

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.88	135.70	+1.17	+0.90
EUR	1.0909	1.0849	▼0.0067	▼0.0170
AUD	0.6687	0.6646	▼0.0056	▼0.0103
SGD	1.3333	1.3383	+0.0067	+0.0125
CNY	6.9483	6.9591	+0.0102	+0.0497
INR	82.21	82.17	+0.08	+0.37
IDR	14750	14750	+26	+75
MYR	4.4742	4.4800	+0.0160	+0.0437
PHP	55.78	55.78	+0.02	+0.47
THB	33.94	34.00	+0.27	▼0.03

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.463%	+7.8 bp	+2.6 bp
JPY (10YR)	0.391%	▼0.7 bp	▼3.0 bp
EUR* (10YR)	2.276%	+5.1 bp	▼1.5 bp
AUD (5YR)	3.061%	▼5.5 bp	+3.6 bp
SGD (5YR)	2.672%	▼0.7 bp	+0.2 bp
CNY (5YR)	2.520%	▼0.2 bp	▼5.5 bp
INR (5YR)	6.950%	▼2.2 bp	+0.0 bp
IDR (5YR)	6.092%	▼2.3 bp	▼11.6 bp
MYR (5YR)	3.452%	▼0.2 bp	+0.7 bp
PHP (5YR)	5.657%	+0.4 bp	▼1.4 bp
THB (5YR)	2.137%	+0.6 bp	+0.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,300.62	▼0.03%	▼1.11%
N225 (JP)	29,388.30	+0.90%	+0.79%
STOXX 50 (EU)	4,317.88	+0.19%	▼0.52%
ASX (AU)	4,224.06	+0.21%	▼0.43%
STI (SG)	3,208.55	▼0.65%	▼1.78%
SHCOMP (CN)	3,272.36	▼1.12%	▼1.86%
SENSEX (IN)	62,027.90	+0.20%	+1.59%
JSE (ID)	6,707.76	▼0.71%	▼1.18%
KLSE (MY)	1,422.92	▼0.16%	▼0.57%
PSE (PH)	6,578.15	▼1.46%	▼1.61%
SET (TH)	1,561.35	▼0.39%	+1.83%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	257.92	▲0.02%	▲1.41%
COPPER (LME)	8,222.75	+1.10%	▲3.94%
IRON ORE (CN)	103.68	+0.58%	+1.32%
GOLD	2,010.77	▲0.21%	▲0.30%
OIL (WTI)	70.04	▼1.17%	▼1.82%

**Three Take-aways:**

- 1) Downturn in consumer sentiments sent US equities lower.
- 2) Higher inflation expectations drove UST yields higher and underpinned USD strength.
- 3) Thailand electorate vote in opposition but stability may elude; Q1 GDP print may not outperform.

**Souring Sentiments**

- As the sharp decline in sentiments for May from the Uni. Of Mich. survey came in significantly lower than expectations as well as April's print, US equities were beaten down.

- Meanwhile, both year ahead and 5-10Y inflation expectations from the survey outturns were above consensus expectations. Consequently, this would entail prolonged policy rate hold and reflecting so, 2Y and 10Y UST yields rose 8.5 and 6.4bps respectively in a bear flattener.

- The USD strengthened against all G10 peers on the back higher UST yields as USD/JPY was soared above mid-135 while EUR sank below mid-1.08. The latter was certainly did not enjoy any tailwinds from the Bundesbank's Governor Nagel who flagged that further hikes in H2 might be necessary. Downunder, the AUD plunged towards mid-0.66 as commodities took a hit from the dour sentiments.

- In EM-Asia, USD/SGD rose 0.5% to approach 1.34. Meanwhile, eyes in the region will turn to Thailand Election results alongside a release of Q1 GDP print.

**Thailand Elections - Uncomfortable Equilibrium**

- As it stands with over 98% of the votes counted, the Move Forward Party is in pole position with an indicative 149 seats (113 Constituency and 36 Party) while the Pheu Thai Party captured 138 seats (111 Constituency and 27 Party). The base case is definitely for a coalition involving these two parties who remain broadly aligned in their democratic ideologies.

- That said, this equilibrium is an uncomfortable one. Given the surge in popularity towards the MFP who has been considerably more liberal and outspoken against the 'lese majeste' rule, the discomf and potential risks from disqualification and social challenges.

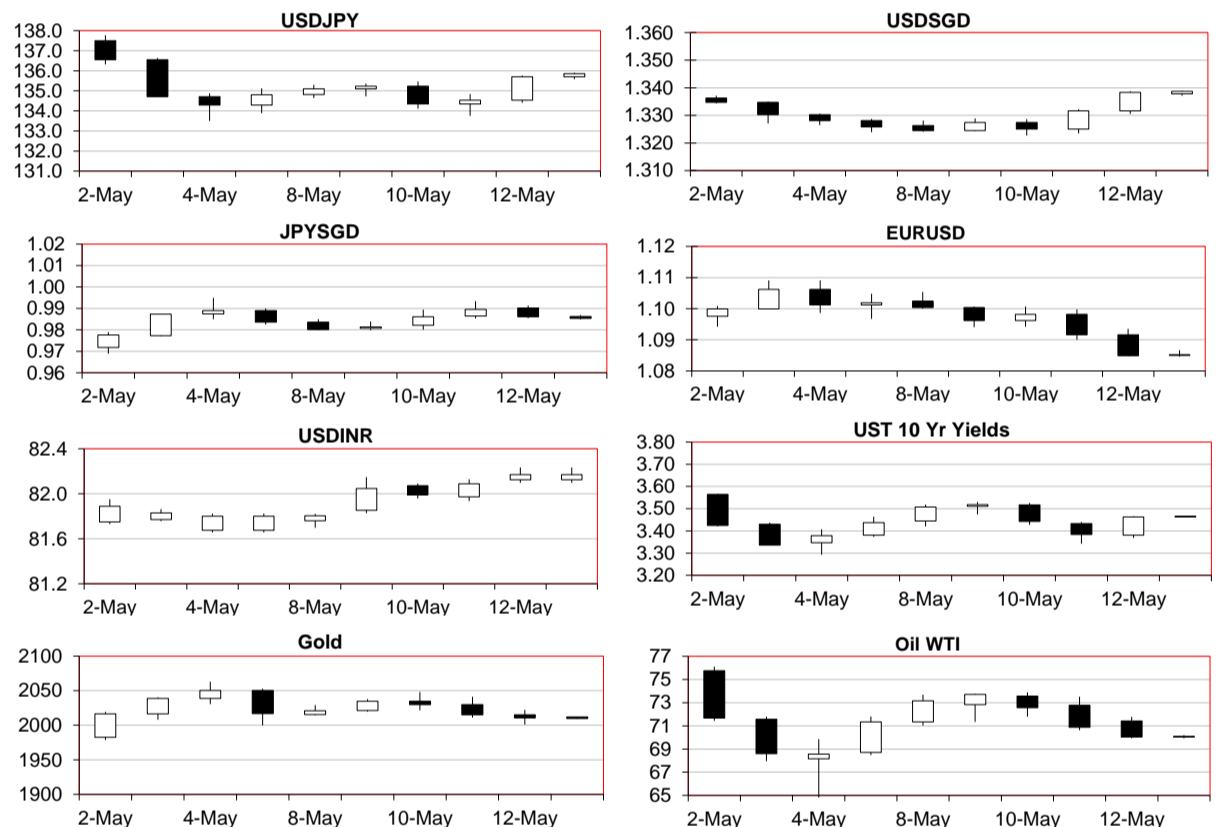
**OVERNIGHT RESULTS**

(MY) GDP YoY (1Q): 5.6% (Mkt: 5.0%; 4Q: 7.0%) | (IN) CPI YoY (Apr): 4.7% (Mkt: 4.8%; Mar: 5.7%) |

(IN) Industrial Production YoY (Mar): 1.1% (Mkt: 3.3%; Feb: 5.6%)

(US) Uni. of Michigan Sentiment/Current/Expectations (May P): 57.7/64.5/53.4 (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): 4.5%/3.2% (Mkt: 4.4%/2.9%; Apr: 4.6%/3.0%)

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

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

USD/JPY	135.82	EUR/USD	1.0853
USD/SGD	1.3387	USD/THB	33.89
JPY/SGD	0.9856	USD/MYR	4.486

**Forecast**

USD/JPY	134.50 - 136.50
EUR/USD	1.0800 - 1.0960
AUD/USD	0.6600 - 0.6720
USD/SGD	1.3300 - 1.3420
JPY/SGD	0.9744 - 0.9978
USD/CNH	6.9500 - 6.9800
USD/INR	82.10 - 82.30
USD/IDR	14700 - 14850
USD/MYR	4.470 - 4.490
USD/PHP	55.60 - 56.00
USD/THB	33.80 - 34.20

**Today's Direction**

	Bull	Bear
USD/SGD	7	0
USD/JPY	7	0

- What's, their combined seats remains unable to dictate the choice of PM as they remain unable to offset the 250 Senate which may favour the more tradition fractions.

- Consequently, a compromised PM candidate outside the PTP and MFP may ironically underpin greater political stability; insofar that it provides the more stable equilibrium with the military-backed royalist parties, in turn further diminishing tail risks of agitations/protest.

**Thailand Q1 GDP: Recovery, Not Outperformance**

- Following Q4's 1.5% QoQ SA contraction, Thailand is expected to avert a technical recession but may fall short of expectations by posting Q1 growth at a clip of around 2% YoY which serves to just offset the earlier Q4 decline. High frequency indicators continue to point to the situation where value added (VA) production remained in contraction territory down 4.6% YoY.

- Despite improving business sentiments, private investment index in Q1 also declined by 1.4% YoY. Investment spending plans may have been deferred as corporates sought to repair earlier pandemic damaged balance sheets. Admittedly, the silver lining is that contractions for VA output and investments are milder than in late Q4 2022.

- Nonetheless, the services recovery has too much a burden to shoulder considering relative productivity differentials with the manufacturing sector facing strong headwinds. As such, the support remains a likely backstop rather than a cause for growth outperformance.

- External demand likely softened as shipments declined alongside inventory build-up.

- Point being, even if GDP growth surprises on the upside, we will watch the inventory build-up levels in this print which may in turn post a drag for the remainder of 2023.

**FX Daily Outlook**

- EUR/USD: EUR unable to lift higher above 1.09 as sentiments sour.

- USD/JPY: Higher UST yields underpin buoyancy above 135 while rallies above mid-136 cautioned.

- USD/SGD: With CNH unable to lift, pair set for consolidation above mid-1.33.

- AUD/USD: Attempts to find a bottom near 66 cents as UST yields weigh.

**TODAY'S EVENTS**

(JP) PPI YoY (Apr): 5.8% (Mkt: 5.6%; 7.2%) | (JP) Machine Tool Orders YoY (Apr P): (Mar: -15.2%)

(ID) Trade Balance (Apr): (Mkt: \$3421m; Mar: \$2828m) | (IN) Trade Balance (Apr): (Mkt: -\$19048m; Mar: -\$19730m)

(TH) GDP YoY (1Q): (Mkt: 2.3%; 4Q: 1.4%) | (CH) 1Yr Medium Term Lending Facility Rate (15 May): (Mkt: 2.75%; Prev: 2.75%)

(US) Empire Manufacturing (May): (Mkt: -4.0; Apr: 10.8) | (EZ) Industrial Production WDA YoY (Mar): (Mkt: 1.9%; Feb: 2.0%)

Central Banks: Fed's Bostic and Goolsbee Speaks

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