

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.25	151.68	+2.58	+1.77
EUR	1.0622	1.0575	▼0.0040	▼0.0015
AUD	0.6360	0.6337	▼0.0037	▼0.0018
SGD	1.3662	1.3697	+0.0054	+0.0012
CNY	7.3183	7.3164	+0.0054	+0.0053
INR	83.25	83.26	+0.00	+0.06
IDR	15885	15885	▼5	+35
MYR	4.7648	4.7632	▼0.0003	▼0.0223
PHP	56.74	56.73	▼0.23	▼0.04
THB	35.94	35.94	▼0.02	▼0.23

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.931%	+3.7 bp	+10.8 bp
JPY (10YR)	0.947%	+5.5 bp	+9.6 bp
EUR* (10YR)	2.806%	▼1.6 bp	▼2.2 bp
AUD (5YR)	4.539%	+4.2 bp	+24.4 bp
SGD (5YR)	3.284%	▼0.2 bp	+1.5 bp
CNY (5YR)	2.538%	▼1.6 bp	▼6.2 bp
INR (5YR)	7.345%	▼1.6 bp	▼2.6 bp
IDR (5YR)	7.045%	▼3.7 bp	▼10.9 bp
MYR (5YR)	3.890%	+0.0 bp	+5.7 bp
PHP (5YR)	6.646%	▼2.2 bp	+21.5 bp
THB (5YR)	2.889%	▼1.3 bp	▼7.5 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,052.87	+0.38%	▼0.27%
N225 (JP)	30,858.85	+0.53%	▼0.66%
STOXX 50 (EU)	4,061.12	+0.81%	▼0.10%
ASX (AU)	3,954.35	▼0.01%	▼0.72%
STI (SG)	3,067.74	+0.11%	▼0.52%
SHCOMP (CN)	3,018.77	▼0.09%	+1.91%
SENSEX (IN)	63,874.93	▼0.37%	▼1.08%
JSE (ID)	6,752.21	+0.24%	▼0.80%
KLSE (MY)	1,442.14	+0.20%	+0.45%
PSE (PH)	5,973.78	+0.20%	▼1.09%
SET (TH)	1,381.83	▼1.00%	▼0.66%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	281.15	+0.14%	▲0.25%
COPPER (LME)	8,029.00	▲0.49%	+0.55%
IRON ORE (CN)	118.91	▲0.05%	+0.62%
GOLD	1,983.88	▲0.61%	+0.66%
OIL (WTI)	81.02	▼1.57%	▼3.25%

Three Take-aways:

- 1) Cautious relief on a still-contained conflict allow for US equities recovery.
- 2) UST yields moved higher on higher employment costs and higher auctions size; DXY rose.
- 3) Fed to pause as strong US growth imparts caution on confidence in taming inflation.

Complacency and Caution

- The appearance of a contained Israel-Hamas war has **tempted complacency**. US equities rose (S&P: +0.7%; Dow: +0.4%; NASDAQ: +0.5%), gold fell below US\$1900/ounce, and Brent Crude fell below \$86/bbl. That said, with the Greenback retaining traction, this resembles a case of **cautious relief**, rather than unbridled optimism especially with a looming FOMC this evening.

- Notably, 2Y UST yields rose after the Employment Cost Index's (Fed's preferred measure of wage gains) upside surprise, **dampening hopes of a dovish Fed. Certainly not complacent on US fiscal risks**, 10Y UST yields followed on expectations of higher auction sizes in the announcements due today.

- The DXY headed above mid-105 in part due to a weaker JPY. USD/JPY pushed above 151 after BOJ's modest tweak to YCC (with 1% mark on 10Y yields being a reference point to allow flexible bond buying) disappointed JPY bulls. Nonetheless, the **MoF is far from being relaxed as jawboning on intervention** was dialled up this morning.

- EUR lost ground on weak GDP growth and a softer headline CPI print affirms the ECB's pause. EUR weakness **also spillovered to AUD and SGD**. AUD fell below mid-0.63 cents while USD/SGD soared above 1.37. China's factory activity falling back into contraction in October alongside moderating services expansion signal caution for EM-Asia's growth pick-up after recent GDP upside in Taiwan and Korea.

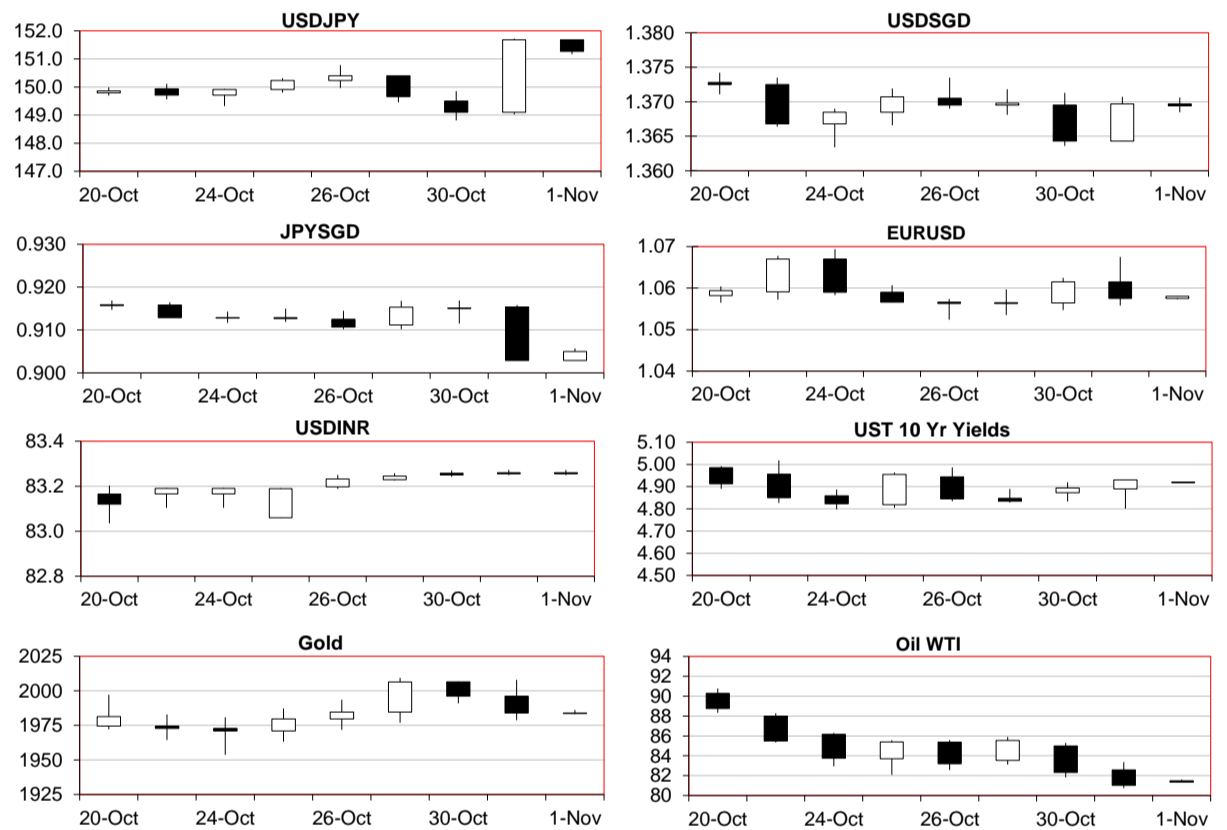
FOMC: November Rain

- The Fed is **poised to hold steady** at this meeting that kicks off November. Expectations are almost ubiquitous with *Fed Fund futures pricing* in a mere 2% probability of a hike. Apparently, **despite exceptionally strong US economic data** (in sharp contrast to faltering cross-Atlantic activity), from **stunning Q4 GDP out-run** (4.9% QoQ annualized) to the **inimitably resilient US consumer**, **November FOMC is raining on the hawk parade**.

OVERNIGHT RESULTS

(TW) GDP YoY (3Q A): 2.3% (Mkt: 2.1%; 2Q: 1.4%) | (CH) Mfg/ Non-Mfg PMI (Oct): 49.5/50.6 (Mkt: 50.2/51.5; Nov: 52.0/51.7)
(TH) Current Account Balance (Sep): \$3406m (Mkt: \$2100m; Aug: \$401m) | (EZ) CPI/Core YoY (Oct): 2.9%/4.2% (Mkt: 3.1%/4.2%; -/4.55) | (EZ) GDP SA YoY (3Q A): 0.1% (Mkt: 0.2%; 2Q: 0.8%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	151.31	EUR/USD	1.0578
USD/SGD	1.3696	USD/THB	36.12
JPY/SGD	0.9050	USD/MYR	4.767

Forecast

USD/JPY	148.60 - 151.90
EUR/USD	1.0500 - 1.0690
AUD/USD	0.6290 - 0.6400
USD/SGD	1.3640 - 1.3760
JPY/SGD	0.8980 - 0.9260
USD/CNH	7.3200 - 7.3600
USD/INR	83.18 - 83.31
USD/IDR	15750 - 15950
USD/MYR	4.750 - 4.780
USD/PHP	56.60 - 57.10
USD/THB	35.80 - 36.25

Today's Direction

	Bull	Bear
USD/SGD	7	1
USD/JPY	5	3

- Partly, this **"love** (for ensuring sufficiently tight policy) **restrained"** may reflect **caution amid geo-political uncertainty** that has flared; especially given how **"far and fast"** rate hikes have come have **bought the Fed policy space for a "hawkish skip**.

- And so **"when I hold"** Fed will have markets **"know (the Fed) feels the same"** on remnant **hawkish bias; with higher odds of, although not base case for Dec or Jan hike**.

- But **"nothing lasts forever ..."**. **Not even inflation worries amid geo-political shocks**.

- Notably, Fed Chair Powell expressing **greater confidence about the cooling job markets**; citing comfort about **wage-price spiral risks being dialled-back** as openings-to-seekers re-balance and wage increments on job change begin to cool.

- By extension attendant **need for aggressive tightening will also not last**.

- **"And we both** (Fed and markets) **know hearts can change"**. Just look at surging yields doing the effective tightening for the Fed, which has changed a few hawkish hearts about just how much more (if any further) rate hikes might be required; despite interim "US exceptionalism".

- To be sure, geo-political risks flaring along with oil complicate the interactions between cost shocks and subsequent consumption pullback on eroded discretionary income.

- So, **nothing is cast in stone on policy**. But **"it is hard to hold** (an aggressively hawkish) **candle in the cold November rain"**. Nonetheless, despite rising odds of Fed hawks being done with hikes, USD and UST yield ascendancy could continue as this Fed's skip in the context of economic out-run out-hawks of other G10 central bankers.

FX Daily Outlook

- EUR/USD: Weak growth and hawkish Fed dominates to trend below mid-1.05.
- USD/JPY: Momentum above mid-151 levels limited on heightened intervention risks.
- USD/SGD: Buoyed around 1.37 levels on cautious sentiments ahead of FOMC.
- AUD/USD: Further PMI weakness risk slippages to test 63 cents.

TODAY'S EVENTS

(AU) Mfg PMI (Oct F): 48.2 (Mkt: -, prev: 48.0) | (KR) Exports / Imports YoY (Oct): 5.1%/-9.7% (Mkt: 6.1%/-2.1%; -4.4%/-16.5%)
(CH) Caixin Mfg PMI (Oct): (Mkt: 50.8; Nov: 50.6)
(ID) CPI/Core YoY (Oct): (Mkt: 2.6%/2.0%; Sep: 2.3%/2.0%) | (US) JOLTS Job Openings (Sep): (Mkt: 9400k; Aug: 9610k)
(US) ISM Manufacturing / Prices Paid (Oct): (Mkt: 49.0/45.0; Sep: 49.0/43.8)

Central Banks: FOMC Monetary Policy Decision

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