

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	142.67	141.76	▼0.82	+0.60
EUR	1.0947	1.1006	+0.0057	▼0.0010
AUD	0.6562	0.6570	+0.0019	▼0.0080
SGD	1.3424	1.3395	▼0.0015	+0.0079
CNY	7.1817	7.1729	+0.0032	+0.0244
INR	82.79	82.84	+0.11	+0.58
IDR	15176	15170	▼15	+75
MYR	4.5514	4.5540	▼0.0013	▼0.0010
PHP	55.75	55.75	+0.21	+0.85
THB	34.77	34.79	+0.14	+0.70

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.034%	▼14.1 bp	+8.3 bp
JPY (10YR)	0.649%	▼0.4 bp	+8.1 bp
EUR* (10YR)	2.562%	▼4.3 bp	+7.0 bp
AUD (5YR)	3.919%	+10.3 bp	+4.7 bp
SGD (5YR)	2.981%	+0.0 bp	▼2.4 bp
CNY (5YR)	2.427%	▼0.3 bp	▼1.8 bp
INR (5YR)	7.174%	▼0.2 bp	+2.9 bp
IDR (5YR)	6.069%	+6.8 bp	+6.4 bp
MYR (5YR)	3.619%	+1.0 bp	+2.4 bp
PHP (5YR)	6.321%	+11.9 bp	+15.7 bp
THB (5YR)	2.359%	+0.0 bp	+0.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,065.62	▼0.19%	▼1.11%
N225 (JP)	32,192.75	▼1.68%	▼1.73%
STOXX 50 (EU)	4,332.91	▼0.73%	▼2.99%
ASX (AU)	4,129.32	▼0.35%	▼1.57%
STI (SG)	3,292.39	▼0.63%	▼2.34%
SHCOMP (CN)	3,288.08	+0.58%	+0.37%
SENSEX (IN)	65,721.25	▼0.82%	▼0.66%
JSE (ID)	6,852.84	+0.64%	▼0.69%
KLSE (MY)	1,445.21	▼0.19%	▼0.35%
PSE (PH)	6,450.84	+1.44%	▼2.63%
SET (TH)	1,530.46	▼1.37%	▼0.83%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	279.46	+0.35%	▲0.37%
COPPER (LME)	8,523.25	▲0.55%	▲1.19%
IRON ORE (CN)	104.22	+0.98%	▲7.32%
GOLD	1,942.91	+0.46%	▲0.85%
OIL (WTI)	82.82	+2.59%	+1.82%

Three Take-aways:

- 1) Softer than expected NFP print sent UST yields tumbling while labour market stayed tight.
- 2) Softer US equities may not be fully convinced of soft landing scenario amid wage and energy cost worries.
- 3) Indonesia's Q2 GDP growth resilience set to be tested as tailwinds erode.

Tight?

- The **accentuated data volatility** we had flagged last week was again evident as last Friday's softer NFP report went against the directionality earlier ADP print which is arguably a rather poor gauge in recent months. That said, given that hiring increased, the lower unemployment rate was **certainly no conflict in reflecting a tight labour market**.

- Nonetheless, the lower than expected NFP print reduced the odds of a rate hike next month and sent **UST yields tumbling** with 2Y yields plunging 11.7bp and 10Y yields falling 14.1bp.

- While UST markets align with Fed's Barkin and Goolsbee take on the FOMC being able to be patient, **US equities may not have fully bought into the soft landing scenario** with the S&P 500 dropping 0.5% while the Nasdaq and Dow fell 0.4%.

- For one, **profit pains may be far from over as margins squeeze tighter**.

- The gentle reminder that falling inflation which is after all the growth of **end consumer prices** implies **weaker pricing power** amid an unfavourable backdrop of higher wage growth (strong than expected hourly earnings) derived from a tight labour market, and rising energy cost.

- The latter is certainly a worrying sight with **Brent Crude's continued surge** to head above US\$86/barrel amid **OPEC+ signals to keep supplies tight** and on-going worries from both supply front of the Ukraine-Russia conflict as well as demand sustainability from China's growth angle.

- Turning to FX, the Greenback was sent lower against most G10 peers on the back of lower UST yields. The USD/JPY slipped below 142 while the EUR rose above 1.10.

- In EM-Asia, USD/SGD slipped below 1.34. The THB was one of the underperformers as the USD/THB surged above 34.7 amid cautious policy outlook and prolonged political uncertainty.

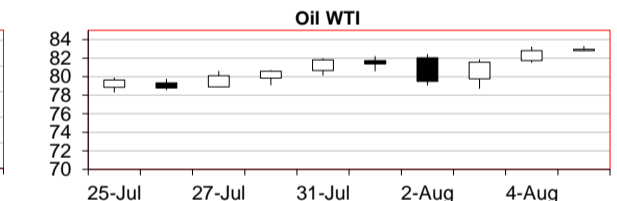
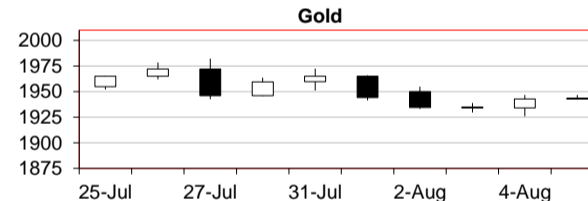
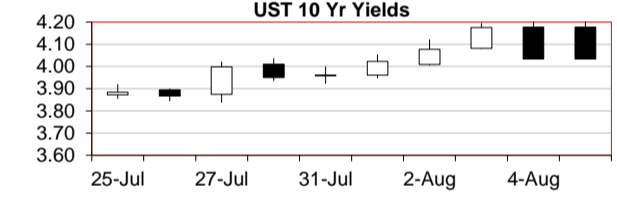
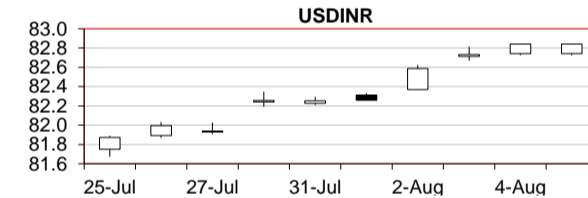
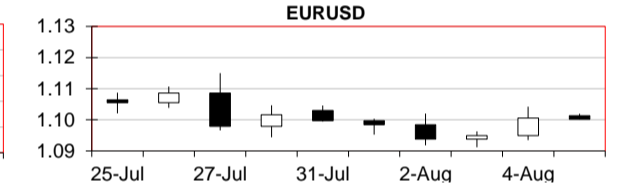
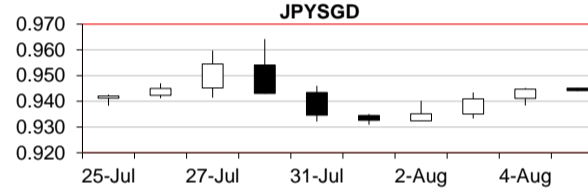
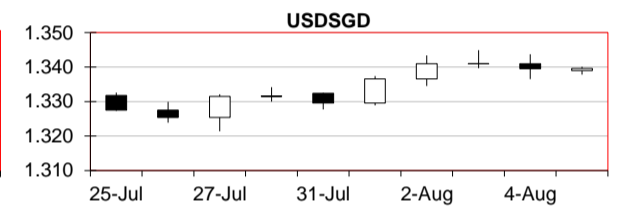
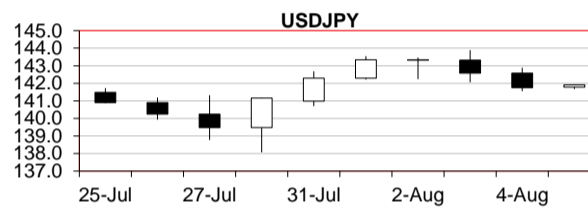
OVERNIGHT RESULTS

(SG) Retail Sales/Ex Auto YoY (Jun): 1.1%/2.5% (Mkt: 2.1%/--; May: 1.8%/1.8%) | (PH) CPI YoY (Jul): 4.7% (Mkt: 4.9%; Jun: 5.4%) |

(US) Nonfarm Payrolls/Unemployment Rate (Jul): 187k/3.5% (Mkt: 200k/3.6%; Jun: 209k/3.6%) |

(EZ) Retail Sales YoY (Jun): -1.4% (Mkt: -1.7%; May: -2.9%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	141.88	EUR/USD	1.1002
USD/SGD	1.3395	USD/THB	34.67
JPY/SGD	0.9443	USD/MYR	4.546

Forecast

USD/JPY	141.30 - 142.80
EUR/USD	1.0900 - 1.1050
AUD/USD	0.6500 - 0.6610
USD/SGD	1.3460 - 1.3440
JPY/SGD	0.9426 - 0.9512
USD/CNH	7.1600 - 7.2200
USD/INR	82.50 - 82.90
USD/IDR	15100 - 15230
USD/MYR	4.535 - 4.570
USD/PHP	55.40 - 55.90
USD/THB	34.60 - 34.90

Today's Direction

	Bull	Bear
USD/SGD	1	5
USD/JPY	1	5

- Specifically, BoT lifted the bar for further hikes as they **dropped their reference** of their hike being one of normalisation and **added additional explicit** reference to macro-financial stability in evaluating further policy action. As such, today's CPI print is unlikely to move the needle. **Outlook on political stability is also far from clear** with the Move Forward Party now excluded from Pheu Thai-led coalition and the ensuing coalition stability being far from water-tight.

Indonesia Q2 GDP: Fading Tailwinds

- Indonesia's rather resilient GDP growth thus far looks to be facing the threat of eroding tailwinds and as such **Q2 GDP growth is likely to slow from Q1's 5.0% YoY**.

- First, fading commodity tailwinds is evident as **both trade surplus and export revenue has contracted** relative to the previous quarter as well as compared to a year ago.

- Nonetheless, **commodity allure** continues to drive **strong foreign investment realisation growth** in Q2. That said, investment realisation into the basic metal processing industries appears to be **stabilising after the initial ramp-up** in 2022 following their nickel ore export ban.

- On the domestic front, **retail sales picked up** in Q2 as motor vehicle sales remain steady. **Tourism activity continues to be bolstered** by continued improvement in visitor arrivals with **June's arrivals reaching 74% of pre-Covid 2019 June levels**.

- All in, the focus remains to **anchor IDR and domestic stability** by bracing for external headwinds through recent schemes of export revenue repatriation and lowering RRR cuts to **deepen growth multipliers** from still evident commodity demand.

FX Daily Outlook

- EUR/USD: Ukraine-Russia incited grain and oil troubles invite doubt on 1.10 sustainability.

- USD/JPY: Further slippages to 141 not the base case as oil prices stick around.

- USD/SGD: Hovering above mid-1.33 as China stimulus prevent catastrophe but remain uninspiring.

- AUD/USD: Oil bolsters case for mid-65 cents consolidation while testing 66 cent is a cautious.

TODAY'S EVENTS

(JP) Leading/Coincident Index (Jun P): (May: 109.2/114.3) | (ID) GDP YoY/QoQ (2Q): (Mkt: 5.2%/3.7%; 1Q: 5.0%/-0.9%) |

(TH) CPI/Core YoY (Jul): (Mkt: 0.6%/1.0%; Jun: 0.2%/1.3%) | (EZ) Sentix Investor Confidence (Aug): (Jul: -22.5)

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