

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	146.96	147.21	+0.39	▼1.48
EUR	1.0852	1.0836	▼0.0048	▼0.0118
AUD	0.6639	0.6620	▼0.0055	+0.0013
SGD	1.3358	1.3377	+0.0042	+0.0009
CNY	7.1380	7.1434	+0.0149	▼0.0094
INR	83.35	83.36	+0.07	▼0.01
IDR	15456	15455	▼30	▼40
MYR	4.6595	4.6565	▼0.0168	▼0.0240
PHP	55.33	55.33	▼0.08	▼0.07
THB	34.91	34.94	▼0.09	▼0.16

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.253%	+5.7 bp	▼13.4 bp
JPY (10YR)	0.697%	+0.0 bp	▼8.1 bp
EUR* (10YR)	2.354%	▼0.8 bp	▼19.4 bp
AUD (5YR)	4.100%	▼4.1 bp	▼17.0 bp
SGD (5YR)	2.895%	▼3.3 bp	▼13.6 bp
CNY (5YR)	2.590%	+2.6 bp	▼1.2 bp
INR (5YR)	7.245%	▼2.5 bp	▼0.9 bp
IDR (5YR)	6.554%	▼8.5 bp	▼17.0 bp
MYR (5YR)	3.616%	▼0.8 bp	▼2.6 bp
PHP (5YR)	6.021%	+1.0 bp	▼18.4 bp
THB (5YR)	2.611%	▼0.4 bp	▼9.7 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	36,204.44	▼0.11%	+2.46%
N225 (JP)	33,231.27	▼0.60%	▼0.65%
STOXX 50 (EU)	4,414.95	▼0.08%	+1.39%
ASX (AU)	4,085.31	▼0.22%	+0.52%
STI (SG)	3,084.08	▼0.20%	▼0.08%
SHCOMP (CN)	3,022.91	▼0.29%	▼0.29%
SENSEX (IN)	68,865.12	+2.05%	+4.39%
JSE (ID)	7,093.60	+0.48%	+1.14%
KLSE (MY)	1,451.02	▼0.37%	+0.20%
PSE (PH)	6,284.37	+0.63%	+0.24%
SET (TH)	1,383.54	+0.23%	▼0.71%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	267.61	▲1.17%	▲1.06%
COPPER (LME)	8,362.75	▲2.06%	+1.25%
IRON ORE (CN)	130.38	▲1.67%	▲0.37%
GOLD	2,029.42	▲2.07%	+0.76%
OIL (WTI)	73.04	▼1.39%	▼2.43%

Three Take-aways:

- 1) Markets pared back overextended Fed pivot bets; UST yields and DXY rose.
- 2) AUD and SGD dragged weaker by CNH, as China's property turmoil continues.
- 3) RBA to be on a hawkish pause on elevated inflation amid two-sided risks to growth.

Quiet Reflection

- With the blackout period commencing on Saturday after Powell's speech last Friday and a quiet data calendar, it appears that **markets took time to do reflect on the past week of likely-overextended Fed pivot bets.**

- **UST yields rose** (2Y: +9.7bps; 10Y: +5.7bps) even as second-tier US data suggested a weaker economy. Factory orders contracted more than expected while the final print of durable goods excluding volatile components was revised lower.

- **US equities fell** (S&P: -0.5%; Dow: -0.1%; Nasdaq: -0.9%), suggesting that **optimism that the US would miss a recession while the Fed delivers the rate cuts had been overpriced.**

- DXY buoyed above 103 on stronger UST yields and the USD strengthened against all G10 currencies.

- **GBP weakened** even as 2Y Gilts rose -8bps as fiscal concerns loomed.

- **EUR fell** under mid-1.08 as GBP weakness spillovered.

- **USD/JPY pushed** above the 147-handle.

- Meanwhile, **AUD and SGD** were dragged weaker by a pressured CNH amid yesterday's Hong Kong unexpected court decision to adjourn the ruling of Evergrande to Jan 29, serving a **reminder that the ongoing property turmoil will be a long and protracted one.** The lawsuit, which has dragged on for more than a year, was again kicked down the road as the original petitioner didnt push for an immediate liquidation.

- Elsewhere, **oil bears remained skeptical about the effectiveness of OPEC+ supply cuts.** Oil continued its slide below \$79/bbl even as Saudi Energy Minister pledged the supply reductions announced last week would be delivered in full and could continue past the first quarter if needed.

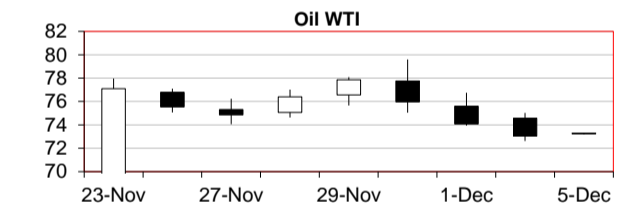
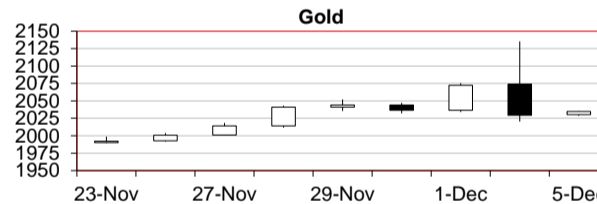
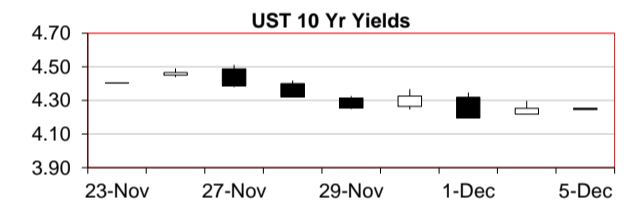
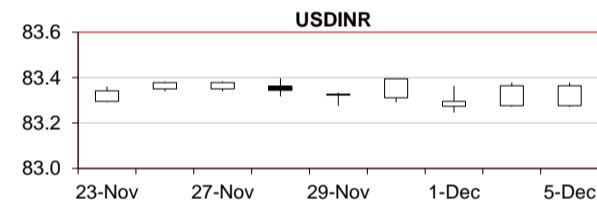
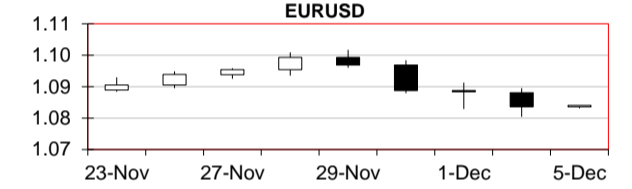
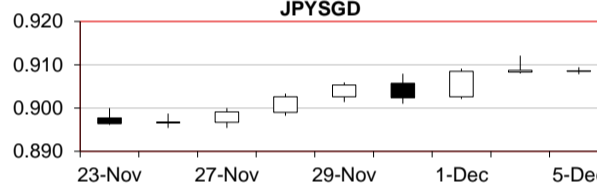
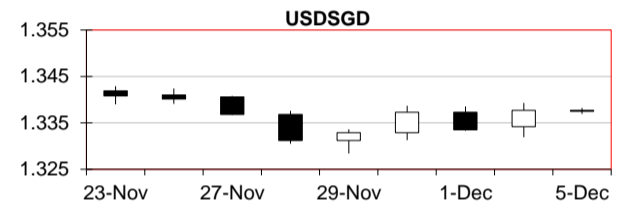
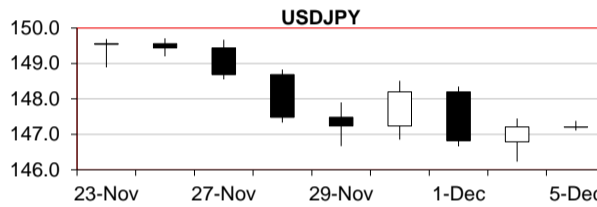
- **Gold** pared its gains on higher yields, retreating from a record high of \$2072.

OVERNIGHT RESULTS

(US) Durable Goods/Non-def Ex Air (Nov): -5.4%/-0.3% (Mkt: -5.4%/--; Oct: -5.4%/-0.1%)

(EZ) Sentix Investor Confidence (Dec): -16.8 (Mkt: -15.6; Nov: -18.6)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	147.32	EUR/USD	1.0837
USD/SGD	1.3377	USD/THB	35.24
JPY/SGD	0.9080	USD/MYR	4.659

Forecast

USD/JPY	146.00 - 147.80
EUR/USD	1.0780 - 1.0900
AUD/USD	0.6450 - 0.6700
USD/SGD	1.3320 - 1.3450
JPY/SGD	0.9012 - 0.9212
USD/CNH	7.1000 - 7.1800
USD/INR	83.20 - 83.60
USD/IDR	1538 - 15620
USD/MYR	4.620 - 4.680
USD/PHP	55.10 - 55.50
USD/THB	34.70 - 35.35

Today's Direction

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

RBA: Within Trajectory

- **Our base case is for RBA to hold** at 4.35% at the final board meeting (today, 5 Dec) of the year. The latest October inflation of 4.9% YoY is expected to be **within RBA's forecasts** which were already adjusted earlier this month for a **slower dissipation of inflationary pressures.** Those projections saw inflation declining to 3.5% by end-2024 and reach a little below 3% by end-2025.

- Notably, the forecasts were also predicated on a **peak cash rate of around 4.5%, which implied one to two more interest rate hikes over coming quarters** at that time and **15bps above the current rate.** Furthermore, RBA Governor Bullock recently attributed elevated services inflation to second-round effects, as "businesses are finding demand is sufficient that they are able to pass those costs through". As such, **the RBA is likely to retain the hawkish tone on inflation.**

- Meanwhile, the RBA is likely to continue with signals that balance of risks on **growth may be rather two sided with investments and services exports offsetting weaker household consumption.** While Bullock observed that demand has been a little stronger than expected on strong immigration, she also noted that **labour productivity has not kept up with wage gains.**

- Worryingly, **employment numbers in recent months does not appear durable,** with the increase in overall employment in Jul-Sep period was wholly due to increase in part-time employment, while full-time employment fell. Unemployment rate has also edged up in Q3.

- All in, RBA is likely to stand pat for the upcoming meeting as they assess if the trajectory of growth and inflation will indeed stay on course.

FX Daily Outlook

- EUR/USD: Weakening bias to test 1.08 should economic data disappoints.

- USD/JPY: Buoy above 147 on softer UST yields.

- USD/SGD: Test of 1.34 handle plausible on CNH spillovers.

- AUD/USD: Momentum below 66-cents tempered by hawkish hold.

TODAY'S EVENTS

(KR) GDP YoY (3Q P): 1.4% (Mkt: 1.4%; Adv: 1.4%) | (KR) CPI/Ex Food and Energy YoY (Nov): 3.3%/3.0% (Mkt: 3.5%/3.1%; Oct: 3.8%/3.2%) | (AU) BoP Current Account Balance (3Q): -A\$0.2b (Mkt: A\$3.2b; 2Q: A\$7.8b) | (CH) Caixin China PMI Services (Nov): (Mkt: 50.5; Oct: 50.4) | (SG) Retail Sales/Ex Auto YoY (Oct): (Mkt: 0.2%/-; Sep: 0.6%/0.5%) | (IN) PMI Services (Nov): (Mkt: -; Oct: 58.4) | (PH) CPI YoY 2018=100 (Nov): (Mkt: 4.3%; Oct: 4.9%) | (US) JOLTS Job Openings (Oct): (Mkt: 9300k; Sep: 9553k) | (US) ISM Services Index/Prices Paid (Nov): (Mkt: 52.3/-; Oct: 51.8/58.6) | (EZ) PPI YoY (Oct): (Mkt: -9.5%; Sep: -12.4%)

Central Bank Decision: RBA Cash Rate Target

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