

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	148.51	147.48	▼1.21	▼0.91
EUR	1.0936	1.0993	+0.0039	+0.0082
AUD	0.6608	0.6649	+0.0042	+0.0093
SGD	1.3367	1.3312	▼0.0056	▼0.0073
CNY	7.1539	7.1363	▼0.0165	▼0.0044
INR	83.37	83.34	▼0.03	▼0.01
IDR	15443	15435	▼60	▼5
MYR	4.6714	4.6710	▼0.0095	+0.0140
PHP	55.42	55.42	+0.02	+0.02
THB	34.93	34.94	▼0.17	▼0.28

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.321%	▼6.6 bp	▼7.2 bp
JPY (10YR)	0.758%	▼2.0 bp	+5.5 bp
EUR* (10YR)	2.497%	▼5.1 bp	▼6.9 bp
AUD (5YR)	4.207%	▼6.3 bp	+6.2 bp
SGD (5YR)	2.992%	▼3.9 bp	+6.9 bp
CNY (5YR)	2.579%	▼2.3 bp	+3.0 bp
INR (5YR)	7.249%	▼0.5 bp	▼1.0 bp
IDR (5YR)	6.705%	▼1.9 bp	+7.4 bp
MYR (5YR)	3.646%	+0.4 bp	+2.7 bp
PHP (5YR)	6.039%	▼16.6 bp	▼17.1 bp
THB (5YR)	2.672%	▼3.6 bp	+4.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,416.98	+0.24%	+0.94%
N225 (JP)	33,408.39	▼0.12%	+0.16%
STOXX 50 (EU)	4,348.02	▼0.15%	+0.37%
ASX (AU)	4,059.87	▼0.11%	▼0.28%
STI (SG)	3,065.94	▼0.66%	▼0.98%
SHCOMP (CN)	3,038.55	+0.23%	▼0.96%
SENSEX (IN)	66,174.20	+0.31%	+0.37%
JSE (ID)	7,041.07	+0.39%	+1.14%
KLSE (MY)	1,448.02	▼0.01%	▼1.05%
PSE (PH)	6,309.57	+0.64%	+1.62%
SET (TH)	1,401.42	+0.57%	▼1.56%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.67	+1.18%	▲1.22%
COPPER (LME)	8,387.75	+1.56%	+0.42%
IRON ORE (CN)	130.33	▲0.41%	▲0.48%
GOLD	2,040.97	+1.33%	+2.14%
OIL (WTI)	76.41	+2.07%	▼1.75%

Three Take-aways:

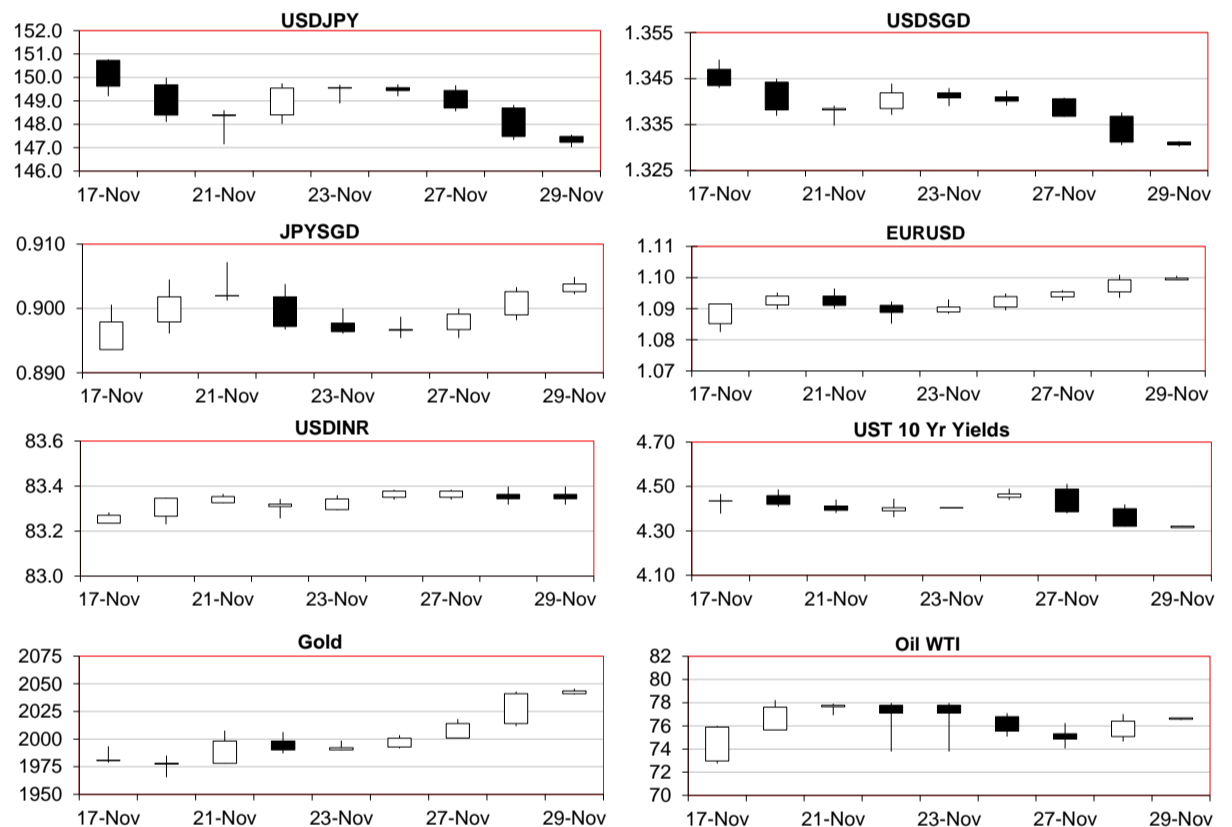
- 1) UST yield curve moved lower on increased bets of Fed pivots; equities rally more subdued.
- 2) DXY weakened across G10 and SGD; Gold appreciated on lower yields and signs of truce violations.
- 3) BOK to hold as tight labour market, resurgent inflation and financial stability concerns limit policy room.

Giving Way?

- In a response to his own "Something's Got to Give" speech in mid-October, Fed Governor Waller remarked yesterday that the **pace of US economy appears to be giving** and that he was "increasingly confident that policy is currently well positioned to slow the economy and get inflation back to 2%".
- Meanwhile, Fed Governor Bowman said she remains willing to support rate hikes if inflation progress stalls, but **stopped short of endorsing an increase next month**. Bowman earlier this month commented that she expected the Fed will need to increase interest rates to contain inflation.
- Bond markets took cue from FedSpeak and 2Y UST yields fell -12bps while 10Y fell >6bps in a bull steepening move.
- That consumer confidence improved for the first time in four months against the backdrop of strong Q2 consumer spending growth in Q3 preliminary GDP estimate did not detract increased odds of an earlier rate cut.
- However, **expectations of slower economic growth plausibly giving way dampened risk sentiments**.
- Notably, **the rally in equities was more subdued** (S&P500: +0.1%; Dow: +0.2%; NASDAQ: +0.3%), suggesting increased concerns on a Goldilocks economy (amid indications of a slowing manufacturing sector) and that the rally in the past month was probably overdone.
- DXY fell below 103 on lower UST yields, with USD weakening across all G10 currency pairs.
- EUR broke 1.10 levels and AUD tested mid-66 cents.
- USD/JPY plunged to mid-147 levels and USD/SGD moved closer to the 1.33 handle.
- Softer UST yields and claims of Israel-Hamas truce violations pushed Gold 1.5% higher towards above \$2040.
- Meanwhile, Oil neared \$82/bbl ahead of Thursday's OPEC+ meeting.

OVERNIGHT RESULTS

(KR) Retail Sales YoY (Oct): 6.4% (Sep: 9.5%) | (AU) Retail Sales MoM (Oct): -0.2% (Mkt: 0.1%; Sep: 0.9%) | (TW) GDP YoY (3Q): 2.3%(Mkt: 2.3%; Prelim: 2.3%) | (US) Conference Board Consumer Confidence (Nov): 102.0 (Mkt: 101.0; Oct: 99.1) | (US) Richmond Fed Mfg Index (Nov): -5 (Mkt: 1; Oct: 3)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	147.06	EUR/USD	1.1004
USD/SGD	1.3303	USD/THB	34.67
JPY/SGD	0.9046	USD/MYR	4.652

Forecast

USD/JPY	146.00 - 148.00
EUR/USD	1.0960 - 1.1100
AUD/USD	0.6600 - 0.6700
USD/SGD	1.3290 - 1.3350
JPY/SGD	0.8980 - 0.9144
USD/CNH	7.1000 - 7.1600
USD/INR	83.10 - 83.50
USD/IDR	15300 - 15550
USD/MYR	4.661 - 4.685
USD/PHP	55.10 - 55.60
USD/THB	34.60 - 35.40

Today's Direction

	Bull	Bear
USD/SGD	4	5
USD/JPY	2	7

BOK: No Room

- The bottomline for the upcoming BoK meeting is that there is really limited policy room on both ends. Specifically, a **tightening labour market accompanied by resurgent inflation implies no room for contemplating easing** while **financial stability concerns amid corporate funding stress caution against further hikes**.

- First, aside from **higher food and fuel prices driving a resurgence of headline inflation** back to 3.8% in October which is significantly higher than the 2023 lows of 2.3% recorded in July, core inflation's very mild moderation to 3.2% is also a troubling sight for the BoK.

- Furthermore, these price pressures are underpinned by an **utterly tight labour market which hit record low unemployment rates despite significantly higher participation rates**.

- These gains have come alongside **Q3 GDP growth which rose to 1.4% YoY** on the back of a recovery in export revenues as semiconductor equipment demand rose. That said, the **external demand fragilities are still evident** given that employment gains have come from the services related sector as **manufacturing employment in October is lower compared to a year ago**.

- On the other end, while rate hikes may look like an appropriate pre-emptive option especially in the face of a **creep up in housing prices** since August 2023, **prevailing financial stability concerns are a key constraint**. Notably, the **significant increase in risk premiums which is even evident within IG grades** has persisted since early this year point to funding stresses.

- All in, the BoK will stand pat to allow further time for assessing the balance of risks going forward.

FX Daily Outlook

- EUR/USD: Lower UST yields support buoyancy above 1.10-handle.
- USD/JPY: Plausible break below 147 levels on softer UST yields.
- USD/SGD: Test below 1.33 levels possible amid weaker-USD environment.
- AUD/USD: Moderating inflation could pull back push above 66 cents on bets of a less hawkish RBA.

TODAY'S EVENTS

(AU) CPI YoY (Oct): 4.9% (Mkt: 5.2%; Sep: 5.6%)
 (VN) Retail Sales YoY (Nov): (Mkt: -; Oct: 7.0%)
 (VN) Industrial Production YoY (Nov): (Mkt: -; Oct: 4.1%)
 (VN) CPI YoY (Nov): (Mkt: 3.6%; Oct: 3.6%)
 (US) GDP Annualised QoQ (3Q S): (Mkt: 5.0%; 2Q: 2.1%)
Central Banks: BoT Benchmark Interest Rate

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