

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.55	134.53	+0.19	+0.24
EUR	1.0932	1.0916	▼0.0066	▼0.0096
AUD	0.6736	0.6702	▼0.0077	+0.0009
SGD	1.3282	1.3316	+0.0066	+0.0035
CNY	6.9381	6.9489	+0.0185	+0.0376
INR	82.10	82.09	+0.10	+0.29
IDR	14722	14724	▼1	+44
MYR	4.4635	4.4640	+0.0055	+0.0088
PHP	55.76	55.76	+0.07	+0.39
THB	33.75	33.73	+0.06	▼0.31

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.384%	▼5.8 bp	+0.6 bp
JPY (10YR)	0.398%	▼2.7 bp	▼2.3 bp
EUR* (10YR)	2.225%	▼6.3 bp	+3.5 bp
AUD (5YR)	3.116%	▼6.4 bp	+8.1 bp
SGD (5YR)	2.679%	▼6.1 bp	▼3.9 bp
CNY (5YR)	2.522%	▼3.8 bp	▼8.0 bp
INR (5YR)	6.972%	▼1.3 bp	+2.2 bp
IDR (5YR)	6.115%	▼6.7 bp	▼6.8 bp
MYR (5YR)	3.454%	▼1.3 bp	▼1.1 bp
PHP (5YR)	5.653%	+7.2 bp	▼5.8 bp
THB (5YR)	2.131%	▼0.4 bp	▼0.1 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,309.51	▼0.66%	+0.55%
N225 (JP)	29,126.72	+0.02%	▼0.11%
STOXX 50 (EU)	4,309.75	+0.07%	+0.53%
ASX (AU)	4,215.22	▼0.12%	+0.33%
STI (SG)	3,229.55	▼0.39%	▼1.21%
SHCOMP (CN)	3,309.55	▼0.29%	▼1.22%
SENSEX (IN)	61,904.52	▼0.06%	+0.25%
JSE (ID)	6,755.94	▼0.82%	▼1.29%
KLSE (MY)	1,425.18	▼0.04%	▼0.06%
PSE (PH)	6,675.46	+0.25%	▼0.13%
SET (TH)	1,567.40	▼0.14%	+2.22%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	257.99	▲1.61%	+0.46%
COPPER (LME)	8,133.20	▲3.59%	▲4.03%
IRON ORE (CN)	103.08	▲3.05%	+0.30%
GOLD	2,015.05	▲0.74%	▲1.72%
OIL (WTI)	70.87	▼2.33%	+3.37%

## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	134.50	EUR/USD	1.0912
USD/SGD	1.3316	USD/THB	33.84
JPY/SGD	0.9900	USD/MYR	4.466

### Forecast

USD/JPY	133.90 - 135.00
EUR/USD	1.0860 - 1.1000
AUD/USD	0.6680 - 0.6770
USD/SGD	1.3240 - 1.3350
JPY/SGD	0.9807 - 0.9970
USD/CNH	6.9300 - 6.9700
USD/INR	81.90 - 82.20
USD/IDR	14700 - 14800
USD/MYR	4.450 - 4.475
USD/PHP	55.60 - 56.00
USD/THB	33.60 - 34.00

### Today's Direction

	Bull	Bear
USD/SGD	4	3
USD/JPY	3	4

### Three Take-aways:

- 1) Rising jobless claims signal cooling labour markets and incites growth concerns.
- 2) Relief from purported progress in debt ceiling comes with anxiety of closer deadlines.
- 3) Malaysia Q1 GDP growth likely reverting to pre-pandemic trends as trade headwinds grow.

### Pains of Progress?

- US initial jobless claims jumped up and exceeded expectations while producers price indices came in below consensus. At first glance, markets look somewhat shrouded in their attempt to take sides.

- First, 2Y UST yields ending down by 1bp was tempered by the UST selloff post claims and PPI release as hopes of soft landing were perhaps lifted. Alongside the 4.6bp decline in 10Y UST yields, we reckon that safe haven needs remain in abundance as the cooling labour market looks to be a signal of progress for the Fed while inciting the necessary growth fears.

- Second, the stronger USD despite lower UST yields further substantiates our view of persistent haven needs. Early morning, reports of debt ceiling negotiations delay while signaling working level progress inevitably kicks the resolution further and heightens anxiety.

- AUD was near the bottom of the G10 pile as it sank 1.2% towards 67 cents attendant with the lower Brent crude prices which slid 1.9% towards US\$75/barrel. EUR plunged to hover just above 1.09 while USD/JPY edged up above mid-134.

- With global central banks having tightened rates aggressively thus far, the lacklustre commodity prices should in part be seen as progress in cooling global demand.

- Nonetheless, China's role is unmistakable as demand concerns remain unabating with CPI printing below expectations and weak credit data signaling the subdued economic recovery since re-opening. Consequently, the CNH weakened which sent USD/SGD ascending above 1.33.

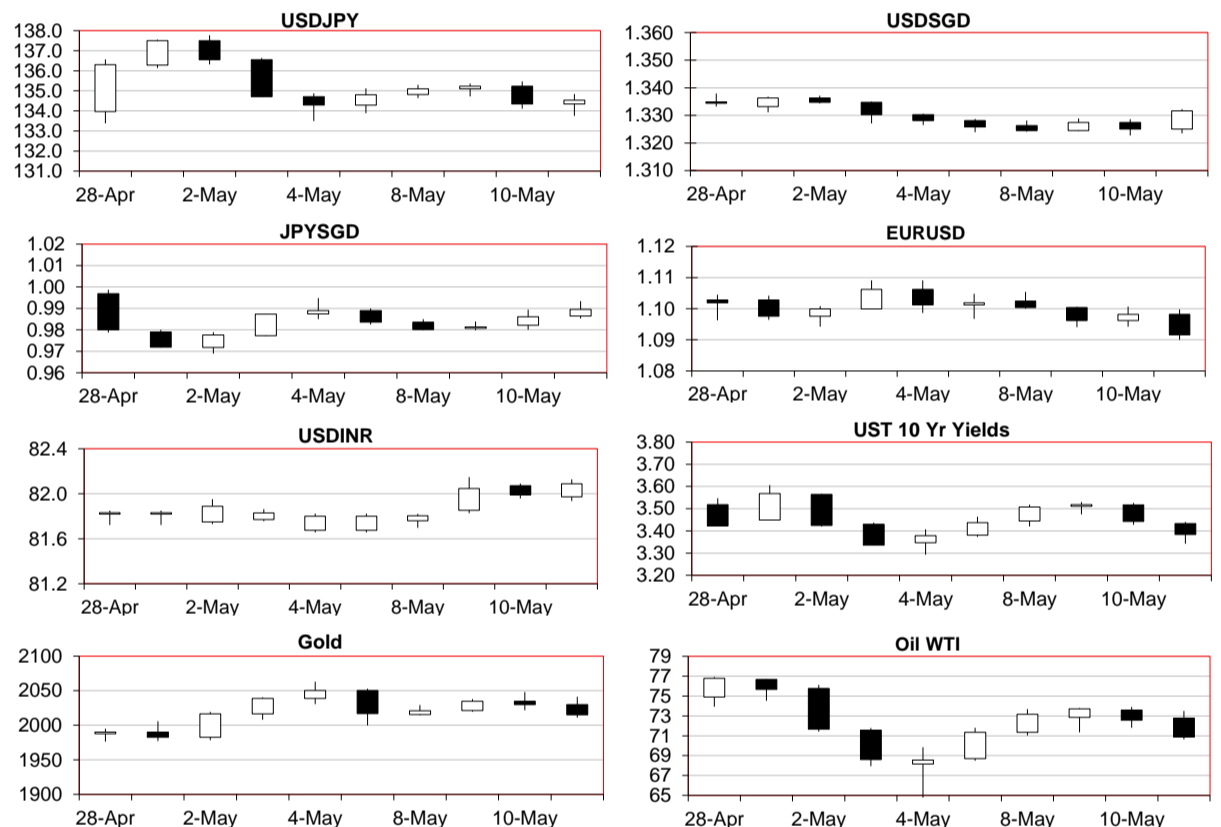
### Malaysia Q1 GDP: Reversion

- Similarly, while signs of headwinds are evident, Q1 GDP print in Malaysia today is expected to revert to growth trends closer to pre-covid levels at a near 5% clip, down from 7.0% in Q4 2022.

### OVERNIGHT RESULTS

(CN) CPI/PPI YoY (Apr): 0.1%/-3.6% (Mkt: 0.3%/-3.3%; Mar: 0.7%;-2.5%) | (PH) GDP YoY (1Q): 6.4% (Mkt: 6.2%; 7.1%) | (TH) Consumer Confidence Economic (Apr): 49.4 (Mar: 48.0) | (US) Initial Jobless Claims (6-May):264k (Mkt: 245k ; Prev. Week: 242k) | (US) PPI Final Demand/Ex food and energy YoY (Apr): 2.3%/3.4% (Mkt:2.5%/3.3%; 2.7%/3.4%)

### \* Past Two Weeks Movement \*



- As such, on a sequential basis, a technical recession will be averted (after Q4's 2.6% contraction). Coming off the highs in late 2022, industrial production levels have weakened in recent months on both manufacturing and resource sector fronts. That said, output still expanded at a decent 2.8-3.0% on a year ago basis.

- Growth support from net exports might fade as rising import expenditure (on the back of higher demand for fuel) collide with slowing export demand for manufactured goods, chemicals and palm oil.

- On the domestic front, private consumption is likely to stay resilient as the labour market remains tight with declining unemployment rate seen in early 2023.

- The upshot is that BNM will likely be validated that their 25bps hike last week; which was expressly positioned to withdraw "Covid related monetary stimulus" was cognisant and consistent with a growth trajectory reverting to pre-pandemic trends.

- Nonetheless, it is worth noting that while their previous statement espoused that their monetary policy stance was accommodative, last week's iteration has added the modifier 'slightly' to hint at some, albeit shrinking, room for further (calibrated) hikes.

- Point being, the bar for more tightening is high; requiring further upside risk to core inflation originating from compellingly strong demand-end investment and consumption activities. What's more, domestic fiscal policy changes on fuel price controls (which may face arduous huddles in reform attempts) are far from being a done deal.

### FX Daily Outlook

- EUR/USD: Flagging more ECB hikes allow climb above mid-1.09; 1.10 tests continue to fade.
- USD/JPY: Attempts to consolidate on both sides of mid-134 as haven needs rise.
- USD/SGD: CNH headwinds to sustain buoyancy around 1.33.
- AUD/USD: Suppressed below mid-0.67 without catalyst for rallies in sight.

### TODAY'S EVENTS

(MY) GDP YoY (1Q): (Mkt: 5.0%; 4Q: 7.0%) | (IN) CPI YoY (Apr): (Mkt: 4.8%; Mar: 5.7%) | (IN) Industrial Production YoY (Mar): (Mkt: 3.3%; Feb: 5.6%) | (US) Uni. of Michigan Sentiment/Current/Expectations (May P): (Mkt: 63.0/67.5/60.8; Apr: 63.5/68.2/60.5) | (US) Uni. of Michigan 1-Yr/5-10Yr Inflation Expectations (May P): (Mkt: 4.4%/2.9%; Apr: 4.6%/3.0%)

Central Banks: Fed's Daily Speaks

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