

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	146.45	145.88	▼0.66	▼0.01
EUR	1.0820	1.0880	+0.0061	+0.0034
AUD	0.6438	0.6481	+0.0052	+0.0058
SGD	1.3545	1.3496	▼0.0064	▼0.0082
CNY	7.2902	7.2807	▼0.0082	▼0.0133
INR	82.70	82.71	+0.08	▼0.23
IDR	15260	15260	▼30	▼55
MYR	4.6478	4.6460	▼0.0090	▼0.0020
PHP	56.76	56.76	+0.18	+0.38
THB	35.17	35.13	▼0.13	+0.18

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.120%	▼8.2 bp	▼20.4 bp
JPY (10YR)	0.653%	▼1.1 bp	▼1.3 bp
EUR* (10YR)	2.510%	▼5.4 bp	▼13.5 bp
AUD (5YR)	3.873%	▼3.8 bp	▼11.6 bp
SGD (5YR)	3.561%	+34.1 bp	+36.2 bp
CNY (5YR)	2.420%	+0.9 bp	+5.7 bp
INR (5YR)	7.184%	+0.4 bp	▼1.2 bp
IDR (5YR)	6.301%	▼2.0 bp	▼4.2 bp
MYR (5YR)	3.594%	▼0.7 bp	▼5.2 bp
PHP (5YR)	6.042%	▼2.2 bp	▼5.0 bp
THB (5YR)	2.518%	▼0.3 bp	+1.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,852.67	+0.85%	+1.64%
N225 (JP)	32,226.97	+0.18%	+1.16%
STOXX 50 (EU)	4,326.47	+0.76%	+1.55%
ASX (AU)	4,067.20	+1.73%	+2.61%
STI (SG)	3,223.09	+0.29%	+2.00%
SHCOMP (CN)	3,135.89	+1.20%	+0.50%
SENSEX (IN)	65,075.82	+0.12%	▼0.22%
JSE (ID)	6,957.84	+0.52%	+0.60%
KLSE (MY)	1,454.44	+0.72%	+0.20%
PSE (PH)	6,225.00	+1.05%	+0.20%
SET (TH)	1,568.81	+0.37%	+1.50%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	279.79	+0.41%	+2.11%
COPPER (LME)	8,411.00	+1.10%	+0.96%
IRON ORE (CN)	109.23	▲0.05%	+0.55%
GOLD	1,937.54	+0.90%	+2.11%
OIL (WTI)	81.16	+1.32%	+1.01%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	145.99	EUR/USD	1.0869
USD/SGD	1.3500	USD/THB	35.03
JPY/SGD	0.9253	USD/MYR	4.635

Forecast

USD/JPY	145.50 - 146.60
EUR/USD	1.0770 - 1.0910
AUD/USD	0.6400 - 0.6500
USD/SGD	1.3480 - 1.3610
JPY/SGD	0.9195 - 0.9354
USD/CNH	7.2760 - 7.3180
USD/INR	82.45 - 83.00
USD/IDR	15220 - 15330
USD/MYR	4.630 - 4.663
USD/PHP	56.40 - 56.88
USD/THB	34.95 - 35.20

Today's Direction

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

Three Take-aways:

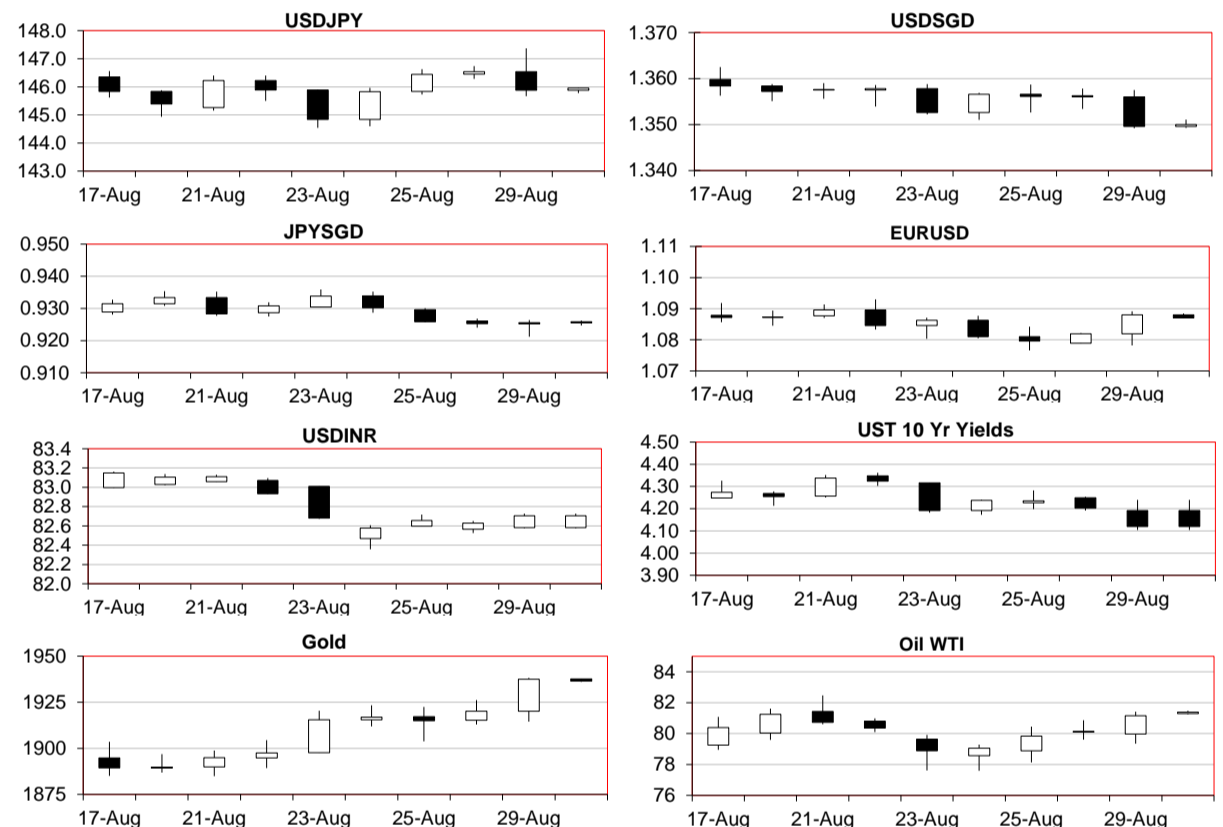
- 1) Lower job opening incite pivots bets as US equities rallied alongside plunging UST yields.
- 2) Plunging consumer confidence contrasting with lower perceived likelihood of recession signal caution.
- 3) Thailand's current account surplus set to soften as trade balances weaken.

Confidence or Caution?

- While **lower jobs opening** from the JOLTS report has incited **hopes of a cooling labour market**, the caveat is certainly in the difficulty of accurately estimating openings which dials back the reliability of interpreting the transmission effect on wage pressures.
- While hiring numbers are relatively more critical, it is rather **hard to forget the previous instances of ADP employment change (releasing tonight) differing from the end of week NFP**.
- To be clear, bets for pivots for been stepped up as **UST yields plunged** with 2Y yields leading with a **sharp 11bp fall while 10Y yields dropped 8.2bp**.
- On lower UST yields, **US equities rallied** (Nasdaq: +1.7%; S&P500: +1.5%; Dow: +0.9%).
- Admittedly, amid such risk sentiments, **distinguishing confidence around a soft landing and caution (haven demand) on impending recession risks** is a tough one. This was ironically reflected by Conference Board's report where **plunging confidence** (Jul: 114.0; Aug: 106.1) **contrasted** with underlying details of consumers having a **lower perceived likelihood of recession**.
- For FX, the **Greenback weakened** against most G10 peers as UST yields headed lower. That said, the DXY is still merely at levels seen a week ago. USD/JPY dropped towards 146.
- The EUR rising above mid-1.08 was unable to test 1.09. Similarly, the AUD hovering mid-64 cents faces a tough uphill climb. Point being, it remains far from being a smooth ride for USD bears.
- In EM-Asia, the USD/SGD dipped to around 1.35. A softer USD may provide relief for regional central banks but policy dilemmas are far from being resolved.
- China's **reported impending rate cuts on existing loans** and lowering avails consumer spending power and indeed provides debt relief may **not have similar multipliers** (to previous episodes) in such a confidence deficit environment.

OVERNIGHT RESULTS

(VN) CPI YoY (Aug): 3.0% (Mkt: 2.5%; Jul: 2.1%) | (VN) Ind Pdn YoY (Aug): 2.6% (Jul: 3.7%) | (VN) Exports/Imports YoY (Aug): -7.6%/-8.3% (Mkt: -9.5%/-9.9%; Jul: -3.5%/-9.9%) | (VN) Retail Sales YoY (Aug): 7.6% (Jul: 7.1%) | (US) Conference Board Consumer Confidence (Aug): 106.1 (Mkt: 116.0; Jul: 117.0) | (US) JOLTS Job Openings (Jul): 8827k (Mkt: 9450k; Jun: 9582k)

Past Two Weeks Movement


- Similarly, Vietnam's surging inflation and dismal industrial production has sharpened trade-offs for the SBV which has a challenging task of supporting growth amid an environment of dented confidence shrouded in uncertainty.

Thailand: Currents

- Thailand's **current account (releasing tomorrow) surplus for July** is expected to narrow from July's respectable US\$1.4bn.
- While we project the **services balance to have improved** in July given **strong tourist inflows and lower freight costs**, trade balance surplus is expected to be diminished at the margin.
- This is on account of a likely increase in import expenditures amid **sharply higher energy prices**. Furthermore, if a trade surplus were to result from the continued decline in imports of capital goods, the outlook is hardly optimistic.
- Meanwhile political currents may be calmer but the peacefulness may be fragile.
- On the back of their 11-party coalition, which included **two military link parties** United Thai Nation and Palang Pracharath, **Pheu Thai's Mr Srettha will be the next Prime Minister** as he was royally endorsed after securing the required votes in Parliament with a **majority of senators backing him**. Looking ahead, **fiscal worries** such as digital wallet transfer plans which could cost 3% of GDP add to concerns on coalition stability.
- That said, given the reported new Cabinet portfolio allocation which contains some of the current establishment related leadership, political stability may somewhat at equilibrium.

FX Daily Outlook

- EUR/USD: Testing 1.09 may be shallow as UST yields backed by structural supply and Fed hawks.
- USD/JPY: Wary of BoJ, pair may refrain from attempting mid 146.
- USD/SGD: China measure look to allow 1.35 consolidation.
- AUD/USD: CPI print may allow initial ventures towards 65 cents but durability suspect.

TODAY'S EVENTS

(AU) CPI YoY (Jul): (Mkt: 5.2%; Jun: 5.4%)
 (EZ) Consumer Confidence (Aug F): (Prelim: -16.0) | (US) ADP Employment Change (Aug): (Mkt: 195k; Jul: 324k) |
 (US) GDP Annualised QoQ (2Q S): (Mkt: 2.4%; Prev: 2.4%)

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