **Governor's previous episode of abstaining** from the digital wallet committee's decision making, it is not envisaged that he will relent at this juncture.

- Consequently, it should be said that episodes of **dissonance between central banks and government are more often than not detrimental to currency**.

**FX Daily Outlook**

- EUR/USD: EZ growth concerns weigh on rallies above 1.01 with some testing of 1.09 likely.

- USD/JPY: Scaling back of BoJ bets assist buoyancy above mid-143.

- USD/SGD: USD traction aids consolidation around 1.33.

- AUD/USD: China woes exert pressure to stay below mid-67 cents.

**TODAY'S EVENTS**

(JP) Real/Labour Cash Earnings YoY (Nov): 0.2%/-3.0% (Mkt: -2.0%/1.5% Oct: -2.3%/1.5%) | (AU) CPI YoY (Nov): 4.4% (Mkt: 4.5%; Oct: 4.9%) | (KR) Unemployment Rate SA (Dec): 3.3% (Mkt: 2.9%; 2.8%) | (PH) Trade Balance (Nov): (Mkt: -\$4107m; Oct: -\$4175m)

**Important Information**

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

**Singapore:** Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

**Japan:** Mizuho is authorised and regulated by the Financial Services Agency of Japan.

**United Kingdom / European Economic Area:** In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

**United States:** This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.