

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	139.74	139.34	▼0.45	▼0.13
EUR	1.0675	1.0689	▼0.0014	▼0.0061
AUD	0.6478	0.6503	▼0.0025	▼0.0041
SGD	1.3549	1.3516	+0.0033	+0.0021
CNY	7.1083	7.1085	+0.0002	+0.0476
INR	82.68	82.73	+0.05	+0.06
IDR	14998	14993	+5	+88
MYR	4.6230	4.6130	+0.0100	+0.0195
PHP	56.19	56.17	▼0.02	+0.39
THB	34.74	34.80	+0.06	+0.26

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.643%	▼4.4 bp	▼9.9 bp
JPY (10YR)	0.436%	+0.1 bp	+2.2 bp
EUR* (10YR)	2.282%	▼6.0 bp	▼19.0 bp
AUD (5YR)	3.382%	▼6.8 bp	+1.0 bp
SGD (5YR)	2.888%	▼5.5 bp	▼4.1 bp
CNY (5YR)	2.453%	▼2.4 bp	▼3.4 bp
INR (5YR)	6.913%	▼3.6 bp	▼0.3 bp
IDR (5YR)	6.028%	▼3.3 bp	▼4.8 bp
MYR (5YR)	3.459%	▼2.1 bp	▼5.9 bp
PHP (5YR)	5.645%	▼1.5 bp	+1.3 bp
THB (5YR)	2.188%	▼3.1 bp	▼2.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,908.27	▼0.41%	+0.33%
N225 (JP)	30,887.88	▼1.41%	+0.67%
STOXX 50 (EU)	4,218.04	▼1.71%	▼1.07%
ASX (AU)	4,066.80	▼0.92%	▼2.17%
STI (SG)	3,158.80	▼0.90%	▼1.72%
SHCOMP (CN)	3,204.56	▼0.61%	▼0.01%
SENSEX (IN)	62,622.24	▼0.55%	+1.37%
JSE (ID)	6,633.26	▼0.05%	▼1.67%
KLSE (MY)	1,387.12	▼0.70%	▼1.60%
PSE (PH)	6,477.36	▼0.51%	▼2.09%
SET (TH)	1,533.54	▼0.08%	▼0.19%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	253.85	▲0.64%	▲3.37%
COPPER (LME)	8,070.00	▲0.41%	+2.78%
IRON ORE (CN)	105.07	▲0.10%	+1.12%
GOLD	1,962.73	+0.17%	+0.28%
OIL (WTI)	68.09	▼1.97%	▼8.41%

### Three Take-aways:

- 1) Debt ceiling nail-biting a bumpy distraction ahead of risks of liquidity seizures on T-bill deluge.
- 2) India's Q1 GDP flattered by passing, outsized 1.4%-pt net exports boost; pipeline risks intact.
- 3) Despite Russia's assurances of status quo, OPEC agitations and supply cuts remain a threat.

### Seizure Risks

- **Nail-biting** will be unavoidable on both sides of the isle as the debt ceiling deal meanders its way through the House (voting results awaited) and then Senate.
- Hopes have grown on a deal, but risks of brinkmanship by the hard-liners seizing timely passage is not negated. As such, *two-way market volatility* in the interim.
- Crucially, *even with a deal inked a \$500-800bn deluge of T-bill issuances* to replenish a depleted Treasury coffers **threatens to seize liquidity and roil markets**. For now, yields and equities have softened on China PMI and US data shortfall amid caution into the debt deal.
- Attendant USD slip is not an open invitation for AXJ upside; especially after China gloom.

### India's Growth: Of Silver Linings & Storms

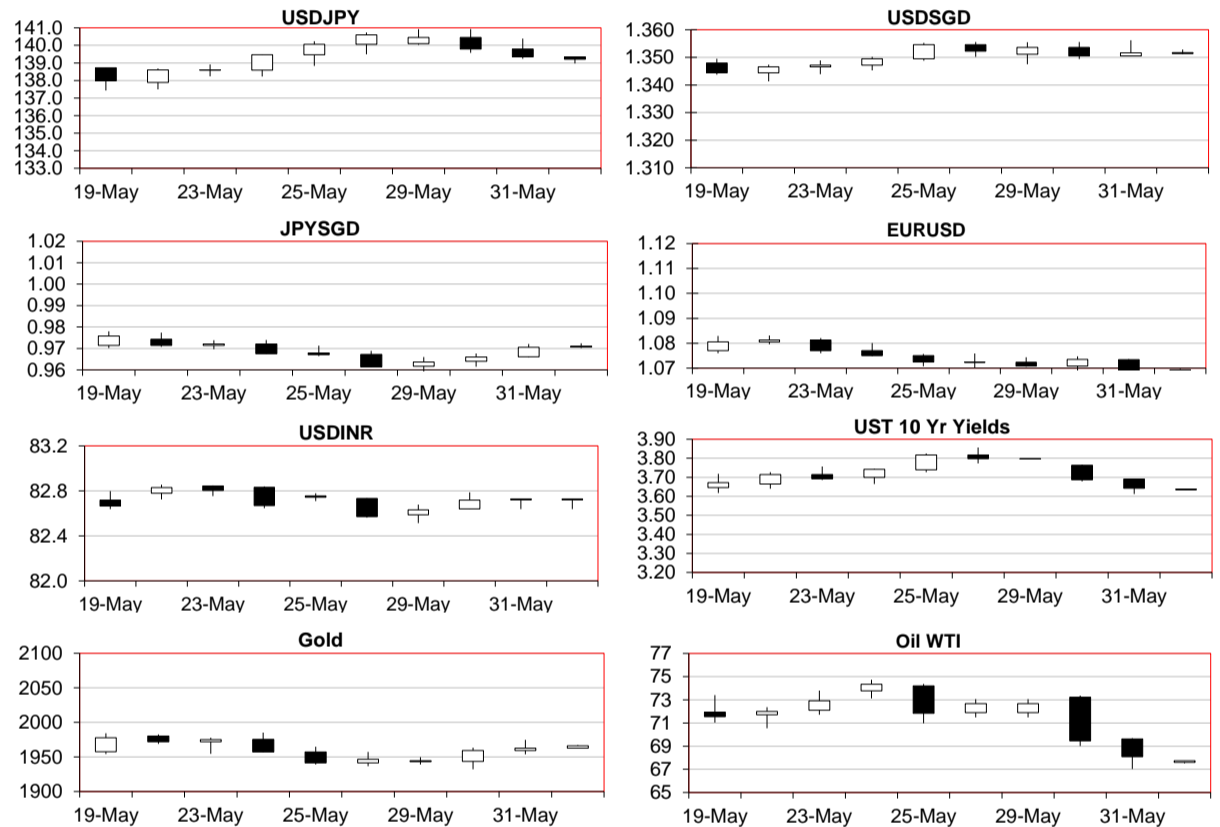
- India's Q1 CY (Q4 FY) growth at a rapid clip of 6.1% (faster than the 5.0% consensus and our estimate of 5.4%) has provided a lift for FY 2023 (Apr 2022-Mar 2023) to a stellar 7.2%.
- The silver lining is undeniable but headline strength is not unequivocal under the hood.
- Notably, *net exports, uncharacteristically provided a likely unsustainable 1.4%-pt headline boost, given net exports averaged subtracted 0.3%-pt since 2016*. Admittedly, consumption and investment picking up, consistent with on-the-ground recovery in sentiments, is encouraging.
- Nonetheless, our reservation is that **India's domestic buffer** from gathering global headwinds is **grossly overstated** in linear projections of this (consumption/investment) recovery.
- To be sure, cheer dis-inflation about dis-inflation is fraught with the tyranny of El Nino-induced rebound in food as well as macro stability risks from premature policy withdrawal.
- What's more, the declining pace of credit growth for MSMEs also warns of some moderation in underlying pace of growth; especially in the context of a looming global downturn.
- The upshot is that **passing silver linings should not distract from approaching storms**.

### OVERNIGHT RESULTS

(AU) CPI YoY (Apr): 6.8% (Mkt: 6.4%; 6.3%) | (CH) PMI - Mfg/Non-Mfg (May): 48.8/54.5 (Mkt: 49.5/55.2; Apr: 49.2/56.4)  
(IN) GDP YoY (1Q): (Mkt: 5.0%; 4.4%) | (TH) Current Account (Apr): -\$467m (Mkt: \$2200m; Mar: \$4779m)

\* (US) Jolt-Jobs Opening (Apr): 10103K (Mkt: 9439K; Apr: 9590K) | (US) MNI Chicago PMI (May): 40.4 (Mkt: 47.2; Apr: 48.6)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	139.13	EUR/USD	1.0694
USD/SGD	1.3514	USD/THB	34.64
JPY/SGD	0.9715	USD/MYR	4.608

### Forecast

USD/JPY	138.80 - 140.80
EUR/USD	1.0630 - 1.0750
AUD/USD	0.6440 - 0.6550
USD/SGD	1.3480 - 1.3570
JPY/SGD	0.9574 - 0.9777
USD/CNH	7.0900 - 7.1380
USD/INR	82.60 - 82.95
USD/IDR	14950 - 15080
USD/MYR	4.595 - 4.638
USD/PHP	55.95 - 56.40
USD/THB	34.60 - 34.88

### Today's Direction

	Bull	Bear
USD/SGD	3	4
USD/JPY	2	5

### TODAY'S EVENTS

(JP) Capital Spending/Ex-Software/Profits/Sales YoY (Q1): (Mkt: 6.0%/3.7%/0.9%/5.3%; Q4: 7.7%/6.3%/-2.8%/6.1%)  
(KR) Exports/Imports YoY/TB (May): -15.2%/-14.0%/-2.10b (Mkt: -16.3%/-14.4%/-2.53b; Apr: -14.3%/-13.3%/-2.65b)  
(AU/KR/MY/TH/VN/PH) PMI-Mfg (May): 48.4/48.4/47.8/58.2/45.3/52.2 (Apr: 48.0/48.1/48.8/60.4/46.7/51.4) | (AU) Private Capex QoQ (Q1): (Mkt: 1.0%; Q4: 2.2%)  
(CH) Caixin Mfg PMI (May): (Mkt: 49.5; Apr: 49.5) | (IN) Mfg PMI (\*May): (Apr: 57.2) | (EZ) CPI/Core YoY (May): (Mkt: 6.3%/5.5%; Apr: 7.0%/5.6%)  
(US) ADP Emp. Chg (May): (Mkt: 170K; Apr: 296K) | (US) ISM - Mfg/Prices Paid/Employment/New Orders (May): (Mkt: 47.0/52.3/-/-; Apr: 47.1/53.2/50.2/45.7)

### OPEC Threats Allayed, not Annihilated

- Despite Russia (Deputy PM Alexander Novak) reassuring that OPEC was not set to cut output in June; Saudi's warning to markets that *bearish/short bets on oil price declines will be met with action* by the cartel suggest that the OPEC is agitating to inflict supply discipline.
- Specifically, Saudi's Energy Minister, Prince Abdulaziz bin Salman openly warning (short) speculators to "watch out" and that they "will be ouching"; appear to validate our earlier observations about supply (cut) response to rapid price declines to/below \$75 Brent barrel.
- Admittedly, Brent prices backstopped ahead of \$70 (as US debt ceiling hopes partly offset China woes) alongside Russia's assurances **allay imminent threats supply cut response**.
- **But in no way does it annihilate threat of cuts later. Instead, and quite perversely, the widening chasm between Saudi and Russia could actually up the risks of more abrupt OPEC cut back in output.** In any case, the OPEC (cut) threat looms large.
- So what are the risks ahead of June's OPEC meeting?
- The most desirable outcome is that Novak is right and there are no cuts.
- As a corollary, the least desirable would be Saudi overriding Russia's guidance to go ahead with an announced cut; although Russia effectively blunt this by pumping more.
- Finally, the *curve ball* is that even if June's meeting pass uneventfully, *Saudi may subsequently blindside with a unilateral, inter-meeting cut*; with powers conferred upon it previously.
- The upshot is that the OPEC's (Saudi-led) **inclination to intervene on the supply-side remains a prominent feature of bifurcated oil markets**; where travel resumption demand cheer is dampened by global manufacturing headwinds amid China's geo-economic risks.

### FX Daily Outlook

- EUR/USD: Sub-1.07 remains a risk of USD bulls seize on a debt deal.
- USD/JPY: Softer UST yields may delay and temporarily distract; but 141 break an upside risk.
- USD/SGD: China gloom to limit sub-1.35 dips (if any) despite a softer USD at the margin.
- AUD/USD: China's commodity complex sway and oil's dip dampening bounce back to 0.65.

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