

MARKET SUMMARY

| FX | CLOSE(Asia) | CLOSE(NY) | Daily Δ* | Wkly Δ |
|-----|-------------|-----------|----------|---------|
| JPY | 149.15 | 149.56 | +0.02 | ▼1.17 |
| EUR | 1.0914 | 1.0905 | +0.0017 | +0.0053 |
| AUD | 0.6571 | 0.6558 | +0.0015 | +0.0088 |
| SGD | 1.3394 | 1.3408 | ▼0.0011 | ▼0.0062 |
| CNY | 7.1370 | 7.1476 | ▼0.0172 | ▼0.0951 |
| INR | 83.34 | 83.34 | +0.02 | +0.11 |
| IDR | 15553 | 15555 | ▼20 | +10 |
| MYR | 4.6813 | 4.6803 | +0.0033 | ▼0.0072 |
| PHP | 55.40 | 55.40 | ▼0.08 | ▼0.37 |
| THB | 35.26 | 35.27 | +0.07 | ▼0.20 |

*compared with previous day CLOSE(NY)

| Yields | CLOSE | Daily Δ | Wkly Δ |
|-------------|--------|---------|---------|
| USD (10YR) | 4.404% | +0.0 bp | ▼3.1 bp |
| JPY (10YR) | 0.725% | +0.0 bp | ▼6.6 bp |
| EUR* (10YR) | 2.619% | +5.9 bp | +2.9 bp |
| AUD (5YR) | 4.187% | +4.9 bp | ▼4.7 bp |
| SGD (5YR) | 2.934% | +0.4 bp | ▼3.9 bp |
| CNY (5YR) | 2.591% | +2.6 bp | +8.1 bp |
| INR (5YR) | 7.243% | +0.2 bp | +4.5 bp |
| IDR (5YR) | 6.665% | +1.0 bp | ▼5.2 bp |
| MYR (5YR) | 3.621% | +0.4 bp | ▼2.7 bp |
| PHP (5YR) | 6.222% | +0.8 bp | ▼8.8 bp |
| THB (5YR) | 2.660% | +1.4 bp | ▼1.3 bp |

* German bunds

| Equity Indices | CLOSE | Daily Δ | Wkly Δ |
|----------------|-----------|---------|--------|
| DJIA (US) | 35,273.03 | +0.00% | +0.94% |
| N225 (JP) | 33,451.83 | +0.00% | +0.08% |
| STOXX 50 (EU) | 4,361.32 | +0.21% | +1.37% |
| ASX (AU) | 4,076.10 | +0.16% | +0.94% |
| STI (SG) | 3,111.75 | ▼0.10% | ▼0.68% |
| SHCOMP (CN) | 3,061.86 | +0.60% | +0.36% |
| SENSEX (IN) | 66,017.81 | ▼0.01% | +0.05% |
| JSE (ID) | 7,004.34 | +1.41% | +0.67% |
| KLSE (MY) | 1,453.29 | ▼0.18% | ▼0.78% |
| PSE (PH) | 6,246.20 | ▼0.11% | +0.88% |
| SET (TH) | 1,406.61 | ▼0.53% | ▼0.62% |

| Commodity | CLOSE | Daily Δ | Wkly Δ |
|---------------|----------|---------|--------|
| CRB | 275.11 | +0.00% | +1.40% |
| COPPER (LME) | 8,306.50 | +0.65% | +2.27% |
| IRON ORE (CN) | 131.13 | ▲0.21% | +0.42% |
| GOLD | 1,992.25 | +0.10% | +0.57% |
| OIL (WTI) | 77.10 | +0.00% | +5.76% |

Three Take-aways:

- 1) Soaring Gilt yields underscore wider EZ fiscal worries; CNH outperformed on reported support measures.
- 2) Israel-Hamas ceasefire not a lasting resolution. Gold and havens could still retain upper hand.
- 3) Risk of underestimating Saudi's resolve amid oil's slippage on OPEC's troubles.

Fiscal Spotlight

- With US markets were closed for Thanksgiving, attention turned to Europe and in particular **the UK. Higher than expected Gilts issuance after the Autumn Statement** sent yields soaring and backstopped the pound. This spillover to EZ bonds alongside ECB speakers pushing back on rate cuts and the ECB policy meeting account showed openness to further rate hikes. Meanwhile **EUR gains remain restrained hovering above 1.09** as **divergent PMI recovery across the Eurozone** weighed.

- Meanwhile, **fiscal woes also continue to play out in Germany** as they will suspend debt limits for a fourth consecutive year, raising concerns over more borrowing.

- CNH outperformed on reports that banks may be allowed to offer **unsecured short-term loans** to qualified developers. A stronger CNH led **SGD** and **AUD** higher. **USD/SGD** briefly dipped under 1.34 levels while **AUD** was buoyed above mid-65 cents. **USD/JPY** remains hovering above 149 levels.

Israel-Hamas: Pause, Not Peace

- A short, **4-day ceasefire** between Israel and Hamas starting today is arguably a **welcome respite** but it is in **no way a resolution**. In fact, Israeli Netanyahu has gone out of his way to spell out that the war will not be over till Hamas is obliterated. Moreover, Israel (and perhaps the US) would be **wary of providing a longer window of truce during which Hamas could re-arm**. And so **by definition, the conflict will resume once the prisoner-hostage exchange is carried out**. Possibly sooner, given how **fraught and fragile this cease-fire agreement has been**.

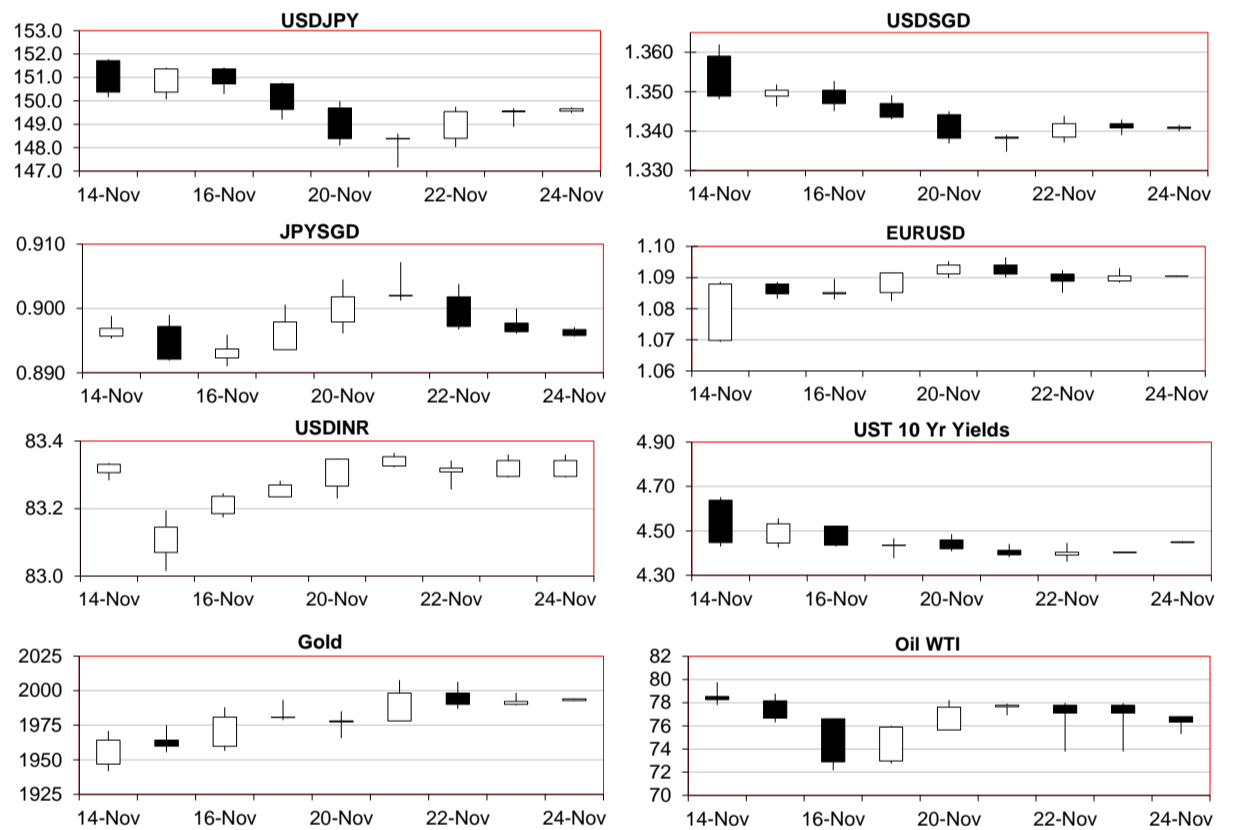
- The involvement of **Hezbollah (Lebanon)** and **Houthi (Yemen)** rebels in the conflict further complicates matters. An attack of Israel by either of these groups followed by Israel's retaliation, would **minimally raise the bar for future ceasefire**, if not effectively scupper this one.

- The upshot is that this is a **welcome pause, not lasting peace**. So, there should be **no complacency about durably diminished geopolitical risks in the Middle East**.

OVERNIGHT RESULTS

(SG) CPI/Core YoY (Oct): 4.7%/3.3% (Mkt: 4.5%/3.1%; Sep: 4.1%/3.0%) | (AU) Mfg/Services PMI (Nov P): 47.7/46.3 (Mkt: -/-; prev: 48.2/47.9) | (TW) Industrial production YoY (Oct): -2.3% (Mkt: -6.6%; Sep: -6.9%) | (EZ) Mfg/Services PMI (Nov P): 43.8/47.1 (Mkt: 43.5/48.1; 43.1/47.8)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

| | | | |
|---------|--------|---------|--------|
| USD/JPY | 149.64 | EUR/USD | 1.0904 |
| USD/SGD | 1.3411 | USD/THB | 35.30 |
| JPY/SGD | 0.8962 | USD/MYR | 4.682 |

Forecast

| | |
|---------|-----------------|
| USD/JPY | 148.00 - 150.10 |
| EUR/USD | 1.0850 - 1.0970 |
| AUD/USD | 0.6500 - 0.6600 |
| USD/SGD | 1.3360 - 1.3450 |
| JPY/SGD | 0.8901 - 0.9088 |
| USD/CNH | 7.1100 - 7.2100 |
| USD/INR | 83.20 - 83.60 |
| USD/IDR | 15500 - 15700 |
| USD/MYR | 4.670 - 4.720 |
| USD/PHP | 55.20 - 55.60 |
| USD/THB | 35.10 - 35.60 |

Today's Direction

| | Bull | : | Bear |
|---------|------|---|------|
| USD/SGD | 2 | : | 1 |
| USD/JPY | 2 | : | 1 |

- It then follows that **Gold and haven currencies could still retain the upper hand**. Meanwhile, **oil's slippage should not be misconstrued as a barometer of geopolitical risks assuaged**. But as **bets on easier supply dynamics conveniently cueing off the truce trigger as well**.

OPEC: Blister, Not Blink

- Oil has slipped on signs of **internal disagreements within OPEC**, where the extended **Saudi-led campaign of production cuts** may be seeing pushback from other members desiring higher output.

- To be sure, **OPEC troubles appear to have been instigated by supply shifts outside of OPEC**, with **sanctions on Venezuela relaxed and record US output (for Q4)**, exacerbating Oil's slide after initial pick-up on Israel-Hamas risks.

- The **OPEC's dilemma too is plain to see**. Keep supply tight to maintain price discipline that is critical to profit margins and it risks losing market share. Turn on the taps, and a quasi price war that benefits consumers at the expense of oil producers is the outcome.

- Saudi's preference is for production restrains, but it will be hard for Saudi to secure buy-in from all member states; with the likes of the UAE keen to exploit added production capacity. But **oil bears should be careful not to underestimate Saudi's resolve**. Fact is, Saudi is not short on tools to signal tight supplies as required. It will likely; i) stick to current output cuts; ii) with an option to extend into H1 2024 if required; iii) warn of more "voluntary" cuts led by Saudi, but probably with Russia involved too, and; iv) stress on greater emphasis on compliance checks on current output curb commitments. The upshot is that Saudi will blister at price drop, **not blink and cave in to higher output. Not just yet.**

FX Daily Outlook

- EUR/USD: Consolidation around 1.09 levels.

- USD/JPY: Moderating inflation to keep rallies below 149-levels in-check.

- USD/SGD: Retest of 1.39 levels likely on further confirmation of Chinese support measures.

- AUD/USD: Remain buoyed above mid-65 cents.

TODAY'S EVENTS

(JP) Natl CPI/Ex Fresh Food, Energy YoY (Oct): 3.3%/4.0% (Mkt: 3.4%/4.1%; Sep: 3.0%/4.2%) | (JP) Mfg/Services PMI (Nov P): 48.1/51.7 (Mkt: -/-; Oct: 48.7/51.6) | (SG) Industrial Production YoY (Oct): (Mkt: -2.3%; Sep: -2.1%) | (MY) CPI YoY (Oct): (Mkt: 1.9%; Sep: 1.9%) | (JP) Coincident Index/Leading Index CI (Sep F): (Mkt: -/-; prelim: 114.7/108.7) | (GE) IFO Business Climate/Expectations (Nov): (Mkt: 87.5/85.9; Oct: 86.9/84.7)

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