

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	148.26	148.37	+0.78	+0.52
EUR	1.0647	1.0653	▼0.0008	▼0.0004
AUD	0.6433	0.6441	+0.0025	+0.0009
SGD	1.3651	1.3652	▼0.0014	+0.0016
CNY	7.3009	7.2990	▼0.0074	+0.0232
INR	82.86	82.94	▼0.16	▼0.24
IDR	15385	15375	+0	+22
MYR	4.6874	4.6895	▼0.0038	+0.0062
PHP	56.80	56.80	▼0.06	▼0.02
THB	36.03	36.01	▼0.14	+0.20

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.434%	▼6.1 bp	+10.1 bp
JPY (10YR)	0.746%	+0.3 bp	+3.1 bp
EUR* (10YR)	2.739%	+0.2 bp	+6.4 bp
AUD (5YR)	4.076%	+0.2 bp	+21.3 bp
SGD (5YR)	3.312%	▼0.5 bp	+11.2 bp
CNY (5YR)	2.521%	+1.8 bp	+3.0 bp
INR (5YR)	7.182%	+2.9 bp	+1.4 bp
IDR (5YR)	6.406%	▼0.8 bp	+6.4 bp
MYR (5YR)	3.716%	▼0.3 bp	+8.1 bp
PHP (5YR)	6.128%	+3.4 bp	+0.6 bp
THB (5YR)	2.824%	+2.9 bp	+7.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,963.84	▼0.31%	▼1.89%
N225 (JP)	32,402.41	▼0.52%	▼3.37%
STOXX 50 (EU)	4,207.16	▼0.13%	▼2.05%
ASX (AU)	4,172.44	+0.03%	▼0.43%
STI (SG)	3,204.82	+0.06%	▼2.31%
SHCOMP (CN)	3,132.43	+1.55%	+0.47%
SENSEX (IN)	66,009.15	▼0.33%	▼2.70%
JSE (ID)	7,016.84	+0.36%	+0.49%
KLSE (MY)	1,450.23	+0.14%	▼0.60%
PSE (PH)	6,142.79	+0.79%	+0.27%
SET (TH)	1,522.59	+0.55%	▼1.26%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	285.99	+0.02%	▲1.25%
COPPER (LME)	8,161.74	+0.39%	▲2.26%
IRON ORE (CN)	121.97	+0.89%	▲1.13%
GOLD	1,925.23	+0.27%	+0.07%
OIL (WTI)	90.03	+0.45%	▼0.82%

**Three Take-aways:**

- 1) EZ PMIs remain in worrying territory despite the improvement in the services sector.
- 2) JPY attention switches focus to intervention: both level and pace of JPY weakness worth pondering.
- 3) Australia's CPI print which provides services update takes on renewed policy significance.

**Contraction or Convergence?**

- What is certain is that Eurozone PMI remain in contraction territory for September. That said, an uptick in Services PMI which bucked the downward convergence provides some relief in contrast to lower than expected manufacturing activity.

- In an acknowledgement to the economic uncertainty, ECB Chief Economist Philip Lane cited the need for data into next year and the need to look to the outcomes of the wage negotiation in early 2024 which "in turn at some point will unlock a kind of normalisation". Here, the timing and pace of normalisation is shrouded in uncertainty. EUR stayed weak and continue hovering around mid-1.06.

- Meanwhile, across the Atlantic, US manufacturing PMI in contraction showed some improvement while services converged downwards staying just above 50.

- The risk off sentiments continued to linger as US equities continued to slip. The USD also held some ground among G10 peers despite the lower UST yields. Nonetheless, the softer yields have given space for some commodity boost to be imparted onto the like of AUD and NOK.

- For the former, while consolidation around mid-64 cents may be base case for now, cautious testing of 65 cents may be allowed on mid-week CPI given the policy implications. (See below)

- JPY bulls retreated after the BoJ held onto their policy stance and gave little away on policy pivots. Repeatedly, Governor Ueda has alluded to heightened uncertainty and clarified that his earlier comments should be viewed as his stance of not ruling out policy options.

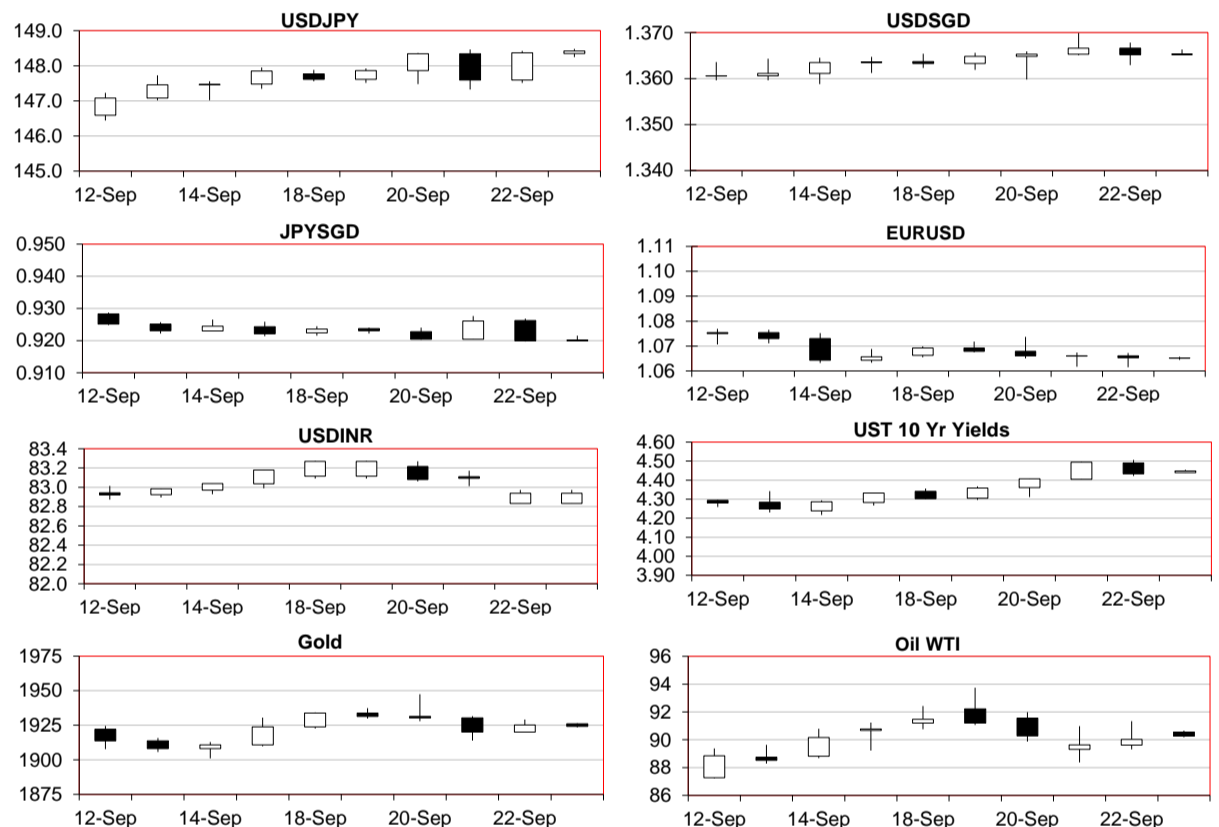
- USD/JPY rose back above 148 and switches focus back on intervention risks to stem volatility.

- Notably, the bar for intervention may have been pushed higher given the elevated UST yields on both ends combined with higher oil prices. However, the pace of JPY weakness thus far is also worth deep pondering after all volatility is also a key determinant.

- In EM-Asia, the USD/SGD continued trading around mid-1.36.

**OVERNIGHT RESULTS**

(MY) CPI YoY (Aug): 2.0% (Mkt: 2.0%; Jul: 2.0%) | (EZ) Mfg/Svs PMI (Sep P): 43.4/48.4 (Mkt: 44.0/47.6; Aug: 43.5/47.9)

**\* Past Two Weeks Movement \***

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

USD/JPY	148.44	EUR/USD	1.0648
USD/SGD	1.3659	USD/THB	35.99
JPY/SGD	0.9202	USD/MYR	4.687

**Forecast**

USD/JPY	147.00 - 149.00
EUR/USD	1.0600 - 1.0700
AUD/USD	0.6400 - 0.6500
USD/SGD	1.3620 - 1.3700
JPY/SGD	0.9141 - 0.9320
USD/CNH	7.2900 - 7.3400
USD/INR	82.80 - 83.45
USD/IDR	15360 - 15400
USD/MYR	4.680 - 4.705
USD/PHP	56.70 - 57.10
USD/THB	35.90 - 36.20

**Today's Direction**

	Bull	:	Bear
USD/SGD	3	:	3
USD/JPY	3	:	3

- While headline inflation is likely to remain elevated in Singapore, this is unlikely to directly translate into policy moves for the MAS considering the unrelenting external headwinds.

**RBA Minutes and Implications on Australia CPI**

- The upcoming August CPI print this Wednesday will be a critical input into the next RBA decision in early Oct. The RBA's latest minutes released on 19 Sept for their 5 Sept meeting provides several guide posts for thinking about the implication of this CPI print.

- First, while energy price shocks have tended to be dismissed as temporary or "non-core", RBA has explicitly alluded to petrol prices being an important input for household expectations.

- As such, it may serve us well not to overly discount upside surprises on headline inflation.

- Second, the RBA minutes reminds that during the September meeting, the July CPI data point has less information on services inflation.

- For example, the likes of restaurant meal, takeaway and fast food costs and hairdressing and grooming were imputed rather than updated. Consequently, there are stronger policy implications from the underlying services inflation details of this CPI print.

- The third point, while not entirely new, is the allusion to rising fuel prices alone increasing headline inflation in Q3. While the RBA had expected inflation to continue moderating, it remains to be seen if inflation printing on the upside would nudge projections off the "reasonable" timeframe. All said, while the RBA may be on course to hold, this CPI print has potential to nudge them off course.

**FX Daily Outlook**

- EUR/USD: EUR remains suppressed below 1.07 even if business climate improves in Germany.

- USD/JPY: Softer yields and milder oil price increases may restrain testing 149.

- USD/SGD: Buoyancy retained above 1.36 with CNH gains set to be checked.

- AUD/USD: Priming for CPI, consolidation off mid-64 cents continues.

**TODAY'S EVENTS**

(SG) CPI/Core YoY (Aug): (Mkt: 4.0%/--; Jul: 4.1%/3.8%)

(GE) IFO Business Climate (Sep): (Mkt:85.2; Aug: 85.7)

(US) Chicago Fed National Activity Index (Aug): (Mkt: Jul: 12.0%)

(US) Dallas Fed Mfg Activity (Sep): (Mkt-13.0; Aug: -17.2)

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