

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.37	150.73	▼0.63	▼0.62
EUR	1.0842	1.0852	+0.0004	+0.0184
AUD	0.6481	0.6470	▼0.0039	+0.0103
SGD	1.3500	1.3470	▼0.0034	▼0.0134
CNY	7.2559	7.2427	▼0.0041	▼0.0419
INR	83.23	83.24	+0.09	▼0.05
IDR	15550	15545	+10	▼110
MYR	4.6999	4.6875	+0.0150	▼0.0057
PHP	55.76	55.78	▼0.06	▼0.09
THB	35.51	35.47	+0.02	▼0.11

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.436%	▼9.6 bp	▼18.9 bp
JPY (10YR)	0.791%	▼1.1 bp	▼4.7 bp
EUR* (10YR)	2.590%	▼5.4 bp	▼5.7 bp
AUD (5YR)	4.234%	+0.3 bp	+1.1 bp
SGD (5YR)	2.973%	+1.9 bp	▼8.7 bp
CNY (5YR)	2.510%	▼0.7 bp	▼1.5 bp
INR (5YR)	7.198%	+0.1 bp	▼4.6 bp
IDR (5YR)	6.717%	▼3.9 bp	▼1.8 bp
MYR (5YR)	3.648%	+1.1 bp	▼2.3 bp
PHP (5YR)	6.310%	▼0.2 bp	▼7.0 bp
THB (5YR)	2.673%	▼10.2 bp	▼7.6 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,945.47	▼0.13%	+3.11%
N225 (JP)	33,424.41	▼0.28%	+2.38%
STOXX 50 (EU)	4,302.45	▼0.30%	+1.73%
ASX (AU)	4,037.99	▼1.11%	▼0.23%
STI (SG)	3,133.05	+0.03%	▼0.07%
SHCOMP (CN)	3,050.93	▼0.71%	▼0.08%
SENSEX (IN)	65,982.48	+0.47%	+1.77%
JSE (ID)	6,958.01	▼0.00%	+1.75%
KLSE (MY)	1,464.68	▼0.15%	+0.85%
PSE (PH)	6,191.48	+0.33%	+0.05%
SET (TH)	1,415.34	+0.01%	+0.74%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	271.31	▲1.99%	▲0.75%
COPPER (LME)	8,122.00	▲0.61%	+0.67%
IRON ORE (CN)	130.58	+0.23%	+2.71%
GOLD	1,980.90	+1.07%	+1.14%
OIL (WTI)	72.90	▼4.90%	▼3.75%

Three Take-aways:

- 1) Nervy equities on softer tier-2 US data hints of wavering confidence on a soft landing scenario.
- 2) USD gained despite softer yields, while Gold rose as geo-politics tensions continue.
- 3) Some bump up to Malaysia's Q3 GDP on exports and investments, but consumer constraints remain.

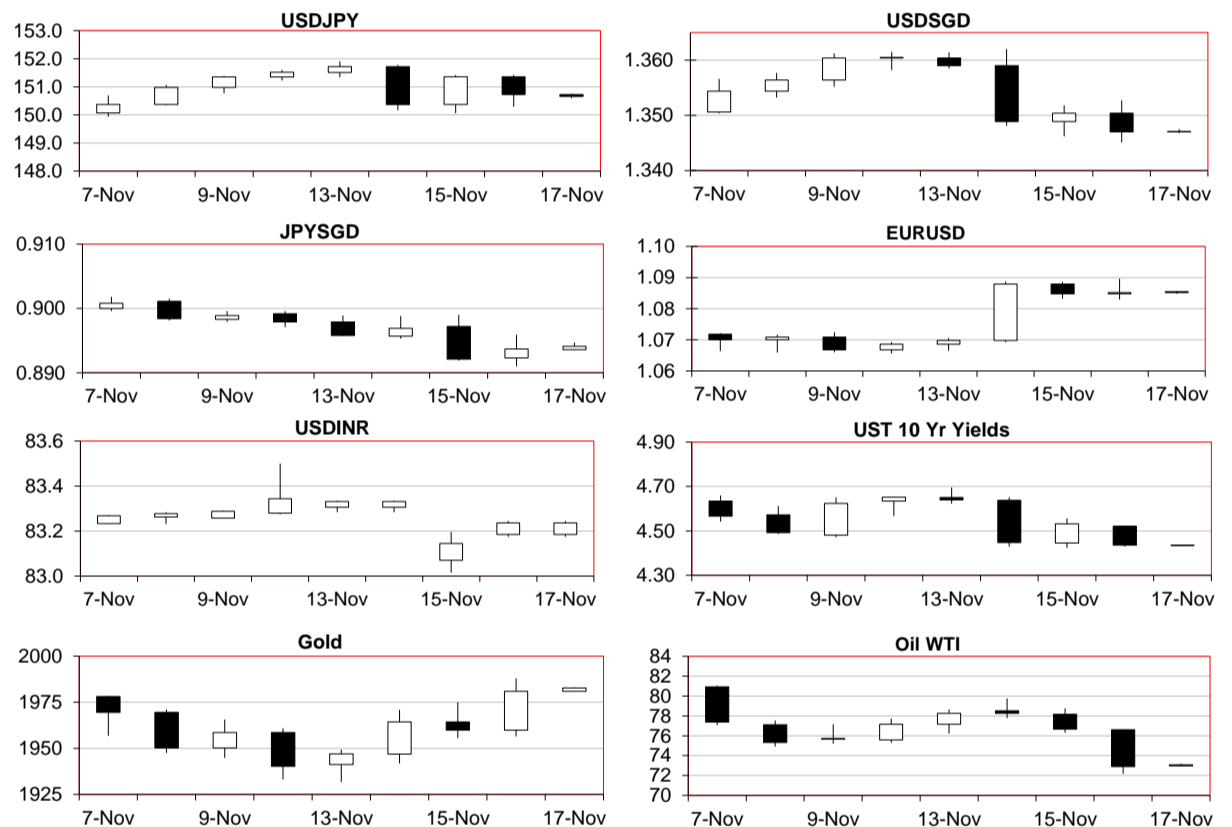
Not All the Glitters...

- Not every flicker of softer data, is taken as a glimmer (though bulls will swear it is a glitter) of "Goldilocks" moment built on "soft landing" and "peak Fed" narrative.
- And the last US session was a prime example. Softer tier-2 US data (jobs, housing and IP) coinciding with a sharp slump in UST yields (down 8-10bp) did not given rise to "risk on" rallies.
- Instead, US equities were nervy, with the Dow down while S&P500 and Nasdaq were grasping straws (of fractional gains). USD was also higher despite softer yields.
- Unlike recent bout of "Goldilocks" (of softer yields and buoyant) equities on softer US data (including CPI), this time, a loss of confidence about a sufficiently soft landing, and corresponding slip in yields, is instead chipping away at propensity for equity gains.
- And that reinforces softer yields as cash rotates back into USTs, which (underpins softer yields without the benefit of consequent risk appetite (and attendant USD pullback).
- Admittedly, stretched positioning might have encouraged rotation out of equities.
- Especially as soft landing bets are compromised by "anti-Goldilocks" data softening, that falls well short of a higher bar for the Fed to capitulate significantly.
- Crucially, Walmart's warnings of "deflation" from softened pricing power reflecting emerging consumer fragilities amid tightening credit conditions may arguably also be lifting the veneer of overdone "soft landing" confidence.
- So it appears that markets are arriving at the realization that not all that flickers (softer data)/glitters (Fed pivot) is Gold (soft-landing).
- The irony of Gold's solid pick-up (~1%) though is not lost on your scribe. But that is probably good, old-fashioned exploitation of softer real yields under the cover of geo-politics.

OVERNIGHT RESULTS

(US) Industrial Production MoM (Oct): -0.6% (Mkt: -0.4%; Sep: -0.1%) | (US) Philadelphia Fed Business Outlook (Nov): -5.9 (Mkt: -8.0; Oct: -9.0) | (US) Initial Jobless Claims: 231k (Mkt: 220k; Prev: 218k)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	150.71	EUR/USD	1.0853
USD/SGD	1.3471	USD/THB	35.22
JPY/SGD	0.8938	USD/MYR	4.677

Forecast

USD/JPY	149.90 - 151.50
EUR/USD	1.0790 - 1.0900
AUD/USD	0.6300 - 0.6510
USD/SGD	1.3420 - 1.3550
JPY/SGD	0.8858 - 0.9039
USD/CNH	7.2200 - 7.2800
USD/INR	82.70 - 83.30
USD/IDR	15500 - 15600
USD/MYR	4.660 - 4.720
USD/PHP	55.50 - 56.00
USD/THB	35.00 - 35.60

Today's Direction

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

Malaysia Q3 GDP: Up, But Not Away

- Malaysia's Q3 GDP is set for a slight upgrade from advance estimate of 3.3%. But there is no reason to be carried away about resuming (much less surpassing) trend 4.5-5.0% growth.
- Our upwards revision is mainly guided by Sep trade data indicating further improvement; led by moderation in exports contraction, as contraction in mineral fuels and machinery & transport (the two key drivers behind Malaysia's export contraction in recent months) decelerated sharply.
- Moreover, industrial production for manufacturing turned expansionary in Sep on a year ago basis while contraction in Electrical/Electronics IP moderated. What's more, improvement in manufacturing activity is, by virtue of its heft, expected to offset the sag in mining.
- Growth in gross fixed capital formation should also be higher than in Q2'23 on large infrastructure projects as Q3 construction activity indicated a significant upturn in public corporation civil engineering work done (50.1% YoY vs -4.8% in Q2).
- The better export picture and GFCF in Sep should offset some degree of moderation in household consumption, which was admittedly less upbeat as spending on higher-priced necessities have eroded disposable income available for discretionary spending.
- This was evident in Q3 retail sales that continued a downtrend, accentuated by spending on discretionary items (e.g. recreation) performing much worse than necessities (e.g. food and fuel).
- What's worth noting is that this deterioration is despite unemployment trending down and continued wage growth (in the manufacturing sector). And so caution appears to underline the narrative of continued growth. In turn, suggesting below-trend (-4.5-5.0%) outcomes.

FX Daily Outlook

- EUR/USD: Subdued CPI data could pressure EUR below mid-1.08 as rate cut bets increase.
- USD/JPY: Softer UST yields could delay a retest of 151 levels.
- USD/SGD: Better NODX could alleviate growth concerns and remain below 1.35 levels.
- AUD/USD: Test of mid-64 cents possible on lower energy prices.

TODAY'S EVENTS

(SG) Non-oil Domestic / Electronics Exports YoY (Oct): (Mkt: -6.0%/-; Sep: -13.2%/-11.6%)
 (MY) BoP Current Account Balance MYR (3Q): (Mkt: -; 2Q: 9.1b) | (MY) GDP YoY (3Q F): (Mkt: 3.3%; prev: 3.3%)
 (US) Building Permits / Housing Starts (Oct): (Mkt: 1450k/1350k; Sep: 1471k/1358k)
 (US) Kansas City Fed Manf. Activity (Nov): (Mkt: -; Oct: -8.0)
 (EZ) CPI / Core YoY (Oct F): (Mkt: 2.9%/4.2%; prev: 2.9%/4.2%)
 Central Banks: Fed's Barr, Collins, Goolsbee, Daly speak

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.