

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	144.51	144.47	▼0.21	+0.40
EUR	1.0902	1.0879	▼0.0033	▼0.0082
AUD	0.6680	0.6692	+0.0019	+0.0006
SGD	1.3492	1.3493	▼0.0019	+0.0001
CNY	7.2160	7.2162	▼0.0306	▼0.0080
INR	81.98	82.02	+0.07	▼0.01
IDR	14996	14993	▼32	+0
MYR	4.6532	4.6502	▼0.0163	▼0.0161
PHP	55.24	55.24	▼0.07	▼0.09
THB	34.98	34.88	▼0.35	▼0.39

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.855%	+0.0 bp	+9.1 bp
JPY (10YR)	0.386%	▼1.9 bp	+1.2 bp
EUR* (10YR)	2.453%	+1.6 bp	+9.7 bp
AUD (5YR)	3.929%	+3.4 bp	+8.4 bp
SGD (5YR)	3.094%	▼0.2 bp	▼0.3 bp
CNY (5YR)	2.426%	+0.3 bp	▼4.0 bp
INR (5YR)	7.081%	▼1.0 bp	+6.9 bp
IDR (5YR)	5.903%	+1.1 bp	▼0.8 bp
MYR (5YR)	3.628%	+2.4 bp	+4.1 bp
PHP (5YR)	6.104%	+3.1 bp	+11.2 bp
THB (5YR)	2.299%	▼1.4 bp	▼1.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,418.47	+0.00%	+1.45%
N225 (JP)	33,422.52	▼0.98%	+2.72%
STOXX 50 (EU)	4,390.99	▼0.16%	+1.99%
ASX (AU)	4,095.31	▼0.06%	+1.04%
STI (SG)	3,203.77	▼0.10%	▼0.05%
SHCOMP (CN)	3,245.35	+0.04%	+1.75%
SENSEX (IN)	65,479.05	+0.42%	+3.25%
JSE (ID)	6,681.75	▼0.22%	+0.30%
KLSE (MY)	1,392.49	▼0.24%	+0.41%
PSE (PH)	6,514.47	+0.10%	+0.18%
SET (TH)	1,515.31	+0.56%	+2.52%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	260.90	+0.00%	+0.46%
COPPER (LME)	8,346.00	▲0.61%	▲0.43%
IRON ORE (CN)	110.44	+0.35%	▲2.09%
GOLD	1,925.48	+0.20%	+0.62%
OIL (WTI)	69.79	+0.00%	+3.09%

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

USD/JPY	144.41	EUR/USD	1.0883
USD/SGD	1.3493	USD/THB	34.88
JPY/SGD	0.9344	USD/MYR	4.652

**Forecast**

USD/JPY	143.10 - 145.00
EUR/USD	1.0800 - 1.0940
AUD/USD	0.6620 - 0.6730
USD/SGD	1.3460 - 1.3655
JPY/SGD	0.9283 - 0.9542
USD/CNH	7.2210 - 7.2600
USD/INR	81.95 - 82.25
USD/IDR	14950 - 15070
USD/MYR	4.640 - 4.670
USD/PHP	55.10 - 55.50
USD/THB	34.60 - 35.00

**Today's Direction**

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

**Three Take-aways:**

- 1) Stronger commodity price rallies remain subject to demand constraints from China.
- 2) Thailand's political uncertainty show initial signs of clearing to assist the THB.
- 3) The USD remains undecided on Fed and Fear with FOMC minutes unlikely to illuminate.

**Light**

- With US markets closed for Independence day, **light** trading volumes will be the upfront caveat.

- While Brent crude prices managed to gain 2.1% to head back above US\$76/barrel, supply side support such as production cuts and/or indirect demand "optimism" from **Chinese banks offering long term loans to LGFVs** to repair credit channels are far from being resolute catalyst to spark rallies.

- For now, **rising oil prices led to a softer USD** as the Antipodeans and NOK led gains among G10 peers. Nonetheless, the **EUR was certainly not a beneficiary** as it fell below 1.09 concomitant with **declining European yields**. Meanwhile, USD/JPY hovered around mid-144.

- Aside from commodity support, the AUD climbed to 67 cents **overcoming the initial dip from the RBA's decision to hold** with further assistance from CNH recovery. The RBA's decision remains more of a skip which contains the looming option of another hike as underlying inflation stay challenging.

- Yet, there is **little light for AUD bulls** as the **complexity of issues surrounding China's growth increases** with the latest metal curbs adding to global trade tensions.

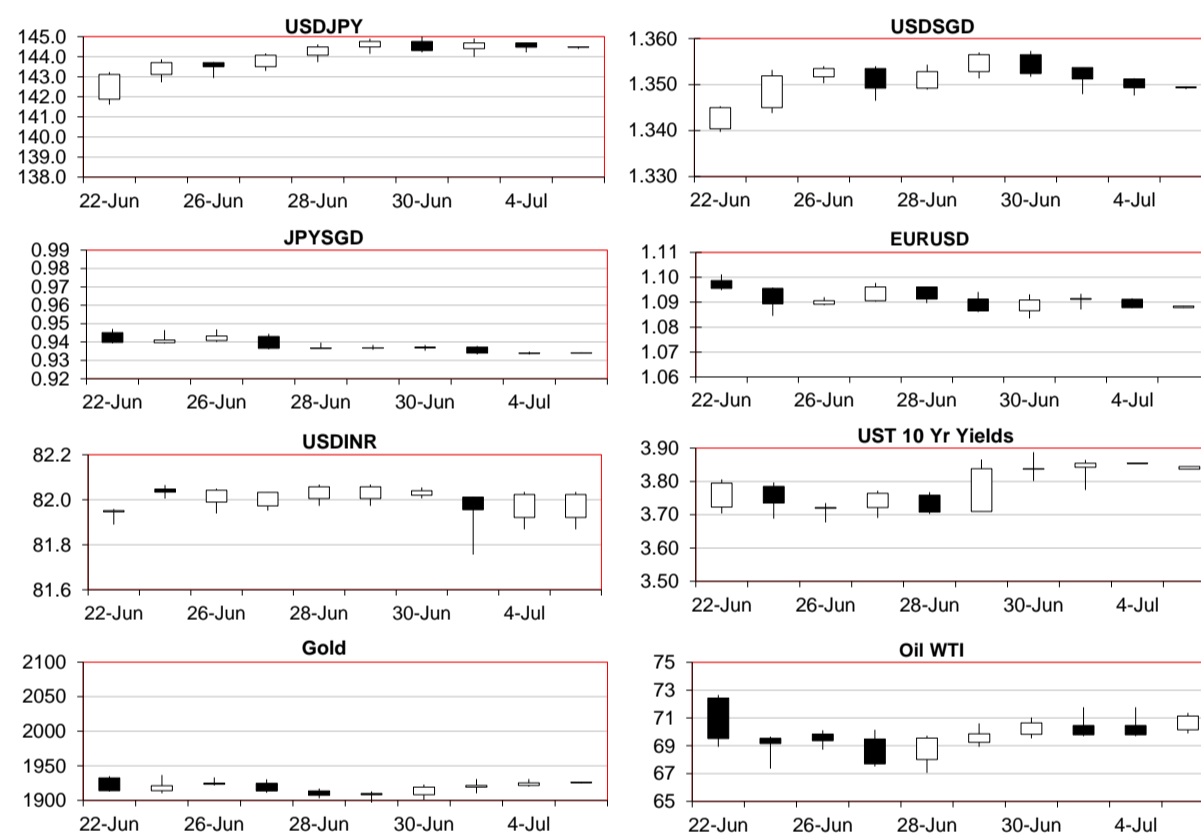
- In EM-Asia, CNH spillover continued to be evident as USD/SGD slipped below 1.35. In Thailand, there may also be **some light at the end of the political uncertainty tunnel** which helped the THB gained 1.0% (USD/THB going below 34.9).

- While the **move looks rather astute** to select the house speakers outside the two biggest party in the coalition, it is **one which is unlikely to be replicated** for Mr Pita's bid for PM.

- Aside from the THB, KRW also saw larger gains with the Korea's Ministry of Finance rolling out stimulus support ranging from consumption boosting sales discount campaigns to incentives for investment. Given that the MOF also downgraded their growth forecast, the underlying hope is to inject fiscal impulse to assist in ensuring that Q2 will become the bottom for growth.

**The Undecided Dollar**

- We have stressed that the **USD continues to traffic in the Fed and fear**.

**OVERNIGHT RESULTS**
**\* Past Two Weeks Movement \***


- That position of ours is unchanged. What is fluid however, is how markets are reading Fed (intentions) further out as well as the exact fears that markets are focussing on at any one point.

- For now, on both counts, there are reasons to equivocate. On the first (Fed cues), the point is that the **USD** (more precisely the bets and positions on the USD) **appears to be painfully undecided between;**

- i) a **currently hawkish Fed** that ought to fuel upside, and;
- ii) arguably setting itself up for a sharper dovish pivot the more aggressively hawkish it is at this point, which is consistent with short USD bets down the road.

- The **Minutes** from June meeting, where the 'Dot Plot' upped the ante with 50bp more (likely over 2 instalments of 25bp hikes) **has some USD backstop left in the bag**, if one is inclined to dig deep. But at the margin, **short USD bets are beginning to emerge** as **markets might construe aggressive hikes are elevating risks of a hard-landing and consequent policy correction**. This lines up as versions of 'peak USD' bets along a spectrum. And so, on the Fed, two-way volatility remains in place. On the **second factor of trading "fear"**, there is a **far wider berth**.

- On one hand, China risks, geo-political uncertainty and arguably, even global recession risks (partly manufactured from rate hikes), could infuse some preference for the Greenback.

- But equally, any soothing by way of policy talk or even whispers that gets the "risk on" bets excited amid underlying AI-driven boost, could drag the USD a little more.

- The upshot is that the USD is undecided; and may well remain that way for some time.

**FX Daily Outlook**

- EUR/USD: 1.09 test likely cautious as services PMI may have downside to throw up curveball.
- USD/JPY: Sub-144 slippages remain shallow as oil prices remain sticky.
- USD/SGD: Submerged below 1.35 but breaking mid-1.34 requires more than PBoC's current actions.
- AUD/USD: Consolidation around both sides of 67 cents at best as commodity assistance fades.

**TODAY'S EVENTS**

(JP) Services PMI (Jun F): (Jun P: 54.2) | (CH) Caixin China PMI Services (Jun): (Mkt: 56.2; May: 57.1) | (SG) Retail Sales/Ex Auto YoY (May): (Apr: 3.6%/4.2%) | (TH) CPI/Core YoY (Jun): (Mkt: 0.2%/1.4%; May: 0.5%/1.6%) | (PH) CPI YoY (Jun): (Mkt: 5.5%; May: 6.1%) | (US) Durable Goods Orders/Nondef Ex Air (May F): (Mkt: 1.7%/1.4%; May P: 1.7%/0.7%) | (EZ) Services PMI (Jun F): (Mkt: 52.4; Jun P: 52.4) | (EZ) PPI YoY (May): (Mkt: -1.4%; Apr: 1.0%)

Central Banks Decision: FOMC Meeting Minutes

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