

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	146.92	147.72	+1.25	+1.84
EUR	1.0757	1.0722	▼0.0074	▼0.0158
AUD	0.6377	0.6379	▼0.0082	▼0.0102
SGD	1.3608	1.3613	+0.0064	+0.0117
CNY	7.2994	7.3033	+0.0287	+0.0226
INR	82.99	83.04	+0.29	+0.33
IDR	15270	15265	+25	+5
MYR	4.6624	4.6652	+0.0094	+0.0192
PHP	56.88	56.83	+0.19	+0.07
THB	35.45	35.46	+0.24	+0.33

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.260%	+8.1 bp	+14.0 bp
JPY (10YR)	0.658%	+1.4 bp	+0.5 bp
EUR* (10YR)	2.612%	+3.3 bp	+10.2 bp
AUD (5YR)	3.863%	+1.7 bp	▼1.0 bp
SGD (5YR)	3.123%	+1.2 bp	▼6.8 bp
CNY (5YR)	2.456%	▼0.5 bp	+3.6 bp
INR (5YR)	7.187%	+0.3 bp	+0.3 bp
IDR (5YR)	6.177%	+7.3 bp	▼12.4 bp
MYR (5YR)	3.600%	+0.4 bp	+0.6 bp
PHP (5YR)	6.126%	+7.9 bp	+8.4 bp
THB (5YR)	2.605%	+4.1 bp	+8.7 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,641.97	▼0.56%	▼0.60%
N225 (JP)	33,036.76	+0.30%	+2.51%
STOXX 50 (EU)	4,269.16	▼0.25%	▼1.32%
ASX (AU)	4,055.78	▼0.19%	▼0.28%
STI (SG)	3,226.83	▼0.37%	+0.12%
SHCOMP (CN)	3,154.37	▼0.71%	+0.59%
SENSEX (IN)	65,780.26	+0.23%	+1.08%
JSE (ID)	6,991.71	▼0.07%	+0.49%
KLSE (MY)	1,454.83	▼0.54%	+0.03%
PSE (PH)	6,225.00	+0.17%	+0.00%
SET (TH)	1,547.86	▼0.05%	▼1.34%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	284.92	+0.20%	+1.84%
COPPER (LME)	8,482.50	+0.54%	+0.85%
IRON ORE (CN)	117.54	+0.39%	+7.61%
GOLD	1,926.12	▲0.85%	▲0.59%
OIL (WTI)	86.69	+1.33%	+6.81%

**Three Take-aways:**

- 1) Enlarged corporate issuances drained liquidity, sent UST yields soaring and strengthened the USD.
- 2) OPEC+'s extended supply cut buoys oil prices and risks shattering demand recovery.
- 3) AUD weakness underscore CNH/China headwinds as Q2 GDP attempts mild expansion.

**Drained**

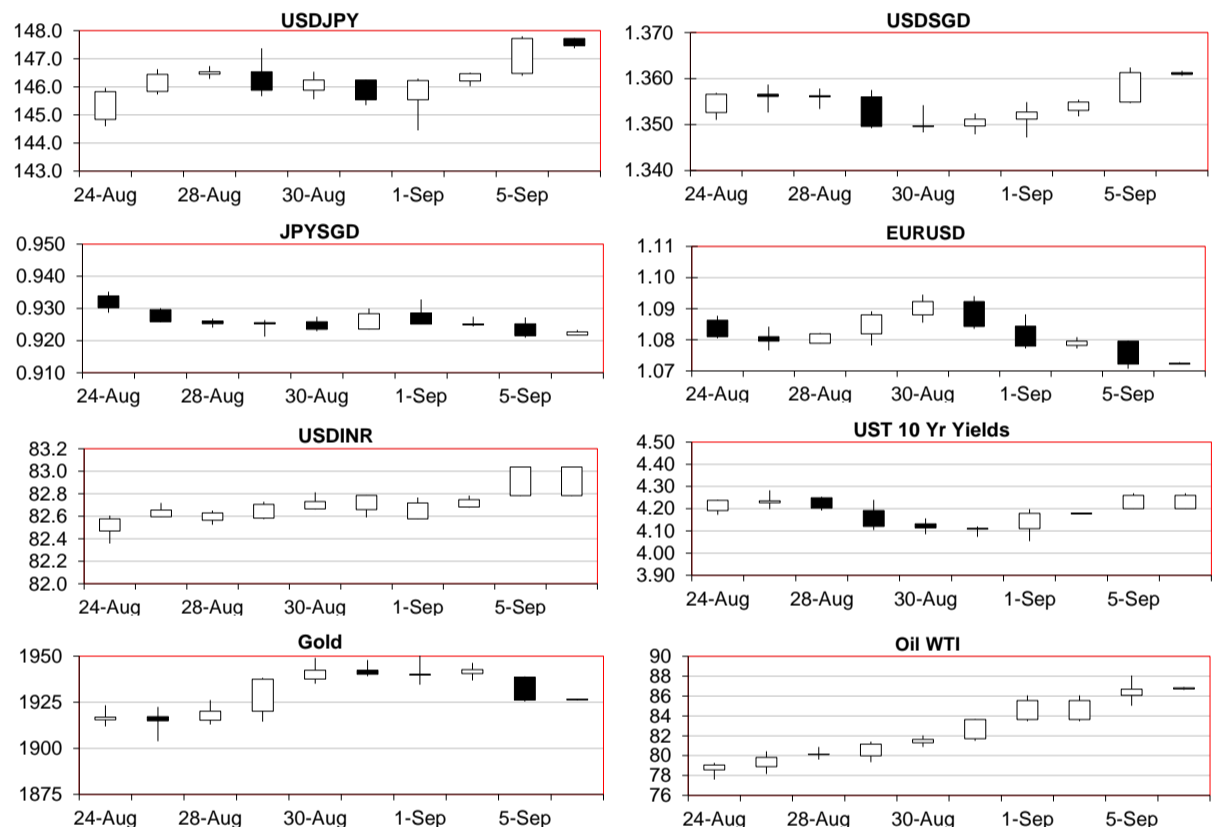
- Despite Fed's Waller sounding cautious and supportive of holding rates at the next meeting, significantly enlarged corporate debt issuances **drained liquidity** and sent UST yields surging. - Specifically, both 2Y and 10Y UST yields rose 8.1bps. Meanwhile, US equities also softened (Dow: -0.6%; S&P 500: -0.4%; Nasdaq: -0.1%) alongside OPEC+'s **extended supply drainage**. (See below) - Riding higher UST yields, the Greenback strengthened as **G10 peers looked rather lethargic**. - On that note, with **fading cheer** from China's stimulus and services PMI sinking deeper in contraction, EUR fell towards 1.07. USD/JPY soaring towards mid-147 has invited MOF's jawboning on possible intervention. Down Under, China's stimulus was also unable to excite the AUD as vulnerabilities to CNH weakness were laid bare with the AUD plunging below 64 cents. - The RBA's statement was very similar to that in August with one addition to highlight "uncertainties surrounding China's economy due to ongoing stresses in the property market". In EM-Asia, USD/SGD rose above 1.36. Regional peers look set to be subject to another bout of dwindling real returns.

**Oil: Bull in a China Shop**

- With Saudi and Russia maintaining the additional (1MBpD and 300KBpD respectively) "voluntary" supply cuts over and above already constrained OPEC+ output, there was an involuntary **bullish knee jerk lifting Brent above \$90**. There is little doubt that this is the outcome desired by Saudi for oil revenues to comfortably cushion fiscal objectives. - But Saudi's/OPEC's gambit is unleashing a bull in a China shop. Rather than **Beijing's desperate backstops lifting demand to support oil, high oil could adversely catalyse the shattering of fragile demand recovery**. The revival of energy inflation risk, beyond the first order volatile headline effects, risks wider pass-through and longer memory into inflation expectations.

**OVERNIGHT RESULTS**

(TH) CPI/Core YoY (Aug): 0.9%/0.8% (Mkt: 0.7%/0.8%; Jul: 0.4%/0.9%) | (PH) CPI YoY (Aug): 5.3% (Mkt: 4.7%; Jul: 4.7%) | (SG) Retail Sales/Ex Auto (Jul): 1.1%/0.4% (Mkt: 2.1%/--; Jun: 1.0%/2.3%) | (US) Durable Goods Orders/Non Def Ex Air (Jul F): -5.2%/0.1% (Prelim: -5.2%/0.1%) | (EZ) Services PMI (Aug F): 47.9 (Mkt: 48.3; Prelim: 48.3) | (EZ) PPI YoY (Jul): -7.6 (Mkt: -7.6%; Jun: -3.4%)

**Past Two Weeks Movement**

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

USD/JPY	147.46	EUR/USD	1.0725
USD/SGD	1.3609	USD/THB	35.45
JPY/SGD	0.9229	USD/MYR	4.661

**Forecast**

USD/JPY	146.00 - 148.00
EUR/USD	1.0700 - 1.0800
AUD/USD	0.6350 - 0.6480
USD/SGD	1.3550 - 1.3650
JPY/SGD	0.9155 - 0.9349
USD/CNH	7.2800 - 7.3200
USD/INR	82.80 - 83.20
USD/IDR	15220 - 15330
USD/MYR	4.650 - 4.680
USD/PHP	56.50 - 57.00
USD/THB	35.30 - 35.60

**Today's Direction**

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

- In turn, this could impose a slightly more hawkish integration of "higher for longer", that turns into a delayed credit tightening that sinks demand.

- By which time, acute sensitivities of Oil to downsize demand risks, flipping over from imposed supply buoyancy, could impose a punishingly sharper downside in prices. As a result of which Saudi will have to suffer a price and volume double whammy. There is something to be said about camels and last straws. One just didn't think that The OPEC would need a reminder of this.

**Australia Q2 GDP: Chugging Along?**

- Down Under, Q2 GDP growth is expected to come in lower than Q1's 2.3% mark. Nonetheless, the economic engines will still attempt to chug along and post a mild sequential expansion.

- With real retail sales posting another contraction in Q2, the third since Q4 2022, the picture of stretched households are increasingly hard to shake off.

- Similarly, while recovery in housing loan commitment is welcomed, the construction sector is still a ways off being upbeat as work done QoQ expansion in Q2 slowed

- Externally, trade surplus narrowed in Q2 as goods export revenue fell. While some of these effects are admittedly driven by a decline in the terms of trade amid lower commodity prices, softer demand from key trading partners point to net exports dragging growth.

- Yesterday's pause by the RBA will not deter the tide of rising mortgage servicing burdens on fixed rate expiry which will further drag on consumer spending.

- Economic expansion may come to a halt soon rather than later if external headwinds persist.

**FX Daily Outlook**

- EUR/USD: Like the Services PMI, the EUR looks pressured and will stay submerged below 1.08.

- USD/JPY: While buoyancy is the base case, intervention risks has risen with MOF jawboning.

- USD/SGD: Shallow attempts to slip below 1.36 will be made as PBoC attempts fixing CNH.

- AUD/USD: Pondering missing energy backstop worth opportunistic bids at mid-63 cents.

**TODAY'S EVENTS**

(AU) GDP YoY (2Q): (Mkt: 1.8%; Q1: 2.3%)

(TW) CPI/Core YoY (Aug): (Mkt: 2.1%/--%; Jul: 1.9%/2.7%) |

(EZ) Retail Sales MoM (Jul): (Mkt: -0.1%; -Jun: 0.3%) | (US) ISM Services Index (Aug): (Mkt: 52.5; Jul: 52.7)

(US) Trade Balance (Jul): (Mkt: -\$67.5b; Jun: -\$65.5b)

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