

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	131.22	130.29	▼0.27	+0.13
EUR	1.0511	1.0561	+0.0010	+0.0054
AUD	0.7008	0.6952	▼0.0124	▼0.0098
SGD	1.3928	1.3907	+0.0055	+0.0043
CNY	6.7265	6.7308	+0.0640	+0.1223
INR	77.48	77.46	+0.53	+0.95
IDR	14572	14558	+61	+61
MYR	4.3840	4.3845	+0.0180	+0.0307
PHP	52.67	52.50	+0.00	+0.12
THB	34.58	34.61	+0.27	+0.36

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.034%	▼9.3 bp	+5.3 bp
JPY (10YR)	0.248%	+0.4 bp	+1.7 bp
EUR* (10YR)	1.095%	▼3.7 bp	+12.7 bp
AUD (5YR)	3.253%	+4.0 bp	+23.6 bp
SGD (5YR)	2.708%	+10.1 bp	+31.1 bp
CNY (5YR)	2.596%	▼1.2 bp	▼4.1 bp
INR (5YR)	7.273%	+0.1 bp	+45.0 bp
IDR (5YR)	6.594%	+27.2 bp	+27.2 bp
MYR (5YR)	4.154%	▼0.5 bp	+24.6 bp
PHP (5YR)	5.280%	+0.9 bp	+18.9 bp
THB (5YR)	2.665%	+12.6 bp	+36.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,245.70	▼1.99%	▼2.47%
N225 (JP)	26,319.34	▼2.53%	▼1.86%
STOXX 50 (EU)	3,526.86	▼2.82%	▼5.51%
ASX (AU)	3,987.87	▼2.34%	▼4.71%
STI (SG)	3,275.07	▼0.51%	▼2.44%
SHCOMP (CN)	3,004.14	+0.09%	▼1.41%
SENSEX (IN)	54,470.67	▼0.67%	▼4.40%
JSE (ID)	6,909.75	▼4.42%	▼4.42%
KLSE (MY)	1,549.18	▼0.97%	▼3.20%
PSE (PH)	6,759.90	+0.00%	+0.58%
SET (TH)	1,604.49	▼1.54%	▼3.78%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	299.45	▲3.81%	▲3.14%
COPPER (LME)	9,240.40	▲1.81%	▲5.43%
IRON ORE (CN)	131.99	▲4.66%	▲9.53%
GOLD	1,854.17	▲1.57%	▲0.48%
OIL (WTI)	103.09	▼6.09%	▼1.98%

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	130.39	EUR/USD	1.0565
USD/SGD	1.3900	USD/THB	34.61
JPY/SGD	1.0661	USD/MYR	4.382

**Forecast**

USD/JPY	129.30 - 131.60
EUR/USD	1.0470 - 1.0640
AUD/USD	0.6880 - 0.7060
USD/SGD	1.3860 - 1.3970
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.7260 - 6.8030
USD/INR	76.80 - 77.90
USD/IDR	14500 - 14650
USD/MYR	4.3650 - 4.4000
USD/PHP	52.30 - 53.00
USD/THB	34.30 - 34.80

**Today's Direction**

	Bull	Bear
USD/SGD	2	4
USD/JPY	2	4

**Fed-renaline: Of Fright, Fight & Flight**

- Thanks to an aggressively hawkish Fed, markets have been infused with shot adrenaline (arguably a concoction of other hormones released by the adrenal glands to be precise), plunging markets in the "fright, fight or flight" response to acute stress.

- Specifically, markets are now subject to growing concerns that the Fed's brutal tightening, which involves rapidly escalating rates and shrinking USD supply, may trigger a downturn; and not just in the US, but globally as the Fed's policy pervades global markets.

- Against this backdrop of "Fed-renaline" from acute stress about policy-induced recession risks, it appears that the "fright" is an obligation, not an option.

- And the bloodbath in equities reveal deference to the oft cited market adage, "don't fight the Fed". S&P500 has extended losses with a 3.2% drop overnight, down nearly 12% for Q2.

- Nasdaq has been subject to even more "acute stress" with a 4.3% overnight plunge, taking Q2 losses to over 18% (and a gut-wrenching 28% drop from November 2021 highs).

- And to be sure, sell-off is not confined to US markets.

- In fact, the flight reflex is ubiquitous as capital capitulates from flees equity markets across; plunging Eurostoxx, Nikkei, Kospi, Hang Seng and Shanghai in the red by 18-22% for 2022.

- The cruel reckoning of the Fed fright is that there is no real or "usual" refuge.

- Despite the overnight declines (bull steepening) in UST yields, the bigger picture is one of surging UST yields amid posturing for Fed hike and QT.

- And so, bond market bears are frolicking with the equity market bears; entrenching the view of a market that is rocked by worries of a hard-landing from a hawkish Fed.

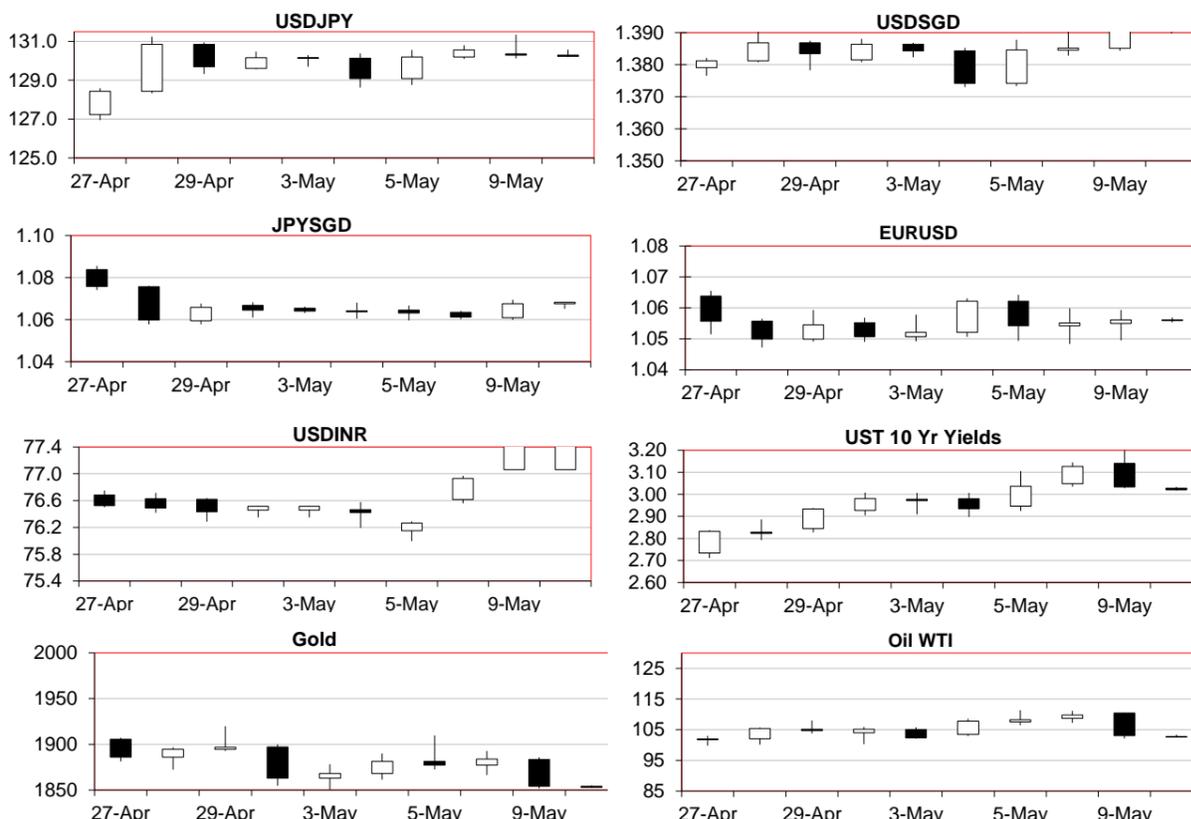
- To be fair, the Fed is not solely responsible. The war in Ukraine, with expectations of more price shocks (to energy/food) as Europe prepares to wean off Russian energy imports and the rolling supply chain disruptions aggravated by China's COVID containment policies add to policy dilemma worries; as well as the attendant risks of a downturn induced by policy mis-steps.

**OVERNIGHT RESULTS**

(CH) Exports YoY/Imports YoY (Apr): 3.9%/0.0% (Mkt: 2.7%/-3.0%; Mar: 14.7%/-0.1%)

(ID) GDP YoY/GDP QoQ (Q1): 5.0% (Mkt: 5.0%; Q4: 5.0%) | (ID) CPI YoY (Apr): 3.5% (Mkt: 3.3%; Mar: 2.6%)

(EZ) Sentix Investor Confidence (May): -22.6 (Mkt: -21.6; Apr: -18.0)

**\* Past Two Weeks Movement \***


- But this is a complication, not a consolation. And the manifestations of acute stress ("fright, fight and flight" response instincts) in the market remain.

**King USD & Fed Hawks**

- Meanwhile, one of the market exceptions (to the sell-off) getting, and staying, high from the "Fed-renaline" rush is the USD. And despite softer UST yields, concerns about demand destruction exacerbated by the Fed is likely to keep the Greenback underpinned.

- In turn, AUD remain compromised (below 0.70) amid sharp declines in Oil prices.

- Especially with the CNH above 6.76, less than 1% off 6.80 levels after weak China trade data validated concerns about industrial and supply-chain disruptions.

- This weakness in the CNY complex is expected to spill-over more broadly amongst North Asia and ASEAN FX as Chinese supply disruptions rippling through warns of lingering Q2 (and possibly early-Q3) setbacks to industrial recovery.

- Which in turn could render policy dilemma in EM Asia even more acute in coming months as an aggressively hawkish Fed continues to lay bare divergence with EM Asia; despite many regional central banks beginning to shift gears to address inflation and macrostability risks.

- Whispers of intervention to avert excessive declines offer a glimpse into EM Asia FX vulnerabilities as Fed hawks pay homage to King USD. USD/SGD is supported above 1.39 under these circumstances; despite EUR skirting dips below 1.05. And USD/JPY slip below 131 is a tactical response to softer UST yields, not a strategic re-positioning for USD pullback.

**FX Daily Outlook**

- EUR/USD: Traction above 1.05 contingent on US CPI tomorrow being sufficiently low.

- USD/JPY: Decline in UST yields dampening trades to sub-130 to 131 for now; upside bias remains.

- USD/SGD: Consolidation around 1.39 as EUR and CNH cues are watched carefully.

- AUD/USD: USD strength and softer oil a double whammy amid soft Aussie data; watch 0.69.

**TODAY'S EVENTS**

(JP) Household Spending YoY (Mar): -2.3% (Mkt: -3.3%; Feb: 1.1%) | (AU) Household Spending MoM (Apr): -3.8% (Feb: 9.2%)

(KR) Current Account/Goods (Mar): \$6.73b/\$5.31b (Feb: \$6.42b/\$4.27b)

(AU) Retail Sales Ex-Inflation QoQ (Q1): (Mkt: 1.0%; Q4: 8.2%) | (TH) Consumer Confidence Economic (Apr): (Mar: 35.9)

(MY) Industrial Pdtm YoY (Mar): (Mkt: 4.8%; Feb: 3.9%) | (GE) ZEW Survey (May): (Mkt: -43.5; Apr: -41.0)

(Central Banks): Fed's Williams &amp; Barkin speak | ECB's Villeroy speaks

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