

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	145.69	144.13	▼3.18	▼4.07
EUR	1.0780	1.0794	+0.0030	▼0.0094
AUD	0.6561	0.6602	+0.0053	▼0.0003
SGD	1.3411	1.3392	▼0.0029	+0.0019
CNY	7.1556	7.1486	▼0.0120	+0.0136
INR	83.35	83.36	+0.03	▼0.04
IDR	15515	15515	+22	+5
MYR	4.6737	4.6753	+0.0063	+0.0128
PHP	55.29	55.31	+0.00	▼0.18
THB	35.26	35.18	+0.03	▼0.01

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.150%	+4.5 bp	▼17.7 bp
JPY (10YR)	0.758%	+11.9 bp	+8.6 bp
EUR* (10YR)	2.191%	▼0.9 bp	▼25.6 bp
AUD (5YR)	3.972%	+3.7 bp	▼10.2 bp
SGD (5YR)	2.838%	▼1.1 bp	▼8.0 bp
CNY (5YR)	2.562%	▼3.4 bp	▼0.9 bp
INR (5YR)	7.216%	▼0.5 bp	▼3.8 bp
IDR (5YR)	6.541%	▼0.4 bp	▼12.5 bp
MYR (5YR)	3.566%	▼0.9 bp	▼6.0 bp
PHP (5YR)	6.022%	▼0.3 bp	+0.9 bp
THB (5YR)	2.517%	▼3.9 bp	▼9.3 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	36,117.38	+0.17%	+0.46%
N225 (JP)	32,858.31	▼1.76%	▼1.88%
STOXX 50 (EU)	4,473.77	▼0.21%	+2.08%
ASX (AU)	4,093.96	▼0.05%	+0.99%
STI (SG)	3,074.26	▼0.42%	+0.04%
SHCOMP (CN)	2,966.21	▼0.09%	▼2.09%
SENSEX (IN)	69,521.69	▼0.19%	+3.78%
JSE (ID)	7,134.62	+0.67%	+0.76%
KLSE (MY)	1,442.85	▼0.21%	▼0.68%
PSE (PH)	6,234.77	▼1.13%	+0.18%
SET (TH)	1,378.73	▼0.78%	▼0.11%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	260.74	+0.42%	▲4.71%
COPPER (LME)	8,258.00	+0.69%	▲1.54%
IRON ORE (CN)	134.87	+1.37%	+3.38%
GOLD	2,028.47	+0.14%	▲0.39%
OIL (WTI)	69.34	▼0.06%	▼8.72%

Three Take-aways:

- 1) US equities rally on optimism of a soft landing. Long-end USTs pressured ahead of auctions next week.
- 2) JPY led rally against Greenback on indications of BoJ's exit from NIRP.
- 3) Inadequate disinflation and acceleration of credit growth (despite strong growth) guides a RBI hold.

Pace Matters

- **Optimism of a soft landing scenario was bolstered by indications of a moderate slowdown in the labour market, while demand appeared to hold up.** Against a weaker-than-expected ADP Employment change on Wed, a greater-than-expected decline in continuing jobless claims and a 40% YoY fall in Challenger job cuts alluded to a **gradual and managed weakening labour market**. Meanwhile, wholesale inventories was revised lower (-0.4%; prelim: -0.2%).

- 2Y UST yields ended the session almost unchanged after heading higher ahead of the jobs data. Meanwhile, **longer end treasuries were pressured** by upcoming \$37b 10Y auction on Monday and \$21bn 30Y sale on Tuesday. 10Y UST yields rose +4.5bps.

- NASDAQ rallied +1.4%, supported by positive sentiments on AI being a sweet spot for outperformance growth. S&P500 and Dow both traded higher.

- DXY fell below mid-103, led by a sharp JPY rally, which was sparked by comments by BoJ Deputy Governor Himino on potential impacts that would follow an exit from large-scale stimulus. However, a further rally should face some restraint as an one-off exit from NIRP to ZIRP need not mark the start of a tightening cycle nor the end of YCC. **Gradualism will likely remain the centrepiece of BoJ's monetary policy.**

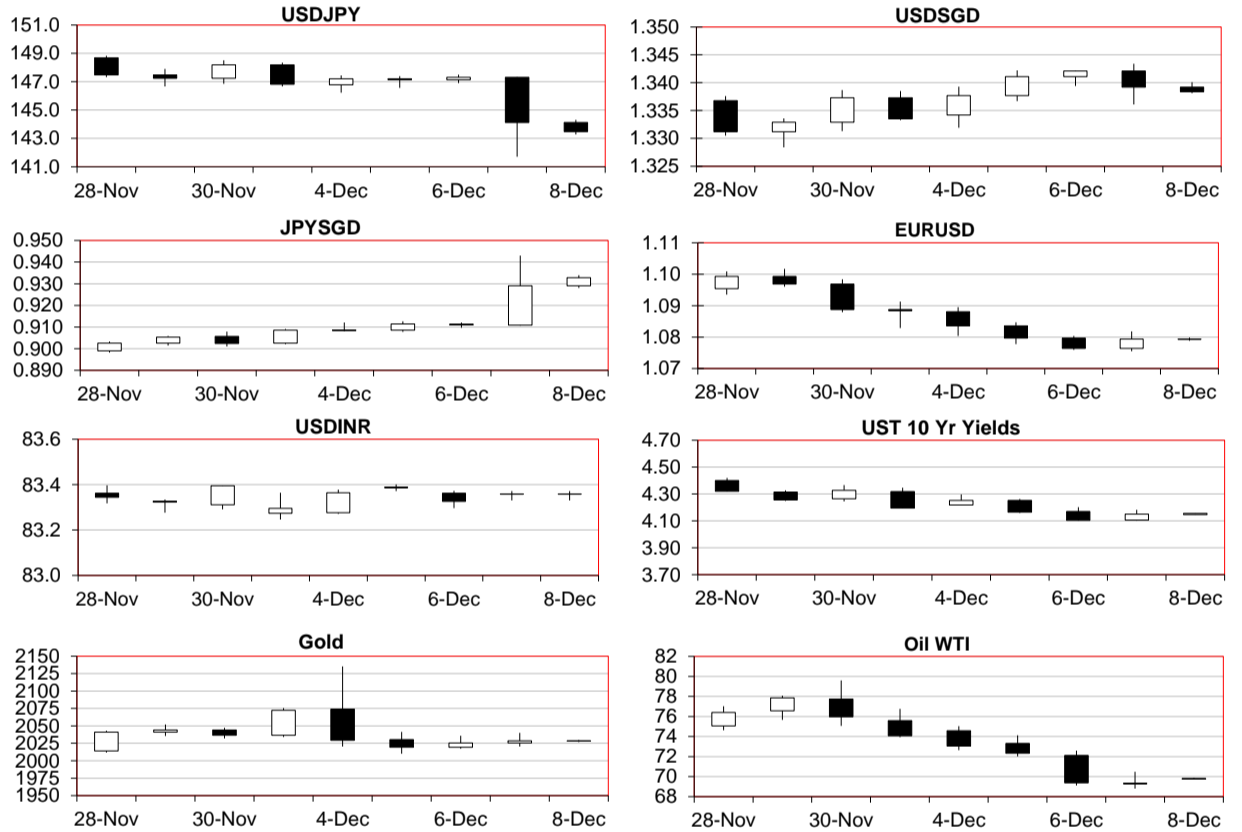
- EUR's rally was restrained as **rate cut bets piled up on growth concerns**. Final print of EZ Q3 GDP was revised lower to 0% from a marginal expansion of 0.1%. EUR briefly rose above 1.08 before dipping under again. AUD and SGD strengthened alongside EUR. AUD tested 66 cents and USD/SGD traded below 1.34 levels.

- Elsewhere, Chinese Nov trade data pointed to weak domestic demand as confidence on economic prospects remains in deficit. Imports (on USD basis) registered a contraction, against expectations

OVERNIGHT RESULTS

(CH) Exports/Imports YoY (Nov): 0.5%/-0.6% (Mkt: 0.0%/3.9%; Oct: -6.4%/3.0%) | (TH) CPI/Core YoY (Nov): -0.4%/0.6% (Mkt: -0.3%/0.6%; Oct: -0.3%/0.7%) | (PH) Unemployment Rate (Oct): 4.2% (Sep: 4.5%) | (US) Initial Jobless Claims: 220k (Mkt: 220k; Prev. Week: 219k) | (EZ) GDP YoY/ SA QoQ (3Q F): 0.0%/-0.1% (Mkt: 0.1%/-0.1%; 0.1%/-0.1%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	144.29	EUR/USD	1.0790
USD/SGD	1.3397	USD/THB	35.15
JPY/SGD	0.9285	USD/MYR	4.675

Forecast

USD/JPY	140.00 - 146.50
EUR/USD	1.0750 - 1.0850
AUD/USD	0.6500 - 0.6610
USD/SGD	1.3380 - 1.3450
JPY/SGD	0.9133 - 0.9607
USD/CNH	7.1400 - 7.1800
USD/INR	83.30 - 83.60
USD/IDR	15460 - 15620
USD/MYR	4.650 - 4.680
USD/PHP	55.10 - 55.50
USD/THB	34.80 - 35.70

Today's Direction

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

of a modest acceleration in 3% region from Oct, even as exports improved.

RBI: Target and Range

- Amid a backdrop of strong growth and inadequate dis-inflation, the RBI is expected to stand pat at their meeting on 8 December.

- Headline inflation's decline to 4.9% YoY in October from 5.0% YoY in September **remains woefully inadequate** for Governor Das given that he had emphatically re-iterated that he sees the **inflation target to be at 4% despite the 2-6% range**.

- Furthermore, snapping two months of headline CPI index declines, October's headline CPI index was 0.7% higher than September with broad based prices increase.

- Meanwhile, **growth continues to outperform market expectations** with Q3 growth posting 7.6% YoY with **investment expenditure** contributing a significant 3.8% points amid the wave of global **supply chain integration** into India amid the need to diversify and strengthen production resilience.

- That said, given that there has been a stark acceleration of credit (housing, credit card vehicle loans) this year, worries about **over-extended households** are not unfounded.

- Even if credit to GDP growth remains palatable, the consequent impact on underlying price pressures in the pipeline also warrants caution on the RBI's part.

- All in, the RBI will keep the repurchase rate at 6.50% in an attempt to guide inflation towards target and also balance growth and financial stability risks from exuberant lending.

FX Daily Outlook

- EUR/USD: Sustained buoyance above 1.08 should US rate cut bets dial up on weak jobs data.

- USD/JPY: Dips below 143 on increased expectations of policy normalisation.

- USD/SGD: Momentum below mid-1.35 pulled back by China woes.

- AUD/USD: Any rally above 66 cents restrained as growth concerns linger.

TODAY'S EVENTS

(JP) Labor/Real Cash Earnings YoY (Oct): 1.5%/-2.3% (Mkt: 1.0%/-3.0%; Sep: 0.6%/-2.9%) | (JP) GDP Annualized SA QoQ (3Q F): -2.9% (Mkt: -2.0%; prelim.: -2.1%) | (KR) BoP Current Account Balance (Oct): \$6796.1m (Sep: \$5420.7m) | (TW) Exports/Imports YoY (Nov): (Mkt: -4.6%/-2.0%; Oct: -4.5%/-12.3%) | (US) Change in Nonfarm Payrolls (Nov): (Mkt: 185k; Oct: 150k) | (US) U. of Mich. Sentiment/Expectations (Dec P): (Mkt: 62.0/56.9; Nov: 61.3/56.8) | (US) U. of Mich. 1/5-10-Yr Inflation (Dec P): (Mkt: 4.3%/3.1%; Nov: 4.5%/3.2%) | (US) Unemployment Rate (Nov): (Mkt: 3.9%; Oct: 3.9%) | (JP) Eco Watchers Survey Current/Outlook SA (Nov): (Mkt: 49.1/48.1; Oct: 49.5/48.4)

Central Bank Decisions: RBI Repurchase Rate

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