

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.34	149.39	▼1.06	▼0.27
EUR	1.0629	1.0731	+0.0109	+0.0166
AUD	0.6442	0.6513	+0.0079	+0.0178
SGD	1.3626	1.3543	▼0.0105	▼0.0155
CNY	7.3152	7.2754	▼0.0389	▼0.0420
INR	83.27	83.29	+0.03	+0.04
IDR	15728	15728	▼129	▼212
MYR	4.7350	4.7270	▼0.0232	▼0.0512
PHP	56.07	56.11	▼0.62	▼0.85
THB	35.77	35.71	▼0.21	▼0.51

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.572%	▼8.7 bp	▼26.2 bp
JPY (10YR)	0.926%	+0.0 bp	+4.5 bp
EUR* (10YR)	2.645%	▼7.2 bp	▼18.7 bp
AUD (5YR)	4.378%	▼4.3 bp	▼7.0 bp
SGD (5YR)	3.162%	▼5.6 bp	▼14.0 bp
CNY (5YR)	2.524%	+0.2 bp	▼4.3 bp
INR (5YR)	7.296%	▼1.4 bp	▼5.4 bp
IDR (5YR)	6.834%	▼9.8 bp	▼26.9 bp
MYR (5YR)	3.786%	+0.3 bp	▼10.4 bp
PHP (5YR)	6.602%	▼4.5 bp	▼6.5 bp
THB (5YR)	2.872%	▼1.5 bp	▼9.7 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,061.32	+0.66%	+5.07%
N225 (JP)	31,949.89	+0.00%	+3.09%
STOXX 50 (EU)	4,174.67	+0.12%	+3.99%
ASX (AU)	4,028.19	▼0.14%	+2.42%
STI (SG)	3,143.66	+1.98%	+2.67%
SHCOMP (CN)	3,030.80	+0.71%	+0.43%
SENSEX (IN)	64,363.78	+0.44%	+0.91%
JSE (ID)	6,788.85	+0.55%	+0.44%
KLSE (MY)	1,449.93	+0.71%	+0.56%
PSE (PH)	5,989.27	+0.26%	+0.46%
SET (TH)	1,419.76	+1.12%	+2.27%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	281.77	▲0.17%	▲1.17%
COPPER (LME)	8,095.70	+0.39%	+0.82%
IRON ORE (CN)	125.39	+0.32%	+5.48%
GOLD	1,992.65	+0.35%	▲0.68%
OIL (WTI)	80.51	▼2.36%	▼5.88%

Three Take-aways:

1) Softer wage momentum and lower non-farm payrolls reignited Fed pivot bets and UST yields plunging.
 2) While USD was duly beaten down, lower ISM services pointing to recession risks imply uneasy USD rollover.

3) While RBA may look set for a hike, pondering a small step may still be a worthwhile calibration.

Beaten and Rolling Over?

- Last friday, **lower non-farm payrolls and higher unemployment rate had UST bears beaten up and US equities surging.** Notably, UST 2Y yields plunged 15.1bps while 10Y yields sank 8.7bp.

- Notably, despite a lower labour force participation which ought to have aid the headline unemployment figure, an uptick in unemployment may have been telling of the overestimated employment strength in previous months given the downward revisions.

- While those on Fed pivot ticket have reasonable ground of relief looking at lower than expected wage momentum, **growth risks amid disappointing ISM and labour market imply that USD bulls which admittedly took a beating last friday is far from rolling over.**

- While EUR was sent up above 1.07, a similar uptick of unemployment rate in EZ is reminder that diminishing US exceptionalism does not necessarily come with growth optimism across the Atlantic. USD/JPY sank toward mid-149; AUD ascended above 65 cents while USD/SGD dipped below mid 1.35.

- Global growth worries perhaps have also risen to the fore in commodities as **Brent crude's descended back towards \$85** amid a backdrop of geo-political tensions. That said, OPEC+ is certainly not rolling over as they reaffirmed supply cuts till the end of the year.

RBA: Calibration Thoughts?

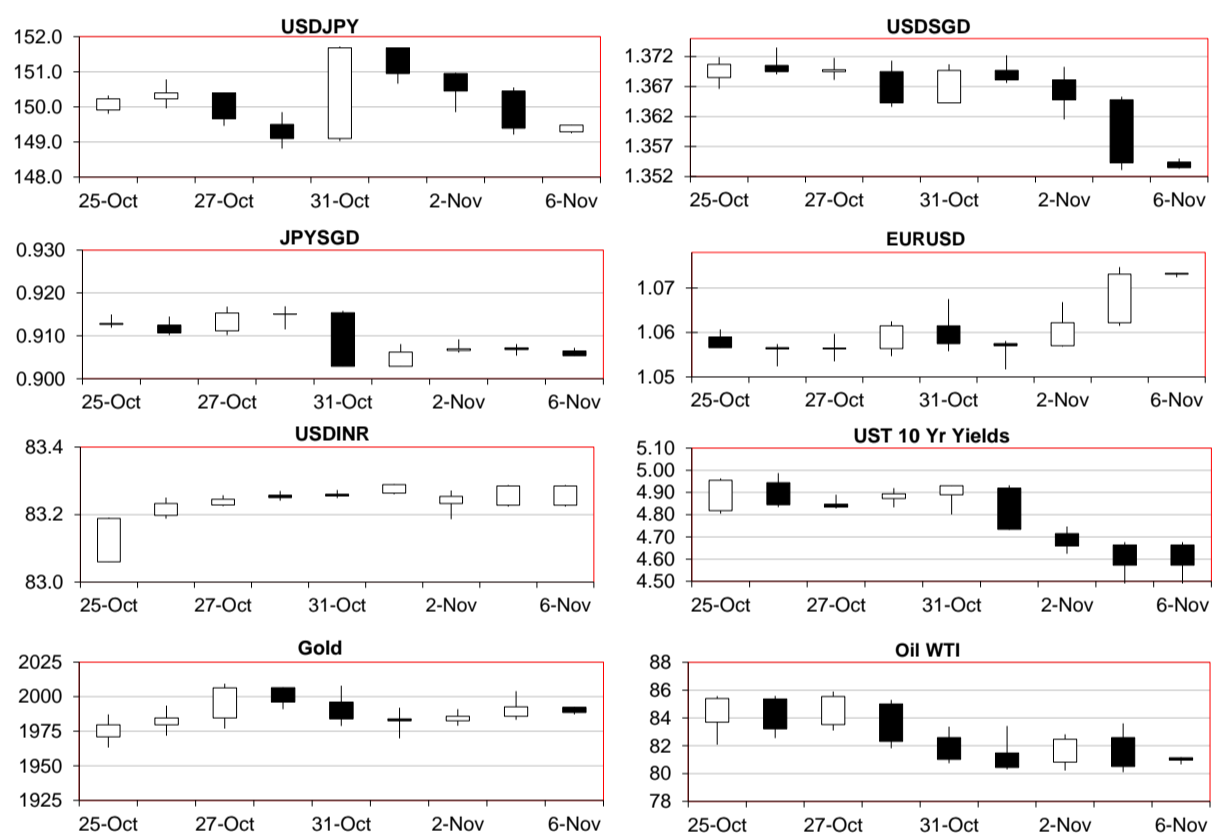
- Admittedly, while the consensus is for a 25bp rate hike, it is perhaps **time for the RBA to consider a 15bps calibration** which ought to surface as an option for deliberation at their 7 November meeting.

- First, it is important to **reconcile** the upside print to September (and Q3) inflation (3Q: 1.2%; Expectations: 1.1%) with various associated RBA responses. Prior to the inflation print, Governor Bullock espoused a low tolerance to a **material change in inflation outlook.**

OVERNIGHT RESULTS

(CH) BoP Current Account Balance (3Q P): \$62.6b (Mkt: -; prev: \$64.7b) | (CH) Caixin Services PMI (Oct): 50.4 (Mkt: 51.0; prev: 50.2)
 (SG) Retail Sales / Ex Auto YoY (Sep): 0.6%/0.5% (Mkt: 1.6%/-; Aug: 4.0%/3.7%) | (US) Nonfarm Payrolls / Unemployment Rate (Oct): 150k/3.95%(Mkt: 180k/3.8%; Sep: 336k/3.8% Revised: 297k) | (US) ISM Services Index (Oct): 51.8 (Mkt: 53.0; Sep: 53.6)

(EZ) Unemployment Rate (Sep): 6.5% (Mkt: 6.4%; Aug: 6.4%)

Past Two Weeks Movement*

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	149.47	EUR/USD	1.0732
USD/SGD	1.3536	USD/THB	35.52
JPY/SGD	0.9056	USD/MYR	4.680

Forecast

USD/JPY	149.00 - 150.00
EUR/USD	1.0520 - 1.0750
AUD/USD	0.6420 - 0.6550
USD/SGD	1.3500 - 1.3600
JPY/SGD	0.9000 - 0.9128
USD/CNH	7.3000 - 7.3500
USD/INR	83.15 - 83.31
USD/IDR	15650 - 15800
USD/MYR	4.670 - 4.740
USD/PHP	55.90 - 56.90
USD/THB	35.40 - 35.90

Today's Direction

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

- After the inflation outturn, the Governor testified at Senate and generated a lot of buzz as she said that the monthly September print "we thought it was going to be about where it came out" and "there were no surprises" with her caveat being that these are **immediate impressions.** That said, taking a deeper look at the Senate transcript, one main reason for the lack of surprise was that they already knew the fuel prices were rising and expected services inflation to be persistence.

- Nonetheless, the **lack of a surprise at the testimony (26 Oct) does not exclude a shift in the inflation forecasts/outlook which was done in August.**

- Afterall, the Governor did end her response with " for what exactly this means.... take the information away... think about our own forecasts for that" and her explicit answer to whether the CPI print was material was "We're still thinking about that".

- In our view, headline inflation edging up is likely to **nudge the trajectory for headline inflation's return to the RBA's target range further out.**

- On its own, this **may not be enough to nudge the RBA.**

- However, with real retail sales staging a mild recovery, this may be one of Governor Bullock's indicators to look at "how is demand going?" as she espoused the importance of looking at how demand is interacting with on-going supply side factors in determining interest rate directions.

- All in, a 15bps hike may be the calibration to look for at this meeting. While patience is a virtue, one (small) step at a time may also be thoughtful progress.

FX Daily Outlook

- EUR/USD: Above 1.07 consolidation for now as dovish Fed bets persist

- USD/JPY: Lower UST yields may allow suppression below 150

- USD/SGD: Regional peers gain may allow consolidation around mid-1.35.

- AUD/USD: RBA looming may allow buoyancy above 65 cents.

TODAY'S EVENTS

(ID) GDP YoY (3Q): (Mkt: 5.0%; 5.2%)

(TH) CPI/Core YoY (Oct): (Mkt: 0.1%/0.6%; Sep: 0.3%/0.6%)

(EZ) Sentix Investor Confidence (Nov): (-20.7/-21.9)

(EZ) Services PMI (Oct F): (Mkt: 47.8; 47.8)

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