

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.92	151.35	+0.37	+0.90
EUR	1.0705	1.0668	▼0.0041	+0.0046
AUD	0.6415	0.6367	▼0.0035	▼0.0067
SGD	1.3563	1.3604	+0.0040	▼0.0044
CNY	7.2854	7.2846	+0.0085	▼0.0297
INR	83.28	83.29	+0.01	+0.03
IDR	15671	15655	+5	▼202
MYR	4.6880	4.6932	+0.0112	▼0.0570
PHP	55.86	55.87	▼0.17	▼0.86
THB	35.49	35.58	▼0.01	▼0.34

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.624%	+13.2 bp	▼3.5 bp
JPY (10YR)	0.838%	▼1.9 bp	▼8.8 bp
EUR* (10YR)	2.647%	+3.0 bp	▼7.0 bp
AUD (5YR)	4.223%	▼2.1 bp	▼19.8 bp
SGD (5YR)	3.060%	▼6.2 bp	▼15.8 bp
CNY (5YR)	2.525%	▼0.7 bp	+0.3 bp
INR (5YR)	7.244%	▼0.7 bp	▼6.6 bp
IDR (5YR)	6.735%	▼0.2 bp	▼19.7 bp
MYR (5YR)	3.671%	▼1.5 bp	▼11.2 bp
PHP (5YR)	6.380%	▼14.1 bp	▼26.7 bp
THB (5YR)	2.749%	▼5.7 bp	▼13.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,891.94	▼0.65%	+0.16%
N225 (JP)	32,646.46	+1.49%	+2.18%
STOXX 50 (EU)	4,229.20	+1.21%	+1.43%
ASX (AU)	4,047.13	+0.77%	+0.33%
STI (SG)	3,135.32	+0.18%	+1.71%
SHCOMP (CN)	3,053.28	+0.03%	+1.46%
SENSEX (IN)	64,832.20	▼0.22%	+1.17%
JSE (ID)	6,838.23	+0.50%	+1.29%
KLSE (MY)	1,452.27	▼0.37%	+0.87%
PSE (PH)	6,188.22	+0.54%	+3.59%
SET (TH)	1,404.97	▼0.48%	+0.07%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.38	▲0.00%	▲3.14%
COPPER (LME)	8,058.50	+0.00%	▲0.07%
IRON ORE (CN)	127.14	+0.18%	+1.72%
GOLD	1,958.55	+0.43%	▲1.37%
OIL (WTI)	75.74	+0.54%	▼8.15%

Three Take-aways:

- 1) Fed Chair Powell's warning sent UST yields and USD surging, US equities on the backfoot.
- 2) The pound weakened as BoE chief economist said that it was not that case that we need to raise rates.
- 3) US Treasury report provides reminder of FX sales in EM-Asia during earlier period of USD strength.

Leading

- Fed Chair Powell's warning on not being mis-led by a few good months of data delivered a dose of sobriety for markets after the recent recovery in sentiments.

- Notably, just over a single day, markets have reduced by their implied (via Fed funds futures) extent of rate cuts expected by end-2024 by ~11bps. Specifically, markets are still pricing in about 90bps of rate cuts by end-2024.

- Amid a slew of Fed speakers, it was Fed Chair Powell's timely reminder which led UST yields to soar emphatically with 2Y yields climbing ~9bp to head above 5% while the 10Y surged ~15bp.

- Consequently, the tech-heavy Nasdaq being the most interest rate sensitive led losses with a 0.9% decline alongside the S&P500 and Dow dropping 0.8% and 0.7% respectively.

- The Greenback also took leadership amid the rising UST yields as it gained against all G10 peers. Across the Atlantic, with the BoE's chief economist Pill stating rather clearly that it is not the case that we need to raise rates to bear down inflation, the pound underperformed.

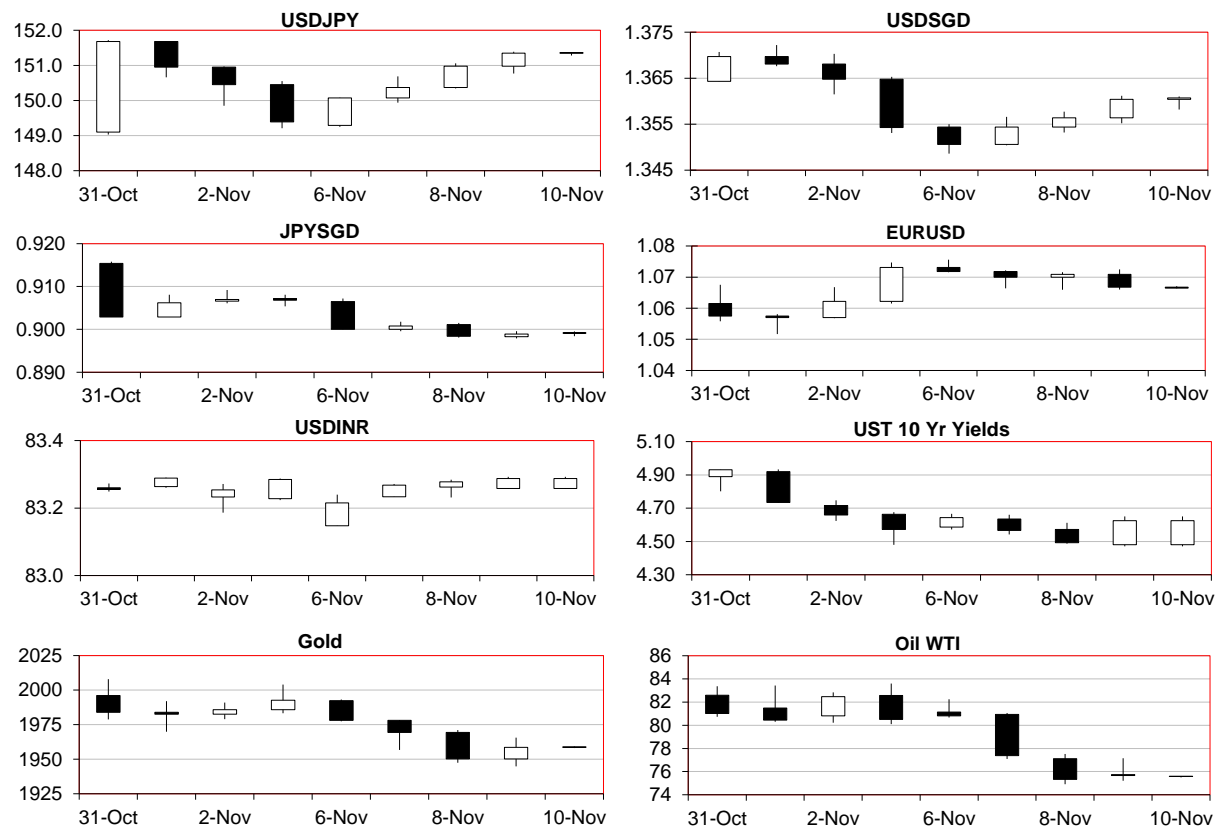
- In the Eurozone, ECB's Vujcic stated that his view that soft landing is central scenario (rather different compared to Fed Chair who had stated previously that soft landing was not his base case). Nonetheless, EUR was unable to share such optimism as US-EZ yields widen as it plunged below 1.07.

- In Asia, USD/JPY stayed buoyed above 151. Down Under, AUD underperformed and languishes just above mid-63 cents. The unrelenting dismal China data has not given the AUD any reprieve.

- China's deflation persisted as headline CPI printed at -0.2% YoY was below market expectations. Admittedly, items such as pork played a large role in the deflationary print as food prices are 4% lower than last year. Nonetheless, core inflation decelerating from 0.8% YoY to 0.6% YoY in October speaks to the weak underlying demand. Elsewhere, USD/SGD has now risen above 1.36.

OVERNIGHT RESULTS

(CH) CPI / PPI YoY (Oct): -0.2%/-2.6% (Mkt: -0.1%/-2.7%; Sep: 0.0%/-2.5%) | (PH) GDP YoY (3Q): (5.9% Mkt: 4.7%; 2Q: 4.3%) | (JP) BoP Current Account Balance (Sep): ¥2723.6b (Mkt: ¥2977.8b; Aug: ¥2279.7b) | (JP) Eco Watchers Survey Current / Outlook SA (Oct): 49.5/48.4 (Mkt: 50.0/49.7; Sep: 49.9/49.5) | (US) Initial Jobless Claims: 217k (Mkt: 219k; prev: 217k)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	151.35	EUR/USD	1.0667
USD/SGD	1.3607	USD/THB	35.80
JPY/SGD	0.8992	USD/MYR	4.700

Forecast

USD/JPY	150.60 - 151.60
EUR/USD	1.0600 - 1.0710
AUD/USD	0.6300 - 0.6400
USD/SGD	1.3570 - 1.3650
JPY/SGD	0.8951 - 0.9064
USD/CNH	7.2900 - 7.3200
USD/INR	83.25 - 83.35
USD/IDR	15600 - 15740
USD/MYR	4.690 - 4.740
USD/PHP	55.80 - 56.40
USD/THB	35.60 - 35.90

Today's Direction

	Bull	Bear
USD/SGD	4	1
USD/JPY	2	3

US Treasury Report: Watching and Reminding

- In the latest US Treasury Report (USTR), no major trading partner of the US has been found to manipulate their exchange rate to gain unfair competitive advantage in international trade. The three assessment criteria are i) significant trade surplus of at least US\$15bn, ii) material current account (CA) surplus of at least 3% of GDP iii) persistent, one sided intervention of net FX purchase in at least 8 out of 12 months and of to at least 2% of GDP.

- Nonetheless, 6 partners remain on the Monitoring List as Korea was removed. China, Germany, Malaysia, Singapore, Taiwan were all on the previous List while Vietnam has been added.

- In Vietnam case, given that there was net FX sales of 1.5% of GDP and that the current account surplus was on the back of import compression as orders fell, the monitoring list inclusion should not exert significant influence of the SBV's perception of VND movements.

- In Malaysia, the current account surplus was assessed at 3.3% of GDP over four quarters till June 2023 is just marginally above the threshold and above the country's historical trend. Furthermore, FX interventions was a net sales of 5.8% of GDP estimated by local authorities (or 3.5% estimated by the US Treasury) over four quarters ending June 2023.

- Similarly in Taiwan, there was net FX sales of 0.8% of GDP and current account surplus exceeding threshold of 3% is a foregone conclusion given the country's structural advantages for the past decades. All in, while there may be no significant implications from the report, it reminds us of the costs of a resurgent Greenback in EM-Asia.

FX Daily Outlook

- EUR/USD: UST yield resurgence to restrain rallies above 1.07.
- USD/JPY: Buoyancy above mid-150 retained on UST yields.
- USD/SGD: China deflation and UST yields implied little SGD upside, bounce above mid-1.35.
- AUD/USD: Consolidation between 63 and 64 cents on the cards without rally impetuous.

TODAY'S EVENTS

(IN) Industrial Production YoY (Sep): (Mkt: 6.9%; Aug: 10.3%)
 (US) Uni. of Michigan Sentiment (Nov P): (Mkt: 63.8; Oct: 63.8) |
 (US) Uni Of Michigan 1Yr/5-10Yr Inflation (Nov P): (Mkt: 4.0%/3.0%; Oct: 4.2%/3.0%)
 Central Banks: RBA Minutes

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