

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	149.71	150.07	+0.68	+0.97
EUR	1.0734	1.0718	▼0.0013	+0.0103
AUD	0.6505	0.6489	▼0.0024	+0.0115
SGD	1.3514	1.3506	▼0.0037	▼0.0137
CNY	7.2814	7.2702	▼0.0052	▼0.0408
INR	83.22	83.22	▼0.07	▼0.03
IDR	15539	15538	▼190	▼352
MYR	4.6527	4.6430	▼0.0840	▼0.1205
PHP	55.88	55.92	▼0.20	▼1.05
THB	35.45	35.50	▼0.21	▼0.47

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.643%	+7.1 bp	▼25.1 bp
JPY (10YR)	0.883%	▼4.3 bp	▼0.9 bp
EUR* (10YR)	2.739%	+9.4 bp	▼8.3 bp
AUD (5YR)	4.367%	▼1.1 bp	▼13.0 bp
SGD (5YR)	3.121%	▼4.1 bp	▼16.5 bp
CNY (5YR)	2.528%	+0.4 bp	▼2.6 bp
INR (5YR)	7.281%	▼1.5 bp	▼8.0 bp
IDR (5YR)	6.698%	▼13.6 bp	▼38.4 bp
MYR (5YR)	3.729%	▼5.7 bp	▼15.2 bp
PHP (5YR)	6.571%	▼3.1 bp	▼9.7 bp
THB (5YR)	2.838%	▼3.4 bp	▼6.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,095.86	+0.10%	+3.54%
N225 (JP)	32,708.48	+2.37%	+6.55%
STOXX 50 (EU)	4,158.64	▼0.38%	+3.24%
ASX (AU)	4,020.77	▼0.18%	+1.67%
STI (SG)	3,180.53	+1.17%	+3.79%
SHCOMP (CN)	3,058.41	+0.91%	+1.22%
SENSEX (IN)	64,958.69	+0.92%	+1.32%
JSE (ID)	6,878.84	+1.33%	+2.12%
KLSE (MY)	1,464.67	+1.02%	+1.77%
PSE (PH)	6,078.03	+1.48%	+1.95%
SET (TH)	1,417.21	▼0.18%	+1.53%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	281.89	+0.04%	+0.40%
COPPER (LME)	8,157.74	+0.77%	+1.10%
IRON ORE (CN)	126.08	+0.55%	+5.98%
GOLD	1,978.14	▲0.73%	▲0.90%
OIL (WTI)	80.82	+0.39%	▼1.81%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	149.99	EUR/USD	1.0718
USD/SGD	1.3511	USD/THB	35.53
JPY/SGD	0.9008	USD/MYR	4.635

Forecast

USD/JPY	149.00 - 150.40
EUR/USD	1.0580 - 1.0800
AUD/USD	0.6420 - 0.6550
USD/SGD	1.3450 - 1.3600
JPY/SGD	0.8943 - 0.9128
USD/CNH	7.2400 - 7.3200
USD/INR	82.90 - 83.30
USD/IDR	15300 - 15800
USD/MYR	4.610 - 4.690
USD/PHP	55.40 - 56.60
USD/THB	35.10 - 35.80

Today's Direction

	Bull	Bear
USD/SGD	2	2
USD/JPY	2	2

Three Take-aways:

- 1) UST yields rose and DXY strengthened; equities rally lost momentum, revealing jittery markets.
- 2) USD/JPY tested 150 again as Governor Ueda re-iterates gradualism on policy.
- 3) Persistent inflation on fresh cost shocks could see tighter policy to temper demand.

Silence Speaks Volumes

- On a quiet calendar day, **silence can speak volumes**. After the sharp fall in UST yields last week, the UST yield curve bear flattened, with the 10Y yields climbing -7bps while 2Y climbed >9bps ahead of a slate of corporate debt sales and a series of auctions beginning Tuesday.

- The **market appears to be revealing jitters after Friday's rally and paring back hopes of policy pivot**. After all, there remains much to be worried about, with OPEC+ sustaining cuts weighing on oil concerns and the Israel-Hamas conflict increasingly looking to become a protracted war. Against the backdrop of higher yields and stronger Greenback, the **rally in equities was tempered** (S&P500: 0.2%; Dow: 0.1; NASDAQ: 0.3%).

- Furthermore, **Senior Loan Officers Survey** showed tighter credit standards and weaker loan demand persisted at US banks, which suggest **on-going financial tightening** effects of the Fed's cumulative hikes.

- The USD strengthened against G10 currencies. Amid higher UST yields, the EUR could not hold above mid-1.07 even as investor confidence was better than expected

- USD/JPY tested 150 levels again on higher UST yields as BoJ Governor Ueda signalled its unlikely policymakers will have the data needed to declare by year-end that it's time to put an end to negative interest rates.

- USD/SGD stay buoyed above the 1.35 handle, while AUD weakened against the USD to under 65 cents and will need to rely on an RBA hike today to backstop further slide below mid-64 cents.

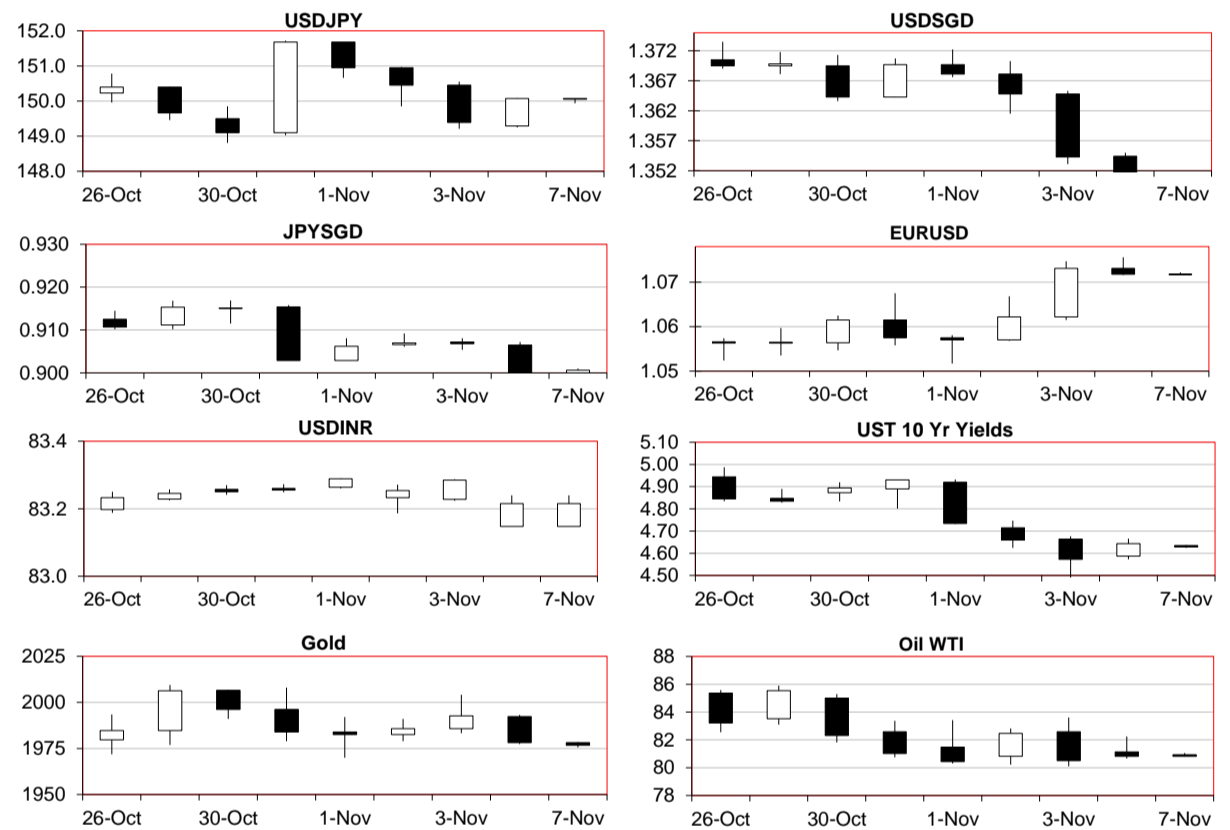
Inflation Relief & Risks: The Good, The Bad & The Ugly

"When you have to shoot, shoot. Don't talk." - *Tuco, The Good, The Bad & The Ugly, 1966*

- **The Good**: What's **unambiguously positive** is that **global upstream cost factors** in aggregate suggest that **inflation has decisively peaked**; as **post-pandemic normalization** has significantly ameliorated **acute supply-chain kinks** that had amplified a conspiracy of cost shocks.

OVERNIGHT RESULTS

(ID) GDP YoY (3Q): 4.9% (Mkt: 5.0%; 5.2%) | (TH) CPI/Core YoY (Oct): -0.3%/0.7% (Mkt: 0.1%/0.6%; Sep: 0.3%/0.6%) | (EZ) Sentix Investor Confidence (Nov): 100.1 (Mkt: 100.0; 100.0) | (US) Services PMI (Oct F): 47.8 (Mkt: 47.8; 47.8)



- Moreover, significant dis-inflation is predominantly **from healthy supply-side adjustments**; which are **accretive for economic activity**.

- **The Bad**: But significant as **dis-inflation** may be, it is simply **insufficient**. Fact is, **price pressures** are **uncomfortably elevated**; at about double 2% targets. Crucially, **susceptibility to fresh flares of cost shocks, fuelled by intensifying geo-political risk**, warn of **stickier inflation**; as **dis-inflation** is **neither uninterrupted nor unimpeded**. Moreover, **low visibility on inflation risks** ahead after **being wrong-footed by no-so-transitory inflation surge** incentivizes **hawkish over-correction**. So, the **pain of demand destruction** may be deemed **unavoidable panacea to tame inflation**.

- **The Ugly**: What's **ugly** thing is, **despite ultimately deflationary (demand-side)** consequences of adverse, income-eroding cost shocks, the **tyranny of interim over-tightening** becomes harder to avert. Especially **as a conspiracy of political sensitivities to the cost-of-living crisis** and **macro stability risks** amplify pressures to visibly tackle **persistent inflation risks**. As a result, the **odds of lurching from lofty inflation to the depths of a recession rise, punctuated by policy dilemma**.

- **Policy, Yield & FX**: Consequently, **risks of sharper policy inflection** are magnified; **accentuating volatility in UST yields**. That said, **relatively higher US buffer to war-related energy price shocks** juxtaposed against **US exceptionalism** (economic resilience), underpin **USD strength**. In particular, as the **Fed is deemed to be better equipped to "just shoot"**.

FX Daily Outlook

- EUR/USD: Range trading above 1.07 on still light data calendar.
- USD/JPY: Resistance above 150 on possible intervention risks.
- USD/SGD: Dip below 1.35 should signs of exports recovery in Asia peers continue.
- AUD/USD: Hawkish rhetoric and RBA hike could provide support and enable re-testing 65 cents.

TODAY'S EVENTS

(CH) Exports/Imports YoY (Oct): (Mkt: -3.8%/-5.0%; Sep: -6.2%/-6.3%) | (MY) Industrial Production YoY (Sep): (Mkt: -0.1; Sep: -0.3%) | (PH) CPI YoY (Oct): (Mkt: 5.6%; Sep: 6.1%) | (PH) Exports/Imports YoY (Sep): (Mkt: -4.7%/-9.0%; Aug: 4.2%/-13.1%) | (TW) Exports/Imports YoY (Oct): (Mkt: 0.0%/-15.2%; Sep: 3.4%/-12.2%) | (TW) CPI/Core YoY (Oct): (Mkt: 2.8%/-; Sep: 2.9%/2.5%) | (TW) PPI YoY (Oct): (Mkt: -; Sep: 0.0%) | (EZ) Retail Sales MoM (Sep): (Mkt: -0.2%; Aug: -1.2%) | (JP) COincident Index/Leading Index CI (Sep P): (Mkt: 114.7/108.8; prev: 114.6/109.2)

Central Bank Decisions: RBA

Important Information

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

Singapore: Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

Japan: Mizuho is authorised and regulated by the Financial Services Agency of Japan.

United Kingdom / European Economic Area: In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.