

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.05	134.80	+0.51	▼1.50
EUR	1.1029	1.1019	+0.0007	+0.0000
AUD	0.6732	0.6749	+0.0056	+0.0134
SGD	1.3250	1.3258	▼0.0023	▼0.0086
CNY	6.9117	6.9094	▼0.0019	▼0.0032
INR	81.81	81.80	+0.00	▼0.03
IDR	14677	14675	▼5	+5
MYR	4.4375	4.4363	▼0.0189	▼0.0259
PHP	55.31	55.31	▼0.05	▼0.05
THB	33.74	34.03	+0.00	▼0.11

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.437%	+5.8 bp	+1.5 bp
JPY (10YR)	0.421%	+0.0 bp	+2.7 bp
EUR* (10YR)	2.291%	+10.1 bp	▼2.2 bp
AUD (5YR)	3.025%	▼1.0 bp	▼5.7 bp
SGD (5YR)	2.670%	▼4.8 bp	▼14.7 bp
CNY (5YR)	2.575%	▼2.7 bp	▼4.6 bp
INR (5YR)	6.950%	+0.0 bp	▼4.9 bp
IDR (5YR)	6.208%	+2.5 bp	▼7.1 bp
MYR (5YR)	3.445%	▼2.0 bp	▼0.5 bp
PHP (5YR)	5.671%	▼4.0 bp	▼18.8 bp
THB (5YR)	2.132%	+0.0 bp	▼1.7 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,674.38	+1.65%	▼1.24%
N225 (JP)	29,157.95	+0.00%	+1.04%
STOXX 50 (EU)	4,340.43	+1.25%	▼0.43%
ASX (AU)	4,242.40	+0.98%	▼0.97%
STI (SG)	3,266.63	▼0.08%	▼0.12%
SHCOMP (CN)	3,334.50	▼0.48%	+0.34%
SENSEX (IN)	61,054.29	▼1.13%	▼0.10%
JSE (ID)	6,787.63	▼0.82%	▼1.85%
KLSE (MY)	1,431.04	+0.35%	+1.07%
PSE (PH)	6,685.66	+0.02%	+0.91%
SET (TH)	1,533.30	+0.00%	+0.27%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	261.60	+1.87%	▲2.44%
COPPER (LME)	8,560.25	+1.01%	▲0.20%
IRON ORE (CN)	102.33	▲0.43%	▲11.89%
GOLD	2,016.79	▲1.63%	+1.35%
OIL (WTI)	71.34	+4.05%	▼7.09%

### Three Take-aways:

- 1) NFP printing above expectations buoyed equities as risk aversion fades.
- 2) USD strength on higher UST yields knocked back by bounce back in oil prices.
- 3) Risks from possible OPEC+ response watched as demand concerns weigh against denting speculation.

### Energetic or Labour Revivals?

- With 235K NFP outrun conspiring with 3.4% unemployment, solid jobs allaying downturn concerns came through. Alongside **faster clip of wage gains**, a resilient labour market **revived marginal expectations of a further Fed hike**; igniting 12.4bp lift in 2Y UST yield (10Y: +5.8bp).  
 - Further charged by tech earnings on top of the fade of growth worries, US equities staged an end-week surge (Nasdaq: +2.3%; S&P500: +1.9%; Dow: +1.7%).  
 - Notably, after sharp declines most of last week, **Brent crude bounced back 4%** to close above US\$75/barrel. Crucially, the **higher energy prices conspired with the reduced risk aversion** to take the wind of out of higher UST yields backed USD.  
 - Among G10 FX, commodity related currencies of NOK, CAD and AUD led gains. The AUD hovers around mid-0.67. Meanwhile, EUR was unable to make much ground as it sustained above 1.10.  
 - With **safe havens not in fashion** adding to the pressures from higher oil prices and UST yields, the JPY **weakened** with the USD/JPY rising above 135 this morning.  
 - The re-calibrated outlook last Friday is certainly far from cementing a trend which underscores the **dense uncertainty** which could be aptly described with St Louis Fed President Bullard's take on policy having "stemmed the rise inflation" but **"not so clear we are on path to 2%"**.  
 - In EM-Asia, Indonesia GDP came in align with expectations while Philippines decline in headline CPI ought to cement the BSP's guidance for a rate hold at their next meeting.

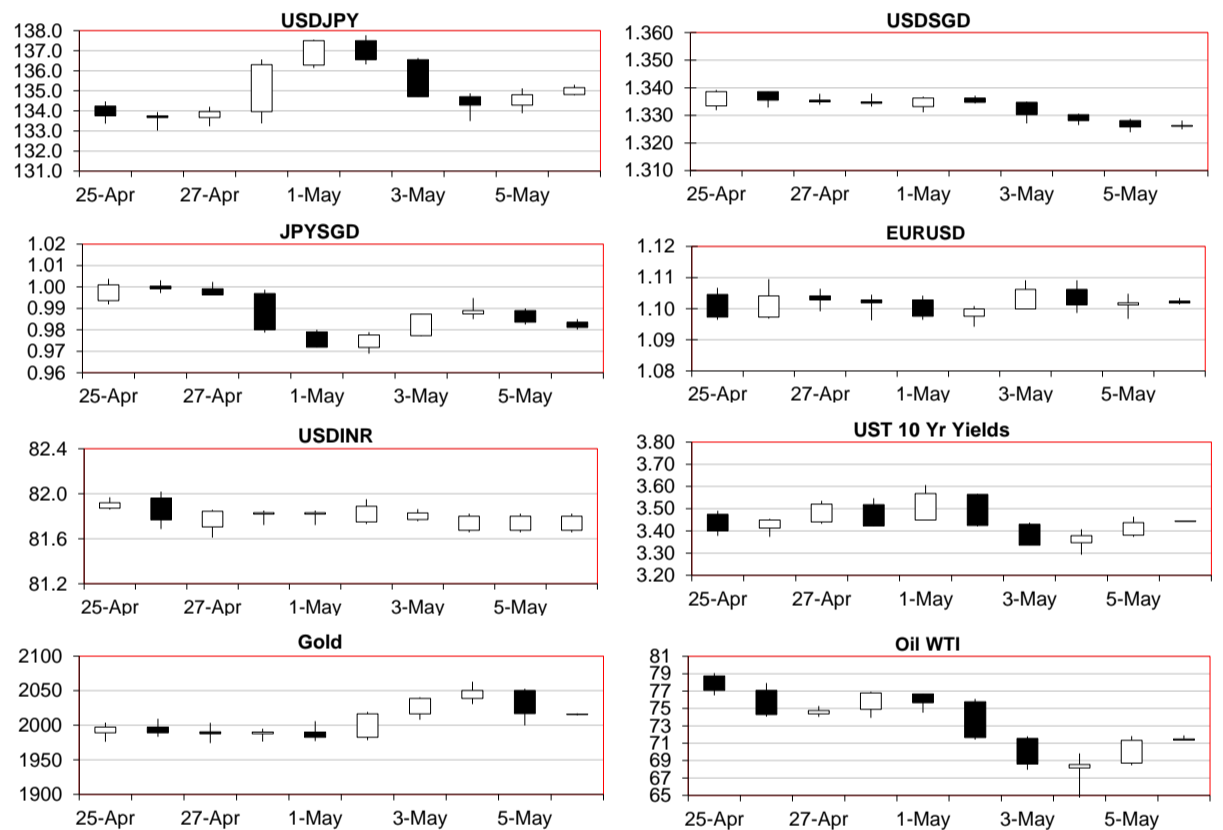
### Crude Risks

- **Brent Crude's sharp slide from \$85-86/bbl in mid-April to test below \$72 last week before finding traction around \$75** is reminiscent of the downside volatility in March.  
 - Consequently, this **flags attendant risks of unwelcome OPEC supply (tightening) response**;

### OVERNIGHT RESULTS

(PH) CPI YoY (Apr): 6.6% (Mkt: 7.0%; Feb: 7.6%) | (ID) GDP YoY (Q1): 5.0% (Mkt: 5.0%; Q4: 5.0%) | (US) NFP/Unemployment rate (Apr): 253k/3.4% (Mkt: 185k/3.5%; Mar: 236k/3.5%) | (US) Avg Hourly Earnings MoM/YoY (Apr): 0.5%/4.4% (Mkt: 0.3%/4.2%; Mar: 0.8%/4.2%)

### Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	135.21	EUR/USD	1.1019
USD/SGD	1.3261	USD/THB	33.86
JPY/SGD	0.9808	USD/MYR	4.445

### Forecast

USD/JPY	133.60 - 135.40
EUR/USD	1.0950 - 1.1080
AUD/USD	0.6650 - 0.6800
USD/SGD	1.3230 - 1.3340
JPY/SGD	0.9771 - 0.9985
USD/CNH	6.9000 - 6.9300
USD/INR	81.60 - 82.00
USD/IDR	14560 - 14750
USD/MYR	4.428 - 4.458
USD/PHP	55.10 - 55.60
USD/THB	33.90 - 34.20

### Today's Direction

	Bull	Bear
USD/SGD	4	4
USD/JPY	7	1

- or at least jawboning from the OPEC+, in an attempt to **backstop/shore-up prices**.  
 - Fact is, the **similarities in sharp crude price drop are uncanny**; uncomfortably so, **forcing an evaluation of whether or not the OPEC will deliver another Saudi-led cut**.  
 - *Admittedly*, we do not subscribe to the view of hardened lines in the sand (such as rapid price drop to, and below, \$75) that will trigger a **sure-fire supply (cut) response** from OPEC+.  
 - *After all*, **the OPEC+ is not oblivious to gathering headwinds that challenge global demand**.  
 - Accordingly, not only could the OPEC+ concede that some degree of price moderation may be unavoidable, but it could very well recognize the futility of fighting such organic pricing response.  
 - Nonetheless, the **speed of oil's pullback**, with little deference for last month's output cut, is **likely to invoke disgruntlement, perhaps even elicit a follow-up (supply-tightening) response**.  
 - In particular to **warn against bearish oil bets from the speculative corners** of the markets.  
 - In addition, **OPEC+ could also be taking pre-emptive steps to ensure that crude inventory rebuilding is dampened**; such that the expected pick-up in travel demand for oil will at least partly offset slowing industrial demand, rather than being smothered by inventory drawdown.  
 - As we have warned, such a **knee-jerk reflex to curb supply further on softer price triggers will be ultimately self-defeating for oil/OPEC+** insofar that near-term policy dilemma from sticky oil prices will inadvertently accentuate **hard-landing risks** for the global economy.  
 - To which, oil's bearish response tends to be out-sized (especially given the financial linkages) amplify the real economic dampening. And so, oil becomes a victim of its own tyranny. The **hope is that such crude risks** (pun intended) to the economy **are avoided**.  
 - **But mis-aligned incentives warn of high cost OPEC+ mis-steps**.

### FX Daily Outlook

- EUR/USD: Reignited UST yields restrain rallies above 1.11.
- USD/JPY: Revived oil prices and elevated UST yields buoy the pair above 134.
- USD/SGD: CNH concerns may set the stage to explore 1.33.
- AUD/USD: Consolidation around mid-0.67 as commodities prove supportive.

### TODAY'S EVENTS

(AU) Building Approvals MoM (Mar): (Mkt: 3.0%; Feb: 4.0%) | (PH) Unemployment Rate (Mar): (Feb: 4.8%)  
 (US) Wholesale Inventories MoM (Mar F): (Mkt: 0.1%; Prelim: 0.1%)

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