

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.34	147.24	▼0.24	▼2.30
EUR	1.0985	1.0969	▼0.0024	+0.0081
AUD	0.6628	0.6617	▼0.0032	+0.0074
SGD	1.3316	1.3329	+0.0017	▼0.0090
CNY	7.1252	7.1262	▼0.0101	▼0.0386
INR	83.31	83.33	▼0.02	+0.01
IDR	15393	15395	▼40	▼180
MYR	4.6527	4.6520	▼0.0190	▼0.0250
PHP	55.38	55.39	▼0.03	▼0.09
THB	34.73	34.81	▼0.13	▼0.39

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.255%	▼6.6 bp	▼14.9 bp
JPY (10YR)	0.672%	▼8.6 bp	▼5.3 bp
EUR* (10YR)	2.432%	▼6.5 bp	▼12.8 bp
AUD (5YR)	4.062%	▼14.5 bp	▼7.6 bp
SGD (5YR)	2.928%	▼6.4 bp	▼0.2 bp
CNY (5YR)	2.578%	▼0.1 bp	+1.3 bp
INR (5YR)	7.237%	▼1.2 bp	▼0.4 bp
IDR (5YR)	6.631%	▼7.4 bp	▼2.4 bp
MYR (5YR)	3.624%	▼2.2 bp	+0.7 bp
PHP (5YR)	6.014%	▼2.5 bp	▼20.0 bp
THB (5YR)	2.618%	▼5.4 bp	▼2.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,430.42	+0.04%	+0.45%
N225 (JP)	33,321.22	▼0.26%	▼0.39%
STOXX 50 (EU)	4,370.53	+0.52%	+0.43%
ASX (AU)	4,047.89	▼0.30%	▼0.53%
STI (SG)	3,084.70	+0.61%	▼0.97%
SHCOMP (CN)	3,021.69	▼0.56%	▼0.72%
SENSEX (IN)	66,901.91	+1.10%	+1.33%
JSE (ID)	7,036.09	▼0.07%	+1.87%
KLSE (MY)	1,446.07	▼0.13%	▼0.67%
PSE (PH)	6,265.14	▼0.70%	+0.19%
SET (TH)	1,387.69	▼0.98%	▼1.87%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.44	+0.65%	+0.12%
COPPER (LME)	8,336.50	▲0.61%	+1.01%
IRON ORE (CN)	130.40	+0.05%	▲0.76%
GOLD	2,044.24	+0.16%	+2.72%
OIL (WTI)	77.86	+1.90%	+0.99%

Three Take-aways:

- 1) UST yields continued sliding on dovish follow-up from Fed's Mester and Bostic.
- 2) US equities rally tire and bearish USD bets are pared back on re-assessment of stretched positions.
- 3) India Q3 GDP likely solid on consumer demand but does not absolve of risks from stretched borrowing.

Positions, Deference and Divergence

- Continued slide in UST yields (2Y: -8.9bp; 10Y: -6.5bp) point to deference towards dovish follow-up from Fed Cleveland's Mester and Atlanta Fed's Bostic after Governor Waller's dovish turn to signal that rates are well positioned to reach the Fed's target the day before.

- Specifically, Mester alluded to policy being in a good place to assess inflation trajectory while Bostic's essay displayed confidence that inflation's downward trajectory based on research on business leaders' inputs will likely continue.

- Meanwhile, Richmond Fed President Barkin's comments on keeping the option of doing more on hikes as he remains wary of stubborn inflation should perhaps be viewed as divergence rather than defiance. Afterall, some divergence of observations and research across the regional Feds should not be surprising given the heterogeneity across states.

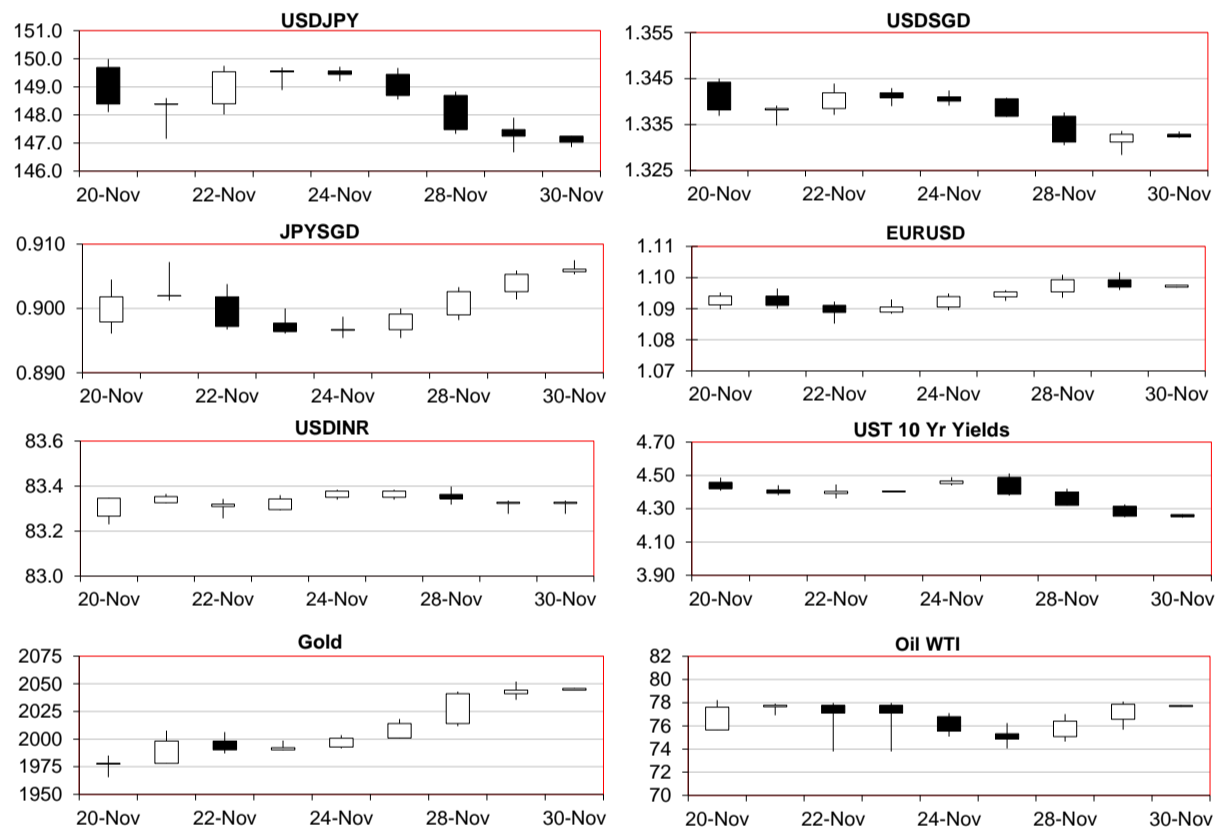
- On balance, as we have alluded to previously, should the recent slide in UST yields hold and lead to a loosening in financial conditions, then the confidence of these dovish positions ought to be marginally dampened. For now, falling UST yields have not been able to fuel the stretched US equities rally as they were unable to hold onto early gains with the Dow unchanged while the S&P 500 and Nasdaq slipped 0.1 and 0.2% respectively.

- Similarly, the USD was able to hold ground against most G10 peers despite the continued slide in UST yields. Exceptions include the JPY with the USD/JPY declining to 147. The EUR was unable to hold above 1.10 as EZ yields fell in tandem with 2Y Bund yields dropping 10.4bp.

- The AUD underperformed as it plunged towards 66 cents. October CPI came in at 4.9% YoY which was lower than market expectations of 5.2% as well as September's 5.6%. Notably, the dis-inflation trend holds up even if volatile items such as fuel cost is excluded which in turn puts the RBA in a position to hold rates in December.

OVERNIGHT RESULTS

(VN) Retail Sales YoY (Nov): 10.1% (Mkt: -, Oct: 7.0%) | (VN) Industrial Production YoY (Nov): 5.8% (Mkt: -, Oct: 4.1%) | (VN) CPI YoY (Nov): 3.5% (Mkt: 3.6%; Oct: 3.6%) | (US) GDP Annualised QoQ (3Q S): 5.2% (Mkt: 5.0%; 2Q: 2.1%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	147.05	EUR/USD	1.0973
USD/SGD	1.3326	USD/THB	34.82
JPY/SGD	0.9063	USD/MYR	4.650

Forecast

USD/JPY	146.00 - 148.00
EUR/USD	1.0940 - 1.1120
AUD/USD	0.6570 - 0.6670
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	4.640 - 4.685
USD/PHP	55.10 - 55.60
USD/THB	34.60 - 35.20

Today's Direction

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

- In EM-Asia, USD/SGD rose back above 1.33. USD/THB rose back above 34.8 as the BoT held rates while cutting both growth and inflation forecast for 2023 as well as 2024.

- Over in Vietnam, while expected November uptick in retail sales and industrial production came through alongside CPI dis-inflation, the VND took little relief amid Parliament's confirmation of the extension of VAT reduction till June-2024.

India GDP: Buoyant, Not Bullet-Proof

- India's solid economic performance remains a bright spot compared to elsewhere in Asia, where manufacturing slump restrains economic rebound.

- In contrast, India's industrial output has not only grown at a solid 5.4% in the first three quarters of 2023, but has accelerated to 6.4% YoY for Q3.

- What's more, robust consumer demand also promises to keep activity relatively buoyant.

- But by no stretch is India bullet-proof; be it to external headwinds, or domestic stress points.

- First, the recovery, while robust, suffers the "K" tyranny; as demand recovery remains highly uneven across income profiles given the disproportionate pain of food-led inflation on lower income households. What's more, the surge in personal borrowings that has accompanied/supported strong consumption is a worrying sign of (over-)extended households.

- And this is even more worrying amid signs of stronger consumer non-durables than durables in IP details suggesting debt-driven consumption.

- In which case, post-pandemic demand revival may be more exaggerated, than it may be durable. So, optimism ought to be tempered not extrapolated.

FX Daily Outlook

- EUR/USD: Consolidation on both sides of 1.10 as dovish Fed bets lingers.

- USD/JPY: Temporal rest sideways around 147 on diminished UST-JGB yield differentials.

- USD/SGD: China PMI may set tone for cautious slips below 1.33.

- AUD/USD: Diminished RBA edged may allow return below 66 cents should China woes return.

TODAY'S EVENTS

(JP) Retail Sales YoY (Oct): 4.2% (Mkt: 6.0%; Sep: 6.3%) | (JP) Industrial Production YoY (Oct P): 1.0% (Mkt: 0.4%; Sep: -4.4%)
 (CH) Mfg/Non-Mfg PMI (Nov): (Mkt: 49.8/50.9; Oct: 49.5/50.6) | (IN) GDP YoY (3Q): (Mkt: 6.8%; 2Q: 7.8%) | (KR) Ind. Prod. YoY (Oct): (Mkt: 4.5%; Sep: 3.0%) | (TH) BoP CA Balance (Oct): (Mkt: -, Sep: \$3406m) | (US) Initial Jobless/Continuing Claims: (Mkt: 218k/1865k; prev: 209k/1840k) | (US) MNI Chicago PMI (Nov): (Mkt: 46.0; Oct: 44.0) | (US) PCE/Core Deflator YoY (Oct): (Mkt: 3.0%/3.5%; Sep: 3.4%/3.7%) | (US) Personal Spending/Income (Oct): (Mkt: 0.2%/0.2%; Sep: 0.7%/0.3%) | (EZ) Unemployment Rate (Oct): (Mkt: 6.5%; Sep: 6.5%) | (EZ) CPI/Core YoY (Nov): (Mkt: 2.7%/3.9%; Oct: 2.9%/4.2%) | Central Banks: BOK Base Rate

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