

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.49	150.40	+0.17	+0.60
EUR	1.0548	1.0563	▼0.0003	▼0.0019
AUD	0.6307	0.6322	+0.0013	▼0.0007
SGD	1.3718	1.3695	▼0.0012	▼0.0033
CNY	7.3191	7.3168	▼0.0004	+0.0064
INR	83.24	83.23	+0.04	▼0.01
IDR	15920	15920	+50	+105
MYR	4.7883	4.7870	+0.0070	+0.0170
PHP	56.97	56.97	+0.11	+0.11
THB	36.27	36.25	+0.06	▼0.21

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.845%	▼11.0 bp	▼14.5 bp
JPY (10YR)	0.875%	+1.6 bp	+3.5 bp
EUR* (10YR)	2.861%	▼2.8 bp	▼7.0 bp
AUD (5YR)	4.481%	+10.7 bp	+10.2 bp
SGD (5YR)	3.315%	+3.7 bp	▼6.8 bp
CNY (5YR)	2.560%	+0.5 bp	▼6.4 bp
INR (5YR)	7.358%	+2.4 bp	▼2.1 bp
IDR (5YR)	7.169%	+4.3 bp	+29.0 bp
MYR (5YR)	3.871%	+2.6 bp	+7.6 bp
PHP (5YR)	6.575%	▼1.1 bp	+23.7 bp
THB (5YR)	2.975%	+0.3 bp	▼3.7 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,784.30	▼0.76%	▼1.89%
N225 (JP)	30,601.78	▼2.14%	▼2.64%
STOXX 50 (EU)	4,049.40	▼0.59%	▼1.00%
ASX (AU)	3,959.51	▼0.78%	▼2.03%
STI (SG)	3,071.31	▼0.24%	▼0.91%
SHCOMP (CN)	2,988.30	+0.48%	▼0.57%
SENSEX (IN)	63,148.15	▼1.41%	▼3.78%
JSE (ID)	6,714.52	▼1.75%	▼1.93%
KLSE (MY)	1,440.60	▼0.13%	▼0.14%
PSE (PH)	6,018.49	▼0.59%	▼3.23%
SET (TH)	1,371.22	▼2.17%	▼3.64%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	281.52	▲0.56%	▲2.03%
COPPER (LME)	7,911.00	▲0.60%	▲0.21%
IRON ORE (CN)	118.30	▲0.09%	▲0.66%
GOLD	1,984.71	+0.25%	+0.52%
OIL (WTI)	83.21	▼2.55%	▼6.89%

## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	150.36	EUR/USD	1.0564
USD/SGD	1.3688	USD/THB	36.23
JPY/SGD	0.9103	USD/MYR	4.786

### Forecast

USD/JPY	149.40 - 150.50
EUR/USD	1.0490 - 1.0630
AUD/USD	0.6240 - 0.6370
USD/SGD	1.3650 - 1.3750
JPY/SGD	0.9070 - 0.9203
USD/CNH	7.3050 - 7.3370
USD/INR	83.00 - 83.40
USD/IDR	15840 - 15990
USD/MYR	4.760 - 4.820
USD/PHP	56.65 - 57.20
USD/THB	36.00 - 36.60

### Today's Direction

	Bull	Bear
USD/SGD	5	3
USD/JPY	3	5

### Three Take-aways:

- 1) Geopolitics flare-up sent UST yields and equities plunging as risk aversion takes hold.
- 2) US growth upside surprise raises the risk of policy missteps on hawkish tendencies.
- 3) Easing of oil prices partially attributed to softer demand; risk to geopolitical flare-up remains.

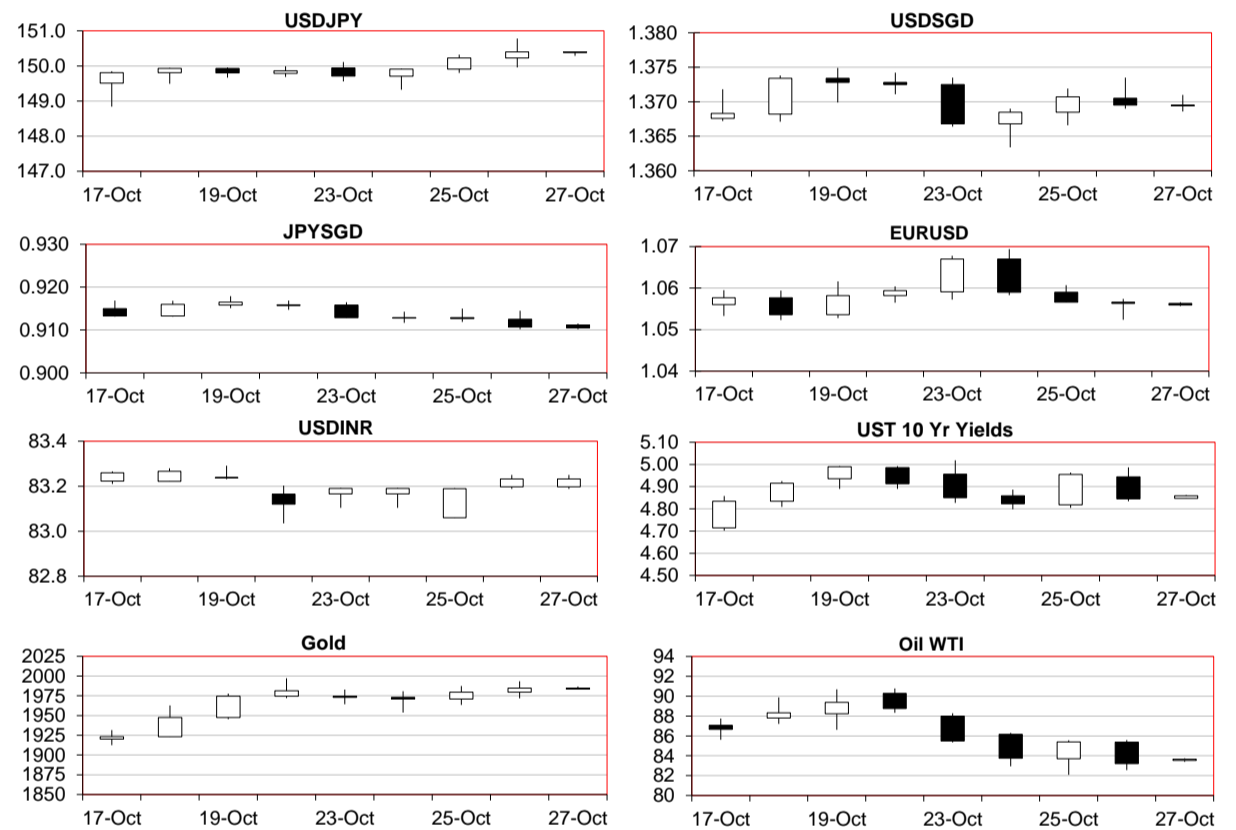
### Walk

- Israel's raid into northern Gaza sent investors seeking haven shelter. Consequently, **UST yields bull flattened** with 2Y yields falling -8bps while 10Y plunged -11bps.
- **Gold rose** after Yellen's remarks that the US was contemplating additional sanctions on Hamas, triggering fears that there could be a further blowup to the conflict.
- Despite the simmering tensions, **Brent crude fell** after reports that **US oil inventories rose**, showing **lighter than expected demand**. This though is not bona fide calm (See more below).
- **US equities stumbled** as investors fled for safety, (S&P: -1.2%; Dow: -0.8%; NASDAQ: -1.8%).
- Amid the risk aversion, **further evidence of US exceptionalism also helped backstop the USD against the lower UST yields**. Estimates of 3Q GDP registered 4.9%, beating expectations of 4.5% and was the strongest since end-2021. This increases the risk of policy missteps on raised hawkish tendencies.
- **Growth appears to be walking more on eggshells than on a solid footing**. Durable goods excluding defence and air transport was almost unchanged, with the outperformance of headline durable goods orders coming from volatile components.
- USD/JPY hovered around mid-150 levels following yesterday's volatile session, prompting reminders of BOJ intervention risks. AUD headed higher towards mid-63 cents.
- EUR remained around mid-1.05 on **ECB's pause**, a first after 10 consecutive hikes and was an unanimous decision. While further hikes remain a possibility, **ECB is increasingly walking a tight rope as economic data continues to disappoint to the downside**. The absence of any discussion on balance sheet reduction sent Euro yields down.
- In EM-Asia, SGD took relief from lower UST yields and USD/SGD headed below 1.37-levels.
- Elsewhere, **BSP walked the talk with a 25bps hike yesterday** on inflation risk concerns as the BSP introduced a risk-based inflation forecast, which stood at 4.7% for 2024 (prev: 4.3%).

### OVERNIGHT RESULTS

(SG) Unemployment Rate SA (Sep): 2.0% (Mkt: 2.0%; Aug: 1.9%) | (SG) Industrial Production YoY (Sep): -2.1% (Mkt: -4.5%; Aug: -12.1%)  
(US) Initial Jobless Claims: 210k (Mkt: 207k; Prev: 198k) | (US) GDP Annualized QoQ (3Q A): 4.9% (Mkt: 4.5%; 2Q: 2.1%)  
(US) Durable Goods Orders / Nondef Ex Air (Sep P): 4.7%/0.0% (Mkt: 1.9%/0.2%; Aug: -0.1%/0.5%)

### \* Past Two Weeks Movement \*



- BSP remains open to the possibility of another hike at the scheduled meeting on 17 Nov, which would be dependent on the Oct CPI print.

### Oil: Contingent Capitulation, Not Calm

- Admittedly, **Oil prices easing, to give back more than half the surge from Israel-Hamas trigger** (Brent pulling back from sub-\$94 to \$88, compared to -\$84 pre-Gaza) may tempt suggestions of **geo-political risks being alleviated**.
- But such **optimism is premature**, if not outright misguided.
- Point being, while Oil's decline is appreciable, it is not emphatic.
- Certainly **not sufficiently so to declare with any confidence that geo-political risk premium** associated with the Israel-Hamas conflict has meaningfully and durably dissipated.
- For one, **Oil's pullback has also coincided with disappointingly soft softer European PMIs**, suggesting at least **some softening from the demand side**; rather than being wholly attributable to war-related supply disruption threats being assuaged.
- Crucially, the **Oil's dip reflect Israel's hold-back on Gaza ground invasion**, it must be recognized as **contingent, calculated capitulation. Not a durable, bona fide calm**.
- The wider point here is that **"live" risks of a more uncontained conflict would be reflected in a heartbeat**. Especially, **if the fighting spills-over** more widely to involve Lebanon, Iran (by proxy of directly) amongst others, inevitably **threatening production or passage of Oil** in the region. Which is to say, **even if Oil softens back to \$75-90, it does not negate the dangers of \$100-120 surges amid geo-political flare-ups**. After all, "tail risks" fatten significantly on conflict.

### FX Daily Outlook

- EUR/USD: Hover around mid-1.05 on growth concerns.
- USD/JPY: Kept around mid-150 on further intervention risks.
- USD/SGD: Around 1.37 levels absent a flare-up in geopolitics risks.
- AUD/USD: Optimism of Chinese stimulus next week could provide support above 63 cents.

### TODAY'S EVENTS

(AU) PPI YoY (3Q): (Mkt: -, 2Q: 3.9%)  
(US) U. of Mich. Sentiment (Oct F): (Mkt: 63.0; prev: 63.0)  
(US) PCE / Core Deflator YoY (Sep): (Mkt: 3.4%/3.7%; Aug: 3.5%/3.9%)  
(US) U. of Mich. 1Y/5-10Y Inflation (Oct F): (Mkt: 3.8%/3.0%; prev: 3.8%/3.0%)  
(US) Personal Income / Spending (Sep): (Mkt: 0.4%/0.5%; 0.4%/0.4%)

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