

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	149.90	150.23	+0.32	+0.30
EUR	1.0587	1.0566	▼0.0024	+0.0030
AUD	0.6357	0.6309	▼0.0046	▼0.0027
SGD	1.3686	1.3707	+0.0022	▼0.0027
CNY	7.3157	7.3172	+0.0061	+0.0007
INR	83.16	83.19	▼0.00	▼0.08
IDR	15875	15870	+20	+140
MYR	4.7792	4.7800	▼0.0055	+0.0330
PHP	56.86	56.86	+0.09	+0.15
THB	36.14	36.19	+0.02	▼0.09

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.955%	+13.2 bp	+4.0 bp
JPY (10YR)	0.859%	+0.8 bp	+5.0 bp
EUR* (10YR)	2.889%	+6.1 bp	▼3.5 bp
AUD (5YR)	4.374%	+7.9 bp	+8.6 bp
SGD (5YR)	3.278%	+0.9 bp	▼3.8 bp
CNY (5YR)	2.555%	▼4.5 bp	▼3.8 bp
INR (5YR)	7.334%	▼3.7 bp	▼2.5 bp
IDR (5YR)	7.126%	▼2.8 bp	+40.9 bp
MYR (5YR)	3.845%	+1.2 bp	+8.3 bp
PHP (5YR)	6.586%	+15.5 bp	+23.2 bp
THB (5YR)	2.972%	+0.8 bp	▼2.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,035.93	▼0.32%	▼1.87%
N225 (JP)	31,269.92	+0.67%	▼2.41%
STOXX 50 (EU)	4,073.35	+0.20%	▼0.79%
ASX (AU)	3,990.54	+0.18%	▼2.39%
STI (SG)	3,078.78	▼0.17%	▼1.84%
SHCOMP (CN)	2,974.11	+0.40%	▼2.77%
SENSEX (IN)	64,049.06	▼0.81%	▼2.77%
JSE (ID)	6,834.39	+0.41%	▼1.35%
KLSE (MY)	1,442.51	+0.48%	▼0.28%
PSE (PH)	6,054.50	+0.24%	▼3.41%
SET (TH)	1,401.70	+0.77%	▼2.51%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	283.10	+0.44%	▲0.95%
COPPER (LME)	7,958.50	▲0.33%	+0.72%
IRON ORE (CN)	118.41	+0.19%	+0.05%
GOLD	1,979.72	+0.44%	+1.65%
OIL (WTI)	85.39	+1.97%	▼3.32%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.10	EUR/USD	1.0566
USD/SGD	1.3724	USD/THB	36.24
JPY/SGD	0.9144	USD/MYR	4.791

Forecast

USD/JPY	149.30 - 150.40
EUR/USD	1.0520 - 1.0670
AUD/USD	0.6250 - 0.6380
USD/SGD	1.3650 - 1.3750
JPY/SGD	0.9076 - 0.9210
USD/CNH	7.3200 - 7.3380
USD/INR	83.00 - 83.30
USD/IDR	15840 - 15980
USD/MYR	4.766 - 4.820
USD/PHP	56.65 - 57.00
USD/THB	35.90 - 36.50

Today's Direction

	Bull	Bear
USD/SGD	8	1
USD/JPY	6	3

Three Take-aways:

- 1) Long end UST yields soared and sent US equities declining and USD gain traction.
- 2) Sight of higher UST yields, elevated gold and Brent crude underscores the lack of real geo-political relief.
- 3) ECB to keep policy on hold with a keen watch on energy prices implying retention of hawkish tones.

Long Term Pain

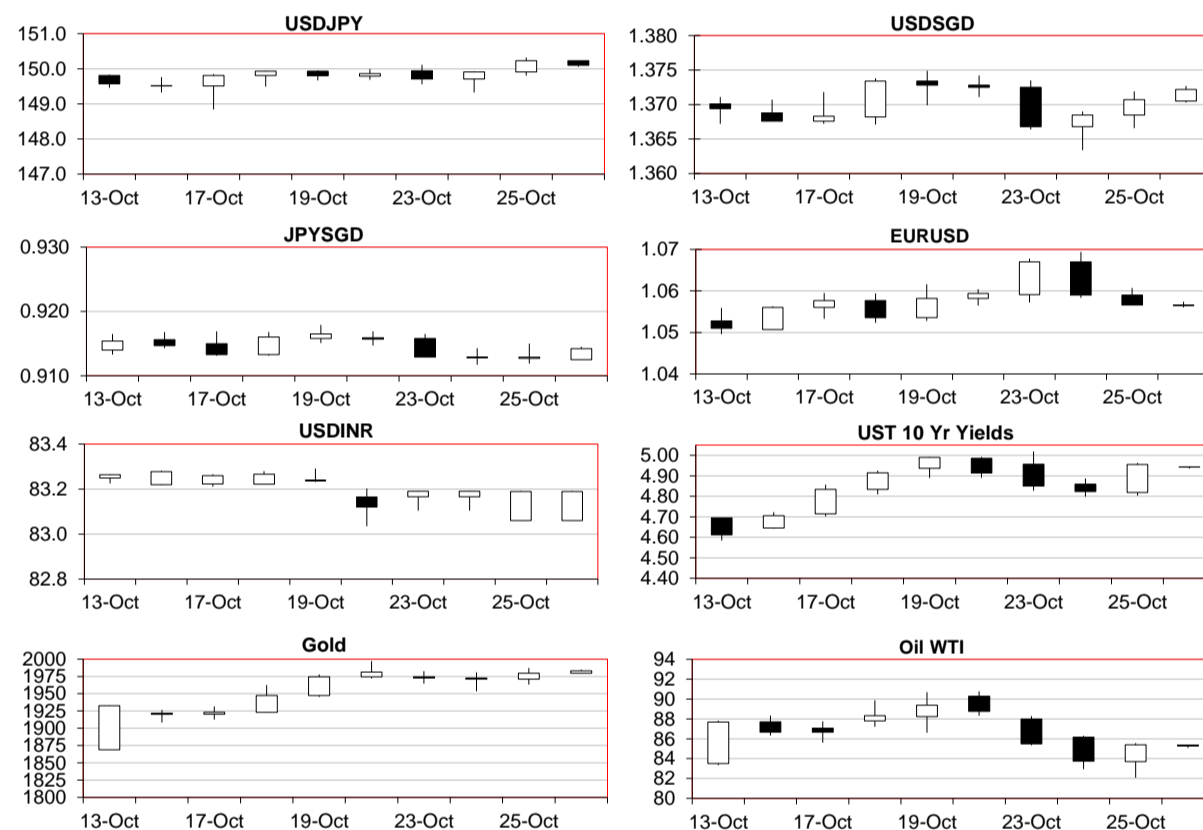
- UST yields bear steepened as longer end 10Y yields soared -13bp and 2Y yields rose -5bp.
- US exceptionalism was back on display as surging new homes sales back the need for the Fed's higher for longer stance. The durability of this economic optimism will be up for scrutiny tonight with expectations setting a high bar for Q3 US GDP.
- Admittedly, reports of Israel agreement for a delay of a ground invasion to secure return of hostages and deployment of US defense systems alleviated marginal haven demand.
- Nonetheless, the sight of higher UST yields, elevated gold, Brent crude and Greenback underscores the lack of conviction that a ground invasion will be averted in the longer term.
- Specifically, amid rejections of humanitarian pauses at the UN, US President Biden mentioned that he did not demand Israel to hold off on military operations and Israel Prime Minister Netanyahu told the country of preparations for a ground assault.
- Higher UST yields reflect the longer term financing needs alongside the raised possibility of higher inflation expectations on costly energy.
- Rising gold prices despite a backdrop of rising UST yields is revealing of the underlying haven tendencies. Similarly, Brent crude back above US\$90/barrel speaks to the lack of real de-escalation.
- Consequently, rising UST yields sent US equities spiraling downwards as the Nasdaq led losses with a 2.4% decline. Unsurprisingly, the USD rose against all G10 peers. The AUD was the worst performer as it failed to retain ground after Governor Bullock framed the upside CPI surprise for September as being about where they thought it was going to be.
- Ahead of ECB's decision tonight, the EUR edged lower towards mid-1.05. Given the substantial widening in UST-JGB yield differentials, the USD/JPY has rather inevitably rose above 150 amid a still restrained climb on intervention risks.

OVERNIGHT RESULTS

(AU) CPI YoY (Sep): 5.6% (Mkt: 5.3%; Aug: 5.2%) | (US) New Home Sales (Sep): 759k (Mkt: 682k; Aug: 675k)

(JP) Coincident Index / Leading Index CI (Aug F): 114.6/109.2 (Mkt: -; prev: 114.3/109.5)

(GE) IFO Business Climate / Expectations (Oct): 86.9/84.7 (Mkt: 86.0 / 83.5; Sep: 85.7 / 82.9)

*** Past Two Weeks Movement ***


- In EM-Asia, USD/SGD has risen above 1.37 alongside a weaker CNH.

ECB: A Pause, Not End

- The overhang of weak growth is likely to see the ECB pausing at their next policy meeting this evening. Concerns on weak growth appear to have gained traction since the ECB's growth downgrade in September, where the ECB observed that the contraction in manufacturing had spilled over to services.
- Recent remarks by Lagarde similarly revealed wariness on the delayed impact of monetary policy on growth, as well as weaker global economy amid heightened geo-political risks.
- A pause, if it materialises, would not signal the end of tightening as the ECB remains overtly focussed on inflation. A still-tight labour market and the latent risk of Oil's geo-political flare-up could potentially unmoor inflation expectations given surging gas and oil prices.
- The fact that the ECB had, in September, assessed inflation expectations to be anchored despite elevated data prints, and viewed it as "a major achievement", displays a keen intent on keeping expectations anchored.
- That said, at this juncture, the ECB does not have the necessary growth resilience to raise rates to pre-empt a resurgence of inflation; and will have to rely on on-going monetary policy transmission of cumulative hikes thus far.
- Nonetheless, utilisation of a wider set of policy tools may increasingly be a consideration into year-end.

FX Daily Outlook

- EUR/USD: ECB's hawkish hold unlikely to excite above mid-1.06 as growth worries mount.
- USD/JPY: Consolidation around 150 as wider UST-JGB yields trigger re-think of intervention levels.
- USD/SGD: Sideways around 1.37 as CNH weakness may persist.
- AUD/USD: With hopes of RBA hike dialed back, AUD to languish around 63 cents.

TODAY'S EVENTS

(KR) GDP YoY (3Q A): 1.4% (Mkt: 1.1%; 2Q: 0.9%)

(SG) Unemployment Rate SA (Sep): (Mkt: 2.0%; Aug: 1.9%) | (SG) Industrial Production YoY (Sep): (Mkt: -4.5%; Aug: -12.1%)

(US) Initial Jobless Claims: Unemploy (Mkt: 207k; Prev: 198k) | (US) GDP Annualized QoQ (3Q A): (Mkt: 4.5%; 2Q: 2.1%)

(US) Durable Goods Orders / Nondef Ex Air (Sep P): (Mkt: 1.8%/0.0%; 0.1%/0.9%)

Central Banks: ECB Monetary Policy Decision

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