

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	138.12	137.98	▼0.73	+2.28
EUR	1.0780	1.0805	+0.0035	▼0.0044
AUD	0.6651	0.6651	+0.0029	+0.0005
SGD	1.3466	1.3444	▼0.0035	+0.0061
CNY	7.0218	7.0120	▼0.0255	+0.0529
INR	82.76	82.67	+0.07	+0.50
IDR	14938	14925	+60	+175
MYR	4.5463	4.5378	▼0.0002	+0.0578
PHP	55.66	55.68	▼0.21	▼0.10
THB	34.45	34.38	+0.05	+0.38

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.673%	+2.7 bp	+21.0 bp
JPY (10YR)	0.398%	+1.6 bp	+0.7 bp
EUR* (10YR)	2.428%	▼1.8 bp	+15.2 bp
AUD (5YR)	3.342%	+10.7 bp	+28.1 bp
SGD (5YR)	2.782%	+4.4 bp	+11.0 bp
CNY (5YR)	2.522%	▼3.4 bp	+0.2 bp
INR (5YR)	6.952%	+2.9 bp	+0.2 bp
IDR (5YR)	6.111%	+3.1 bp	+1.9 bp
MYR (5YR)	3.517%	+1.8 bp	+6.5 bp
PHP (5YR)	5.536%	+0.3 bp	▼12.1 bp
THB (5YR)	2.187%	+1.6 bp	+5.0 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,426.63	▼0.33%	+0.38%
N225 (JP)	30,808.35	+0.77%	+4.83%
STOXX 50 (EU)	4,395.30	+0.64%	+1.79%
ASX (AU)	4,228.25	+0.16%	+0.10%
STI (SG)	3,202.59	+0.63%	▼0.19%
SHCOMP (CN)	3,283.54	▼0.42%	+0.34%
SENSEX (IN)	61,729.68	+0.48%	▼0.48%
JSE (ID)	6,700.56	+0.56%	▼0.11%
KLSE (MY)	1,428.54	+0.04%	+0.39%
PSE (PH)	6,664.55	+0.54%	+1.31%
SET (TH)	1,514.89	▼0.77%	▼2.98%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	262.13	+0.18%	+1.63%
COPPER (LME)	8,201.00	+0.89%	▲0.26%
IRON ORE (CN)	107.07	▲0.70%	+3.27%
GOLD	1,977.81	+1.03%	▲1.64%
OIL (WTI)	71.55	▼0.43%	+2.16%

**Three Take-aways:**

- 1) Fed Chair Powell signals patience and adds to case for a pause in June.
- 2) Yellen cites low odds of balances lasting till June 15 as talks restart amid deep differences.
- 3) Malaysia's weakening trade balance highlight near-term weakness amid long term investments.

**Of Pauses, Restarts and Bans**

- Last Friday, Fed Chair Powell signalled that the Fed **can afford to look at data** and make **careful assessments**. Repeatedly, credit conditions from recent banking troubles were cited as a reason for lower peak rates.

- As such, the Fed's Chair weighty remarks has **strengthened the base case for a June pause and raised the bar for a further hike**. In turn, upcoming Fed speak from the hawkish likes of Bullard will be viewed from the lens of a cautious Fed chair.

- Nonetheless, markets proceeded with **marginal adjustments to close the gap** between Fed's "rate hold" and investors' rate cut bets as 2Y UST yields edged up 1.4bp while 10Y yields rose 2.7bp

- With Powell staying cautious, the USD lost ground against all G10 peers. USD/JPY plunged towards mid-137 while EUR rose back above 1.08. AUD recovered back to hover around mid-0.66.

- US equities was unable to hold onto gains to close slightly lower across the board (Dow: -0.3%, Nasdaq: -0.2%; S&P 500: -0.1%).

- Meanwhile, **debt ceiling talks which will restart today might actually sound closer to the beginning of brinkmanship**. After all, according to House Speaker Kevin McCarthy we can solve some of these problems **if he (US president Joe Biden) understands what we are looking at**.

- At least, it is certain that Treasury Secretary Janet Yellen **will be looking at how long the budget will last** as she stretched the deadline to **June 15 but with "quite low odds"**. While a default remains untenable, some par back in risks and contingency planning will be expected.

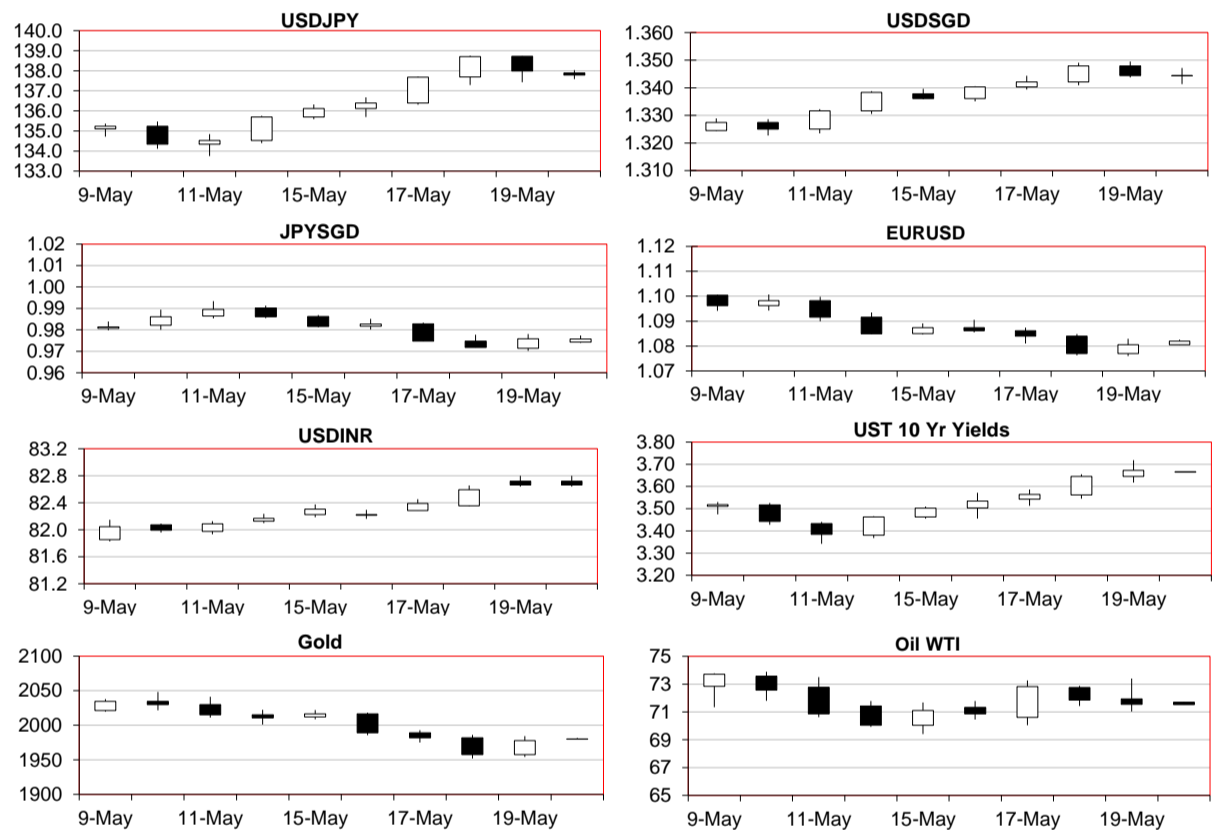
- In the same vein, China banning the purchase of Micron products by operators of key infrastructure highlights the need for underlying supply chain shifts and difficulty in improving US-China relations.

**OVERNIGHT RESULTS**

(JP) CPI/Ex-Fresh Food/Ex-Fresh Food & Energy YoY (Apr): 3.5%/3.4%/4.1% (Mkt: 3.5%/3.4%/4.2%; Mar: 3.2%/3.1%/3.8%)

(JP) Tertiary Index MoM (Mar): -1.7% (Mkt: 0.3%; Feb: 0.7%) | (MY) Trade Bal (Apr): 12.85b (Mkt: MYR21.20b; Mar: MYR26.69b)

(MY) Exports/Imports YoY (Apr): -17.4%/-11.1% (Mkt: -5.0%/-2.4%; Mar: -1.4%/-1.8%)

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

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

USD/JPY	137.72	EUR/USD	1.0822
USD/SGD	1.3447	USD/THB	34.29
JPY/SGD	0.9764	USD/MYR	4.534

**Forecast**

USD/JPY	137.20 - 138.50
EUR/USD	1.0700 - 1.0850
AUD/USD	0.6620 - 0.6720
USD/SGD	1.3420 - 1.3500
JPY/SGD	0.9690 - 0.9840
USD/CNH	7.0000 - 7.0400
USD/INR	82.45 - 83.00
USD/IDR	14860 - 15000
USD/MYR	4.520 - 4.554
USD/PHP	55.50 - 56.00
USD/THB	34.30 - 34.60

**Today's Direction**

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

**Malaysia Trade: Off Balance**

- Malaysia's April trade balance at RM12.8bn was **significantly below expectations** of RM21.2bn as **exports shrank 17.4% YoY** while imports fell 11.1% YoY. While seasonal effects from Hari Raya Aidilfitri holidays admittedly played a role, the sharp plunge reveals external demand weakness.

- Across destinations, the **fall in export revenue** was driven by major trading partners such as **China, EU and the US** who combine to contribute over 45% of the decline on a year ago basis.

- The likes of India, Taiwan, Thailand, Vietnam and Japan make up another one-third of the drop.

- Even from these destination perspective, the manufacturing pains are clear and these are further revealed from the goods angle as **manufacturing exports contributed 75%** of the decline, with the agriculture and mining sectors splitting the remainder.

- Within manufacturing sector, **all products** ranging from electronics, chemicals, metals, rubber, textiles saw **lower demand** except for revenue from **petroleum products which rose 20.8% YoY**.

- From the **import perspective**, business **seemingly project near term weakness** as they **step down on intermediate goods imports** which more than contribute the entire fall in import spending. That said, longer term capital goods expenditure saw 11.8% increase which may hint at underlying investments and longer term supply chain building plans.

- Meanwhile, **household expenditures** show some signs of mild weakening as imports of consumption goods fell 1.6% YoY led by **lower spending on non-durables**.

- All in, smaller trade balances are par for the course especially if oil and gas exports falter.

**FX Daily Outlook**

- EUR/USD: Recovery remains limited as UST yields continue to calibrate rate cut expectations.

- USD/JPY: Buoyancy retained off 137 as UST yields backstop alongside sticky oil prices.

- USD/SGD: CNH recovery far from certain as pair may bounce off 1.34.

- AUD/USD: Sideways at mid-0.66 as boost from CNH recovery fades.

**TODAY'S EVENTS**

(JP) Core Machine Orders YoY (Mar): (Mkt: 1.5%; Feb: 9.8%) |

(CN) 1Yr/5Yr Loan Prime Rate: (Mkt: 3.65%/4.30%; Prev: 3.65%/4.30%)

(EZ) Consumer Confidence (May P): (Mkt: -16.9; Apr: -17.5)

Central Banks: Fed's Bullard, Bostic and Barkin speak | ECB's Guindos, Holzmann, Lane, Villeroy speaks

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