

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	145.78	145.89	▼0.33	+0.32
EUR	1.0925	1.0846	▼0.0050	▼0.0059
AUD	0.6444	0.6423	+0.0009	▼0.0032
SGD	1.3544	1.3578	+0.0003	▼0.0005
CNY	7.2878	7.2940	+0.0108	+0.0056
INR	83.02	82.93	▼0.18	▼0.02
IDR	15327	15315	▼10	▼25
MYR	4.6485	4.6480	▼0.0008	+0.0120
PHP	56.37	56.38	+0.21	▼0.46
THB	35.00	34.95	▼0.22	▼0.43

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.324%	▼1.4 bp	+11.3 bp
JPY (10YR)	0.666%	+1.7 bp	+3.4 bp
EUR* (10YR)	2.645%	▼5.8 bp	▼2.7 bp
AUD (5YR)	3.989%	+1.0 bp	▼1.9 bp
SGD (5YR)	3.199%	+2.5 bp	+10.5 bp
CNY (5YR)	2.363%	+1.2 bp	▼1.3 bp
INR (5YR)	7.196%	▼0.8 bp	+1.1 bp
IDR (5YR)	6.343%	+3.8 bp	+22.8 bp
MYR (5YR)	3.646%	+0.7 bp	▼0.5 bp
PHP (5YR)	6.092%	▼0.6 bp	▼3.5 bp
THB (5YR)	2.504%	▼0.9 bp	+7.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,288.83	▼0.51%	▼1.88%
N225 (JP)	31,856.71	+0.92%	▼1.19%
STOXX 50 (EU)	4,260.37	+0.84%	▼0.66%
ASX (AU)	3,963.58	+0.26%	▼1.87%
STI (SG)	3,159.88	+0.19%	▼2.25%
SHCOMP (CN)	3,120.33	+0.88%	▼1.76%
SENSEX (IN)	65,220.03	+0.01%	▼0.28%
JSE (ID)	6,916.45	+0.73%	+0.02%
KLSE (MY)	1,451.53	+0.07%	▼0.60%
PSE (PH)	6,212.39	▼1.24%	▼1.95%
SET (TH)	1,545.60	+1.29%	+1.64%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.99	▲0.27%	▲0.11%
COPPER (LME)	8,330.70	+1.11%	+2.30%
IRON ORE (CN)	108.63	+1.09%	+4.60%
GOLD	1,897.48	+0.13%	▲0.24%
OIL (WTI)	80.35	▼0.46%	▼0.79%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	145.77	EUR/USD	1.0847
USD/SGD	1.3577	USD/THB	35.03
JPY/SGD	0.9314	USD/MYR	4.654

Forecast

USD/JPY	145.00 - 146.80
EUR/USD	1.0800 - 1.0900
AUD/USD	0.6330 - 0.6460
USD/SGD	1.3520 - 1.3640
JPY/SGD	0.9210 - 0.9407
USD/CNH	7.2800 - 7.3200
USD/INR	82.90 - 83.20
USD/IDR	15300 - 15380
USD/MYR	4.640 - 4.670
USD/PHP	56.00 - 56.60
USD/THB	34.80 - 35.10

Today's Direction

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

Three Take-aways:

- 1) Corporate distress and BoE's warning of default paints a gloomy outlook as rate cut bets pare back.
- 2) BRICS is more an economic backstop built on mutual trade rather than financial challenger to USD.
- 3) Amid competing inflation threats and growth risks, BoK will stand pat at their meeting tomorrow.

Distress and Default

- In anticipation of Jackson hole, 2Y UST yields rose by 4.5bp and closed above the 5% mark. Markets have now sharply reduced rate cuts bets (by 40bps) to about 90bps of Fed rate cuts by end 2024. Meanwhile, after recent blistering ascend, 10Y UST yields edged lower by 1.4bp.

- US equities were unable to hold onto early session gains as the Dow led losses with a 0.5% decline and the S&P 500 dropped 0.3%. The Nasdaq closing 0.1% higher is also hardly cheery.

- In fact, corporate headlines displayed a gloomy take with "elevated inventory", "discounts", "credit card delinquencies" and "theft" painting a dire consumer picture.

- The BoE joined in with a warning on corporate default risk in the UK highlighting that debt servicing stress is set to head higher and adversely impact investments and hiring. In addition, the fiscal front was not spared as record UK Treasury transfer to the BoE was needed to makeup for QE losses highlighting the impact of higher borrowing cost.

- In contrast to USTs, 2Y yields on Gilts plunged 8.8bps and setback the Sterling. EUR also sank back below mid-1.08. JPY gained amid higher 10Y JGB yields and lower 10Y UST yields. In EM-Asia, USD/SGD closed flat above mid-1.35. While stress was alleviated off the THB as Pheu Thai's Srettha secured the PM role, boosting growth amid coalition stability concerns and fiscal constraints is no mean feat.

Of BRICS & Backstops

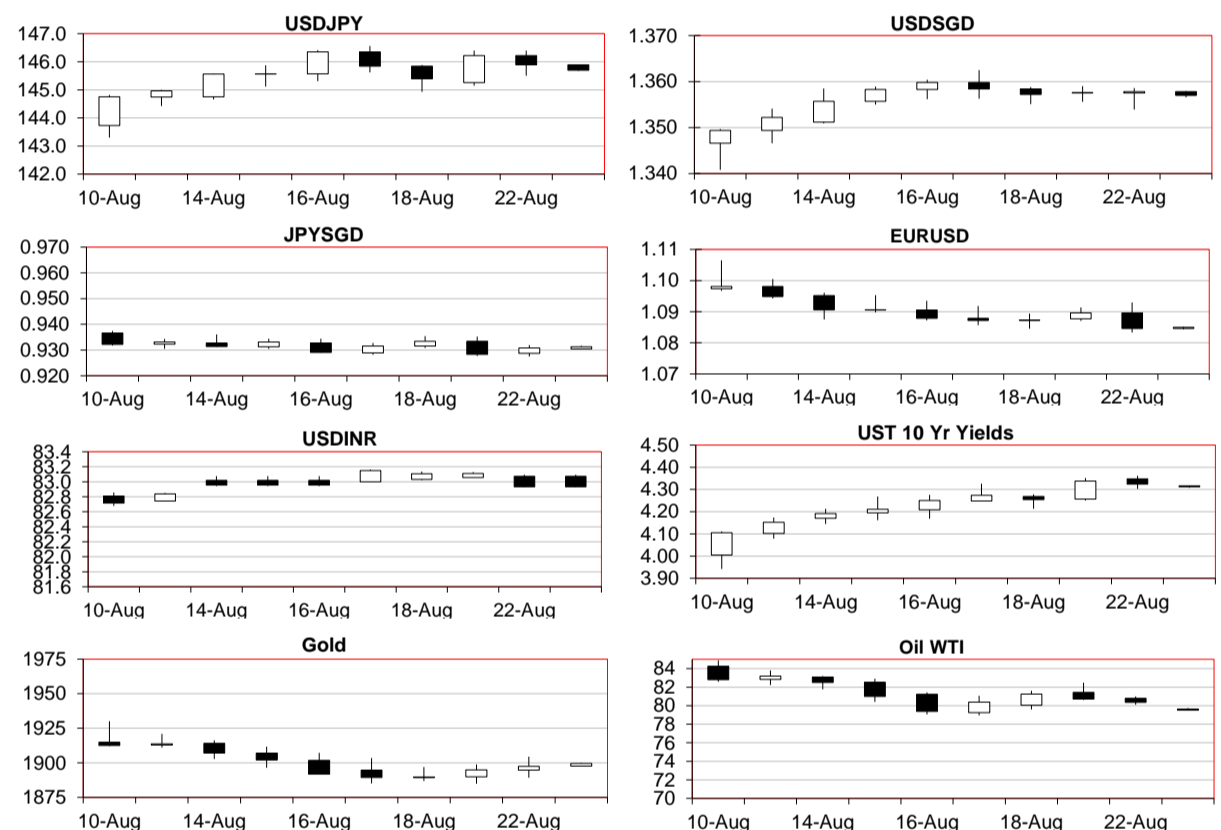
- Making the headlines was President Xi's attendance of the BRICS Summit (hosted by South Africa) dinner but giving the business forum a miss. Notably, President Xi was scheduled to deliver a speech at the forum, but had sent Commerce Minister Wang Wentao in his stead.

- Ostensibly, Beijing wants to convey nuanced messaging about initiating a global representation, not instigating of a revolt of the global order.

- As such, desiring the optics of a more organic shift to a multi-polar order involving other stakeholders in BRICS and beyond (courting the 'Global South').

OVERNIGHT RESULTS

(ID) Current Account Bal. (2Q): -\$1900m (Mkt: -268m; 1Q: \$3000m) | (US) Richmond Fed Mfg (Aug): -7 (Mkt:-10; Jul:-9)

*** Past Two Weeks Movement ***


- All the same, it does not distract from two can play the "de-coupling" game. Perhaps so. But the BRICS in the current shape and form is at best an economic backstop built on mutual trade and investment interests; not a viable, competing financial bloc challenging USD dominance.

BoK: Forced Hold

- While the BoK has often kept their options open for a further hike to 3.75% from the current 3.50%, the case for a hold at their upcoming meeting remains the stronger one.

- First, Q2 GDP at 0.9% YoY was an outright disappointment.

- Even on a sequential basis, the headline 0.6% QoQ SA expansion could not mask the ugly underlying details. Consumption (private and government) as well as investments contracted with only net exports growing. Even then, it was a case of severe import contraction which exceeded the lower export revenue that allowed the net exports expansion.

- Second, given KRW weakness, rates cuts in support of growth may rupture financial stability.

- In fact, the BoK may very well be desiring a rate hike to lean against diminished real rate differentials relative to the Fed and address still sticky core inflation at 3.3% and headline inflation which face threats from resurgent food prices driven by hot temperatures.

- Yet, given the external demand headwinds, raising rates even higher will conflict attempts by the FSC to provide more credit support to exporters.

- All in, the BoK will have to rely on the current low headline inflation print of 2.3% and stand pat. The implication is that the BoK cannot and will not give up their hawkish bias in their communications which they will be hoping leans against KRW weakness.

FX Daily Outlook

- EUR/USD: With 1.09 thwarted, EUR looks pressured to stay around mid-1.08.

- USD/JPY: Slight slippage should not be mistakenly extrapolated. Buoyed off 145.

- USD/SGD: Crawls higher par for the course as CNH unable to turn the tide.

- AUD/USD: Sideways just above 64 cents as commodity weakness ponder.

TODAY'S EVENTS

(JP) PMI-Mfg/Services (Aug P): 49.7/54.3 (Jul: 49.6/53.8)

(SG) CPI/Core YoY (Jul): (Mkt: 4.2%/3.8%; Jun: 4.5%/4.2%) | (TW) Industrial Production YoY (Jul): (Mkt: -14.2%; Jun: -16.6%)

(EZ) PMI - Mfg/Services (Aug P): (Mkt: 42.7/50.5; Jul: 42.7/50.9) | (EZ) Consumer Confidence (Aug P): (Mkt: -14.5; Jul: -15.1)

(US) New Home Sales (Jul): (Mkt: 704k; Jun: 697k)

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