

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	146.82	147.15	▼0.06	▼0.33
EUR	1.0807	1.0797	▼0.0039	▼0.0196
AUD	0.6572	0.6552	▼0.0068	▼0.0097
SGD	1.3394	1.3411	+0.0034	+0.0099
CNY	7.1474	7.1471	+0.0037	+0.0108
INR	83.39	83.39	+0.02	+0.04
IDR	15493	15505	+50	+70
MYR	4.6685	4.6660	+0.0095	▼0.0050
PHP	55.31	55.31	▼0.02	▼0.11
THB	35.30	34.94	+0.00	+0.00

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.165%	▼8.8 bp	▼15.6 bp
JPY (10YR)	0.670%	▼2.7 bp	▼8.8 bp
EUR* (10YR)	2.247%	▼10.7 bp	▼25.0 bp
AUD (5YR)	4.056%	▼4.4 bp	▼15.1 bp
SGD (5YR)	2.879%	▼1.6 bp	▼11.3 bp
CNY (5YR)	2.583%	▼0.7 bp	+0.4 bp
INR (5YR)	7.224%	▼2.1 bp	▼2.5 bp
IDR (5YR)	6.565%	+1.1 bp	▼14.0 bp
MYR (5YR)	3.614%	▼0.2 bp	▼3.2 bp
PHP (5YR)	6.045%	+2.4 bp	+0.6 bp
THB (5YR)	2.611%	+0.0 bp	▼6.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	36,124.56	▼0.22%	+2.00%
N225 (JP)	32,775.82	▼1.37%	▼1.89%
STOXX 50 (EU)	4,452.77	+0.86%	+2.41%
ASX (AU)	4,078.65	▼0.16%	+0.46%
STI (SG)	3,077.16	▼0.22%	+0.37%
SHCOMP (CN)	2,972.30	▼1.67%	▼2.18%
SENSEX (IN)	69,296.14	+0.63%	+4.72%
JSE (ID)	7,100.86	+0.10%	+0.85%
KLSE (MY)	1,449.46	▼0.11%	+0.10%
PSE (PH)	6,308.95	+0.39%	▼0.01%
SET (TH)	1,383.54	+0.00%	▼1.28%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	266.32	▲0.48%	▲2.69%
COPPER (LME)	8,252.75	▲1.32%	▲1.61%
IRON ORE (CN)	130.60	+0.17%	+0.21%
GOLD	2,019.36	▲0.50%	▲1.06%
OIL (WTI)	72.32	▼0.99%	▼5.35%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	147.18	EUR/USD	1.0793
USD/SGD	1.3411	USD/THB	35.27
JPY/SGD	0.9112	USD/MYR	4.670

Forecast

USD/JPY	146.40 - 147.40
EUR/USD	1.0750 - 1.0850
AUD/USD	0.6450 - 0.6610
USD/SGD	1.3320 - 1.3450
JPY/SGD	0.9037 - 0.9187
USD/CNH	7.1400 - 7.1800
USD/INR	83.30 - 83.60
USD/IDR	15450 - 15620
USD/MYR	4.655 - 4.680
USD/PHP	55.20 - 55.50
USD/THB	34.70 - 35.20

Today's Direction

	Bull	Bear
USD/SGD	5	0
USD/JPY	4	1

Three Take-aways:

- 1) Sharp drop in yields, if sustained, prompt greater restraint in terms of abandoning tightening bias.
- 2) RBA's more dovish than expected signal sent AUD buckling.
- 3) EUR's decline on changing minds of ECB hawks warn against one way bearish USD bets.

Of Last Mile and Last Laughs

- Palpable cheer appears to be emanating from growing markets bets on global central bank pivot; with Fed pivot bets now being complemented by ECB pivot bets too (more below).

- To be sure, the data have been absolutely complaisant. *Faster than expected disinflation infiltrating the details of core* inflation genuinely provide cause to think about (perhaps overthink) central bank pause.

- What's more, select "Goldilocks-type" soft patches in data, such as US jobs (JOLTS) numbers, which propel pivot hopes without provoking hard-landing fears, lean into market buoyancy.

- The warning though is that markets, while not wrong to latch on to approaching policy inflection, may be hasty in overlooking interim volatility entailed in a higher bar of "last mile" dis-inflation.

Especially as sharp drop in yields, if sustained, prompt greater restraint in terms of abandoning tightening bias. In turn, and perversely, exuberant pivot bets inadvertently prompting "higher for longer" may up the risks of a not-so-soft landing. Simply put "last mile" dis-inflation challenges makes it premature to declare that markets get the last laugh.

The RBA's "If, Not When" Proposition

- Distinct AUD buckle (to mid-0.65 from 0.66+ levels) on RBA decision, a widely expected hold, makes a compelling case to suggest that markets perceived a more dovish-than-expected signal.

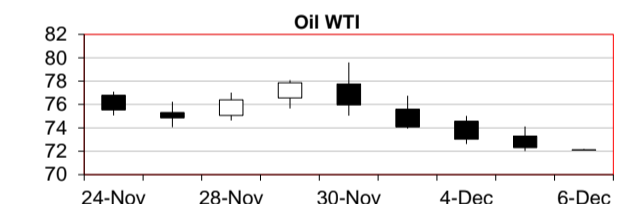
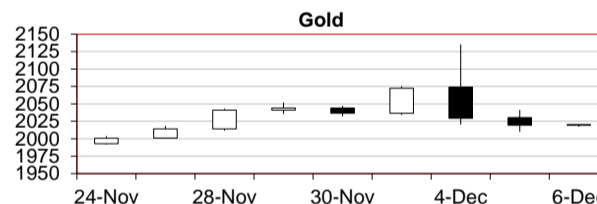
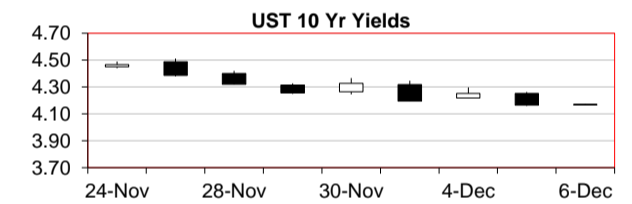
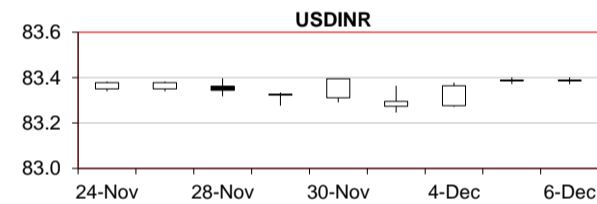
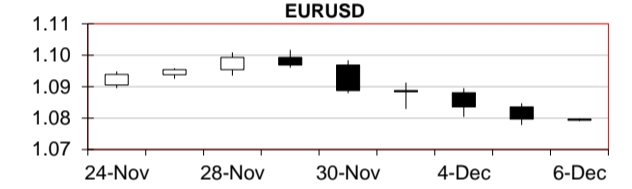
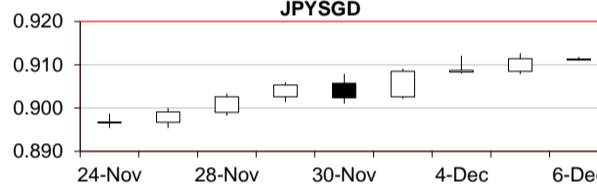
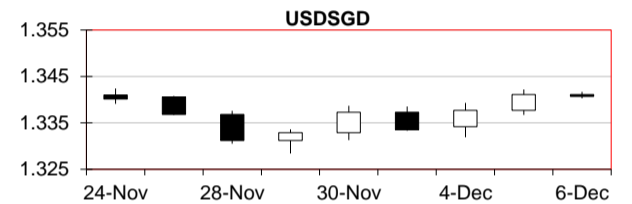
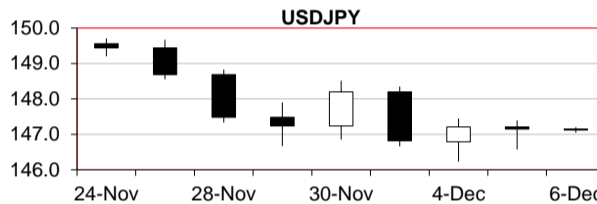
- Trouble is, it is not as if the RBA abandoned the option for further hikes in its communique. In other words, no tangible dial-back in the defacto tightening bias.

- In fact, the RBA specifically alluded to "limited data" in explaining the deliberate pause as it assesses in-coming evidence. But arguably, it was a discernible shift to "if, not when" tightening option that markets seized upon as a dial-back in hawkish bias.

OVERNIGHT RESULTS

(CH) Caixin China PMI Services (Nov): 51.5 (Mkt: 50.5; Oct: 50.4) | (IN) PMI Services (Nov): 56.9 (Mkt: -; Oct: 58.4) | (PH) CPI YoY 2018=100 (Nov): 4.1% (Mkt: 4.3%; Oct: 4.9%) | (US) JOLTS (Oct): 8733k (Mkt: 9300k; Sep: 9553k) | (US) ISM Services/Prices Paid (Nov): 52.7/58.3 (Mkt: 52.3/58.0; Oct: 51.8/58.6) | (EZ) PPI YoY (Oct): -9.4% (Mkt: -9.5%; Sep: -12.4%)

* Past Two Weeks Movement *



- Specifically given that the RBA deems "whether (not when) further monetary policy is required" premised on "data and evolving assessment of risks".

- More so, as it is deemed to be a capitulation (albeit nuanced) from RBA chief Bulllocks' more emphatic tightening bias leaning to a "when, rather than if" hike proposition;

- that was inferred from Governor Bulllock's reference to the challenges of second-round, domestic inflation challenges. Add to that the dial back from the hawkish spectrum of the Fed as well as ECB, and markets are inclined to indulge in pivot bets; which dampen AUD.

"Remarkable" ECB & Repressed EUR

- Speaking of hawks watered down, it was ECB's Schnabel on whom markets pinned the bond market rally (sharp drop in yields) on.

- 10Y yields slumped 10-15bps across the Euro complex (in bull flattening fashion) as Schnabel pointed out "quite remarkable" dis-inflation "has made a further rate increase rather unlikely".

- Crucially, allusion to "(more stubborn) underlying inflation ... falling more quickly" was perceived to be a more distinct catalyst for policy inflection bets.

- The cross-Atlantic drag on yields was distinct, but relatively dampened as 10Y UST yields eased ~6bp; and correspondingly. This provided modest USD lift at the expense of the EUR that has slipped to sub-1.08. What's more, it lends credence to our views that EUR may suffer a long shadow of conspiring risks. On a soft-landing scenario, ECB pivot is set to dampen the EUR's propensity to leverage on Fed pivot bets.

FX Daily Outlook

- EUR/USD: Weakness to persist to trade sideways around 1.08.
- USD/JPY: Fed pivot bets sustain pressure below mid-147.
- USD/SGD: CNH and EUR weakness provide buoyancy above mid-1.33.
- AUD/USD: Dented RBA hawks batter RBA bulls to dampen recovery above 66 cents.

TODAY'S EVENTS

(AU) GDP YoYSA QoQ (3Q): (Mkt: 1.9%/0.5%; 2Q: 2.1%/0.4%) | (TW) CPI/Core YoY (Nov): (Mkt: 2.8%/-; Oct: 3.1%/2.5%) | (TW) PPI YoY (Nov): (Mkt: -; Oct: -0.3%) | (US) ADP Employment Change (Nov): (Mkt: 130k; Oct: 113k) | (EZ) Retail Sales MoM (Oct): (Mkt: 0.2%; Sep: -0.3%)

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