

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.48	150.37	+0.30	▼1.31
EUR	1.0697	1.0700	▼0.0018	+0.0125
AUD	0.6425	0.6436	▼0.0053	+0.0099
SGD	1.3543	1.3544	+0.0038	▼0.0153
CNY	7.2843	7.2800	+0.0098	▼0.0364
INR	83.27	83.27	+0.05	+0.01
IDR	15635	15630	+92	▼255
MYR	4.6736	4.6700	+0.0270	▼0.0932
PHP	56.15	56.13	+0.22	▼0.60
THB	35.59	35.56	+0.07	▼0.38

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.567%	▼7.7 bp	▼36.4 bp
JPY (10YR)	0.884%	+0.1 bp	▼6.3 bp
EUR* (10YR)	2.658%	▼8.1 bp	▼14.8 bp
AUD (5YR)	4.342%	▼2.5 bp	▼19.7 bp
SGD (5YR)	3.131%	+1.0 bp	▼15.3 bp
CNY (5YR)	2.541%	+1.3 bp	+0.3 bp
INR (5YR)	7.246%	▼3.5 bp	▼9.9 bp
IDR (5YR)	6.723%	+2.5 bp	▼32.2 bp
MYR (5YR)	3.713%	▼1.6 bp	▼14.1 bp
PHP (5YR)	6.566%	▼0.5 bp	▼8.0 bp
THB (5YR)	2.834%	▼0.4 bp	▼5.5 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,152.60	+0.17%	+3.33%
N225 (JP)	32,271.82	▼1.34%	+4.58%
STOXX 50 (EU)	4,153.37	▼0.13%	+2.27%
ASX (AU)	4,017.63	▼0.08%	+1.60%
STI (SG)	3,173.81	▼0.21%	+3.46%
SHCOMP (CN)	3,057.27	▼0.04%	+1.28%
SENSEX (IN)	64,942.40	▼0.03%	+1.67%
JSE (ID)	6,843.79	▼0.51%	+1.36%
KLSE (MY)	1,463.37	▼0.09%	+1.47%
PSE (PH)	6,131.32	+0.88%	+2.64%
SET (TH)	1,408.30	▼0.63%	+1.92%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.72	▲2.19%	▲1.93%
COPPER (LME)	8,157.74	+0.00%	+1.60%
IRON ORE (CN)	125.26	▲0.65%	+5.34%
GOLD	1,969.45	▲0.44%	▲0.73%
OIL (WTI)	77.37	▼4.27%	▼4.51%

Three Take-aways:

- 1) Global demand concerns alongside higher US oil production sent oil price dropping.
- 2) Brent crude's decline alongside hawkish Fed speak assisted the Greenback despite lower UST yields.
- 3) PHP's recent reliance partly on BSP intervention to be watched if benign October inflation is temporal.

Loose Conditions?

- Brent crude's **swift and slippery slide to below US\$82/barrel** is in part corroborating with our view that much of crude oil's ascendancy has been supply engineered by OPEC+ as **global demand concerns surfaced** from China's trade data. Specifically, **China's exports growth printed below expectations signalling weakness in its final demand markets** such as the EZ and US.

- That said, **surging crude oil production in the US** since August has also play a part in dampening the existing supply reduction by the OPEC+.

- Consequently, the **impact of the oil price decline** was felt in FX as the NOK underperformed alongside the likes of AUD and the CAD.

- The AUD slipping below mid-64 cents was also due to a widely expected hike of 25bp **being accompanied by a dovish tweak** to the policy statement from "some further tightening of monetary policy may be required" to "whether further tightening of monetary policy is required".

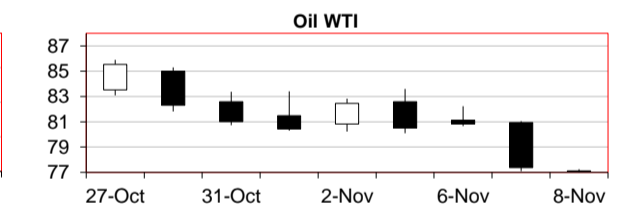
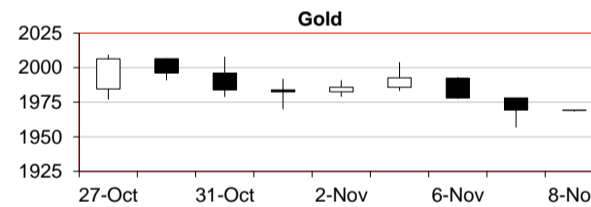
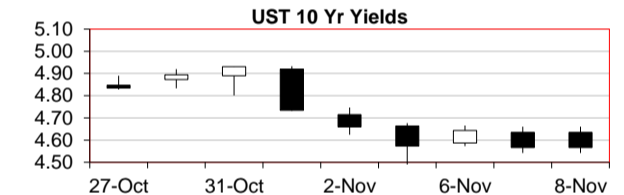
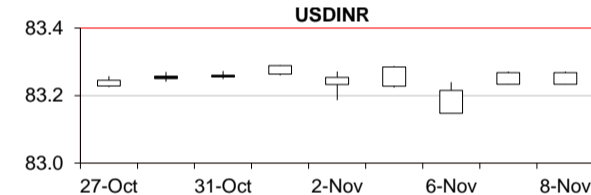
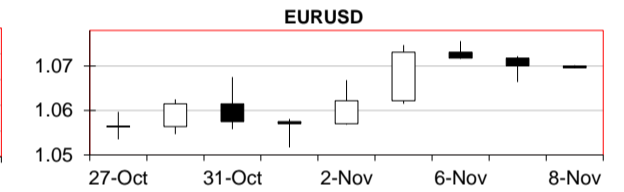
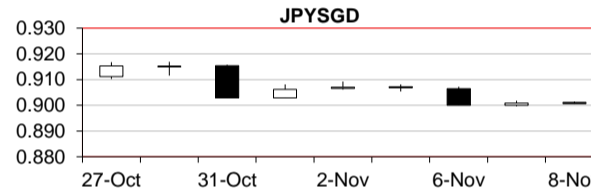
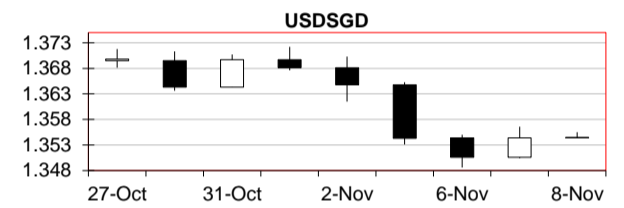
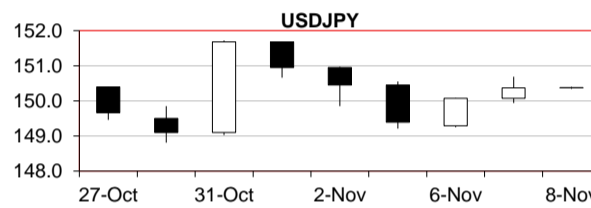
- Notably, **despite lower UST yields**, all G10 peers fell against the Greenback with the USD/JPY rising back above 150 and EUR suppressed below 1.07; USD/SGD hovering around mid-1.35.

- This congruent with persistence of hawkish Fed talk from the likes of Fed Governor Bowman who expects to **increase the Fed funds rate** further to bring inflation back to target and in turn backstopped the slide of front end UST yields (2Y: -1.7bp).

- Talking about persistence, 10Y UST yields slid another 7.7bps to stay below 4.6%, a steep drop of more than 35bps since pre-FOMC last week underscored the point that **snapshot of elevated yields ought not to dictate monetary policy** as persistence of yields also play an important role in tightening financial conditions. Evidently, the **looser financial conditions continued to buoy US equities**.

OVERNIGHT RESULTS

(CH) Exports/Imports YoY (Oct): -6.4%/3.0% (Mkt: -3.5%/-5.0%; Sep: -6.2%/-6.3%) | (MY) Industrial Production YoY (Sep): -0.5% (Mkt: -0.1%; Sep: -0.3%) | (PH) CPI YoY (Oct): **4.9% (Mkt: 5.6%; Sep: 6.1%)** | (PH) Exports/Imports YoY (Sep): -6.3%/-14.7% (Mkt: -4.7%/-9.0%; Aug: 4.2%/-13.1%) | (TW) Exports/Imports YoY (Oct): -4.5%/-12.3% (Mkt: 0.0%/-15.2%; Sep: 3.4%/-12.2%) | (TW) **CPI/Core YoY (Oct): 3.1%/2.5% (Mkt: 2.8%/-; Sep: 2.9%/2.5%)** | (TW) PPI YoY (Oct): (-0.3% Mkt: -; Sep: 0.0%) | (EZ) PPI YoY (Sep): -12.4% (Mkt: -12.5%; Aug: -11.5%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.39	EUR/USD	1.0696
USD/SGD	1.3545	USD/THB	35.52
JPY/SGD	0.9007	USD/MYR	4.668

Forecast

USD/JPY	150.00 - 151.00
EUR/USD	1.0580 - 1.0740
AUD/USD	0.6380 - 0.6470
USD/SGD	1.3520 - 1.3600
JPY/SGD	0.8954 - 0.9067
USD/CNH	7.2600 - 7.3200
USD/INR	83.20 - 83.30
USD/IDR	15580 - 15700
USD/MYR	4.640 - 4.690
USD/PHP	55.80 - 56.40
USD/THB	35.30 - 35.80

Today's Direction

	Bull	:	Bear
USD/SGD	2	:	4
USD/JPY	3	:	3

PHP: Resilience or Reliance?

- The PHP has been surprisingly resilient since Sept FOMC unlike the likes of the IDR or MYR which saw bouts of weakness. **Afterall**, growth in all likelihood will **fall short achieving the government's target growth rate of 6%**. Furthermore, **portfolio outflows observed in September** after two months of overall portfolio inflow in addition to **moderating remittances growth**.

- In addition, with inflation arguably still utterly sticky, despite 450bps cumulative rate increases, the Philippines still has **relative low real rates** compared to their historical 2019 levels.

- Admittedly, a **plausible reason** behind the PHP's strength is that **higher frequency indicators suggest mild alleviation in Philippines' "twin deficit" problem** in Q3. While better than expected fiscal revenue collection may have provided breathing room to the goal of **fiscal consolidation**, rising expenditures remain concerning. Moreover, **current account deficit could narrow** given the **smaller trade deficit** from slower contraction of exports while import compression continues.

- Admittedly, a key aspect of PHP strength may have **been reliance on BSP's intervention**. BSP Governor Remolona (on Sept 25) had signalled **intervention at USD/PHP 57 to curb excessive speculation**. As such, the **PHP had warded off bouts of weakness** experienced by regional peers. All in, **the PHP had to rely on timely BSP actions** on top of marginal "twin account" gains to lean against several external headwinds.

- Looking ahead, while October's headline CPI print which eased to 4.9% (Sept: 6.1%) on lower food inflation is a benign one, the **BSP has clearly signalled a vigilance to second round effects**.

FX Daily Outlook

- EUR/USD: Revaluation of weak EZ consumers look to restrain recovery to mid-1.07.
- USD/JPY: Softer UST yields to aid consolidation below 151.
- USD/SGD: China weakness to sustain buoyancy above 1.35.
- AUD/USD: Diminished RBA prospects exposes AUD to sub-64 cents as commodity and China weigh.

TODAY'S EVENTS

(KR) BoP Current Account Balance (Sep): (Mkt: -; Aug: \$4809.8m) |
 (PH) Unemployment Rate (Sep): (Mkt: -; Aug: 4.4%)
 (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 Banks: Fed's Williams Speaks

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