

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.08	148.20	+0.96	▼1.36
EUR	1.0950	1.0888	▼0.0081	▼0.0017
AUD	0.6634	0.6605	▼0.0012	+0.0047
SGD	1.3335	1.3373	+0.0044	▼0.0035
CNY	7.1317	7.1350	+0.0088	▼0.0126
INR	83.38	83.40	+0.07	+0.05
IDR	15491	15510	+115	▼45
MYR	4.6611	4.6625	+0.0105	▼0.0178
PHP	55.50	55.49	+0.11	+0.09
THB	35.06	35.19	+0.38	▼0.08

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.326%	+7.1 bp	▼7.8 bp
JPY (10YR)	0.672%	+0.0 bp	▼5.3 bp
EUR* (10YR)	2.447%	+1.5 bp	▼17.2 bp
AUD (5YR)	4.074%	+1.2 bp	▼11.3 bp
SGD (5YR)	2.918%	▼1.0 bp	▼1.6 bp
CNY (5YR)	2.571%	▼0.7 bp	▼2.0 bp
INR (5YR)	7.254%	+1.7 bp	+1.1 bp
IDR (5YR)	6.666%	+3.5 bp	+0.1 bp
MYR (5YR)	3.626%	+0.2 bp	+0.5 bp
PHP (5YR)	6.013%	▼0.1 bp	▼20.9 bp
THB (5YR)	2.610%	▼0.8 bp	▼5.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,950.89	+1.47%	+1.92%
N225 (JP)	33,486.89	+0.50%	+0.10%
STOXX 50 (EU)	4,382.47	+0.27%	+0.48%
ASX (AU)	4,053.80	+0.15%	▼0.55%
STI (SG)	3,072.99	▼0.38%	▼1.25%
SHCOMP (CN)	3,029.67	+0.26%	▼1.05%
SENSEX (IN)	66,988.44	+0.13%	+1.47%
JSE (ID)	7,080.74	+0.63%	+1.09%
KLSE (MY)	1,452.74	+0.46%	▼0.04%
PSE (PH)	6,223.73	▼0.66%	▼0.36%
SET (TH)	1,380.18	▼0.54%	▼1.88%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.64	▲0.65%	▲0.53%
COPPER (LME)	8,387.50	+0.61%	+0.98%
IRON ORE (CN)	130.46	+0.05%	▲0.51%
GOLD	2,036.41	▲0.38%	+2.22%
OIL (WTI)	75.96	▼2.44%	#VALUE!

Three Take-aways:

- 1) UST yields climbed as Fed's Daly dialed back recession risk and push back against rate cut bets.
- 2) Contracting French economy and lower EZ inflation weakened the EUR.
- 3) Higher non-OPEC supply, member's open defiance and reduced geopolitical premium behind oil's decline.

Cutting Bets

- **UST yields reversed its decline and climbed as rate cut bets dialed back.** San Francisco Fed's Daly dismissed suggestions that growth was in imminent peril, noting that inflation data was improving and real economy has not stalled. A contrast to recent Fed speakers, Daly said it was **too soon to say if hikes are finished**. The higher yields was despite PCE Deflator moderating more than expected, suggesting that markets may have been overextended rate cut bets. The interest-rate sensitive NASDAQ ended lower.

- Across the Atlantic, **yields on 10Y Gilts rose as much as 11bps** after a BOE survey showed executives expecting inflation to be running at more than 3% in three years. Nonetheless, EZ inflation coming in below market expectation alongside a contracting French economy saw both the GBP and EUR decline.

- **JPY** was pressured and USD/JPY tested mid-148 levels amid higher UST yields and BOJ's announcement that bond purchases ranges remain unchanged for December, disappointing JPY bulls betting on further relaxation of YCC. Elsewhere, USD/SGD buoyed above mid-1.33 levels, while AUD briefly dipped below 66 cents.

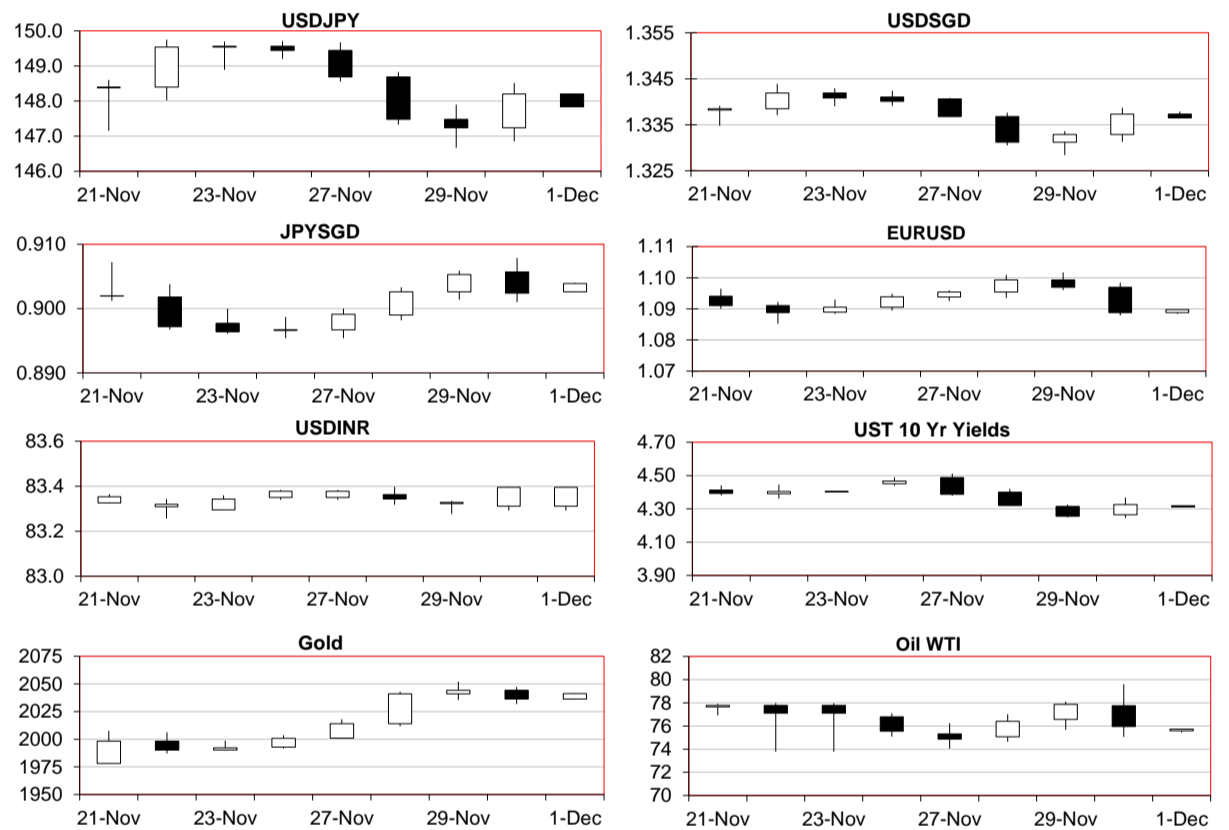
OPEC: Of Crude & Cracks

- **OPEC troubles are mounting** as cracks on the cartel's sway on crude (prices) are glaringly conspicuous, and arguably worsening. Crude prices slipping through OPEC's desperate supply tightening efforts reveals lay these cracks bare. Specifically, oil's decline defied OPEC+ announcements that Saudi extending its voluntary 1MBpD cuts through Q1 2024 alongside a surprise, additional "voluntary" cuts of some 900KBpD; committed to collectively by Russia, UAE, Kuwait and Iraq. So why is OPEC losing its mojo? Well, just in the supply side, four big reasons stand out.

OVERNIGHT RESULTS

(CH) Mfg/Non-Mfg PMI (Nov): 49.4/50.2 (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): 1.1% (Mkt: 4.5%; Sep: 2.9%) | (TH) BoP CA Balance (Oct): \$665m (Mkt: -; Sep: \$3406m) | (US) Initial Jobless/Continuing Claims: 218k/1927k (Mkt: 218k/1865k; prev: 211k/1841k) | (US) MNI Chicago PMI (Nov): 55.8 (Mkt: 46.0; Oct: 44.0) | (US) PCE/Core Deflator YoY (Oct): 3.0%/3.5% (Mkt: 3.0%/3.5%; Sep: 3.4%/3.7%) | (US) Personal Spending/Income (Oct): 0.2%/0.2% (Mkt: 0.2%/0.2%; Sep: 0.7%/0.4%) | (EZ) Unemployment Rate (Oct): 6.5% (Mkt: 6.5%; Sep: 6.5%) | (EZ) CPI/Core YoY (Nov): 2.4%/3.6% (Mkt: 2.7%/3.9%; Oct: 2.9%/4.2%)

Past Two Weeks Movement



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	148.02	EUR/USD	1.0892
USD/SGD	1.3371	USD/THB	35.28
JPY/SGD	0.9034	USD/MYR	4.669

Forecast

USD/JPY	146.50 - 149.20
EUR/USD	1.0800 - 1.1000
AUD/USD	0.6550 - 0.6660
USD/SGD	1.3310 - 1.3420
JPY/SGD	0.8921 - 0.9160
USD/CNH	7.1100 - 7.1700
USD/INR	83.10 - 83.70
USD/IDR	15350 - 15650
USD/MYR	4.645 - 4.690
USD/PHP	55.20 - 55.70
USD/THB	34.70 - 35.90

Today's Direction

	Bull	Bear
USD/SGD	7	0
USD/JPY	6	1

- **First, US and wider non-OPEC production have had an increasing offset impact on OPEC cuts;** led by the lifting of Venezuelan sanctions (re-introducing key exports supplies) conspiring with record US production of 13.2-13.3MBpD.

- **Second, markets are increasingly doubtful of the effective compliance on additional OPEC cuts that have been layered on.** Especially as incentives for individual OPEC members to exceed quota becomes more apparent. Already Saudi has bristled at compliance slippage. But apparently enforcement falls short of announcements.

- **Third, and by extension of non-compliance, signs of internal cracks are becoming hard to ignore.** Angola openly declaring that it will not comply with targets, and instead produce above the stipulated 1.1MBpD reveal fractious internal dynamics. More worryingly, this may warn of further erosion of OPEC sway if Angola eventually exit on these disagreements (like Ecuador did) and/or more members turn openly defiant. What's more Brazil joining the OPEC+ cooperation charter, but not bound to production, will ironically undermine, not strengthen the cartel's sway; as this may fuel pre-existing internal unhappiness over "voluntary" cuts.

- **Finally, risks of the Gaza conflict spilling over** as an unmitigated Middle East war that disrupts production and hijacks passage of crude **have been materially dialed back;** thereby diminishing tail (supply shock) risk premium on crude.

- To be sure, scope for sudden geopolitical shocks to squeeze oil dramatically higher are non-zero. And if soft-landing cheer is amplified by China stimulus hopes, crude could get a measured leg up from current levels. But neither distract from the crude cracks of the cartel.

FX Daily Outlook

- EUR/USD: Upside momentum above 1.09 limited on soft inflation and weak growth data.
- USD/JPY: Buoyed above mid-147 on wider UST-JGB differentials.
- USD/SGD: Stay above mid-1.33 on higher UST yields.
- AUD/USD: Retest below 66 cents on OPEC disappointment.

TODAY'S EVENTS

(JP) Job-To-Applicant Ratio/Jobless Rate (Oct): 1.3/2.5% (Mkt: 1.3/2.6%; Sep: 1.3/2.6%) | (JP) Capital Spending YoY (3Q): 3.4% (Mkt: 3.4%; 2Q: 4.5%) | (CH) Caixin China PMI Mfg (Nov): (Mkt: 49.6; Oct: 49.5) | (ID) CPI/Core YoY (Nov): (Mkt: 2.7%/1.9%; Oct: 2.6%/1.9%) | (US) ISM Manufacturing/Prices Paid (Nov): (Mkt: 47.8/46.1; Oct: 46.7/45.1)

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