

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	129.36	129.16	▼0.06	▼1.13
EUR	1.0411	1.0434	+0.0022	▼0.0127
AUD	0.6900	0.6971	+0.0031	+0.0019
SGD	1.3947	1.3918	▼0.0011	+0.0011
CNY	6.8025	6.7861	▼0.0031	+0.0553
INR	77.48	77.45	+0.00	▼0.02
IDR	14697	14613	+0	+55
MYR	4.3977	4.3987	+0.0000	+0.0142
PHP	52.50	52.49	+0.04	▼0.00
THB	34.84	34.78	+0.00	+0.17

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.882%	▼3.6 bp	▼15.2 bp
JPY (10YR)	0.247%	+0.1 bp	▼0.1 bp
EUR* (10YR)	0.937%	▼1.1 bp	▼15.8 bp
AUD (5YR)	3.053%	+1.0 bp	▼20.0 bp
SGD (5YR)	2.566%	+0.0 bp	▼14.2 bp
CNY (5YR)	2.572%	+0.0 bp	▼2.4 bp
INR (5YR)	7.127%	+0.0 bp	▼14.6 bp
IDR (5YR)	6.831%	+0.0 bp	+23.7 bp
MYR (5YR)	4.022%	+0.0 bp	▼13.2 bp
PHP (5YR)	5.764%	+11.3 bp	+48.4 bp
THB (5YR)	2.626%	+0.0 bp	▼3.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,223.42	+0.08%	▼0.07%
N225 (JP)	26,547.05	+0.45%	+0.87%
STOXX 50 (EU)	3,685.34	▼0.49%	+4.49%
ASX (AU)	4,120.34	+0.52%	+3.32%
STI (SG)	3,191.16	+0.00%	▼2.56%
SHCOMP (CN)	3,073.75	▼0.34%	+2.32%
SENSEX (IN)	52,973.84	+0.34%	▼2.75%
JSE (ID)	6,597.99	+0.00%	▼4.51%
KLSE (MY)	1,544.41	+0.00%	▼0.31%
PSE (PH)	6,502.12	+1.93%	▼3.81%
SET (TH)	1,584.38	+0.00%	▼1.25%

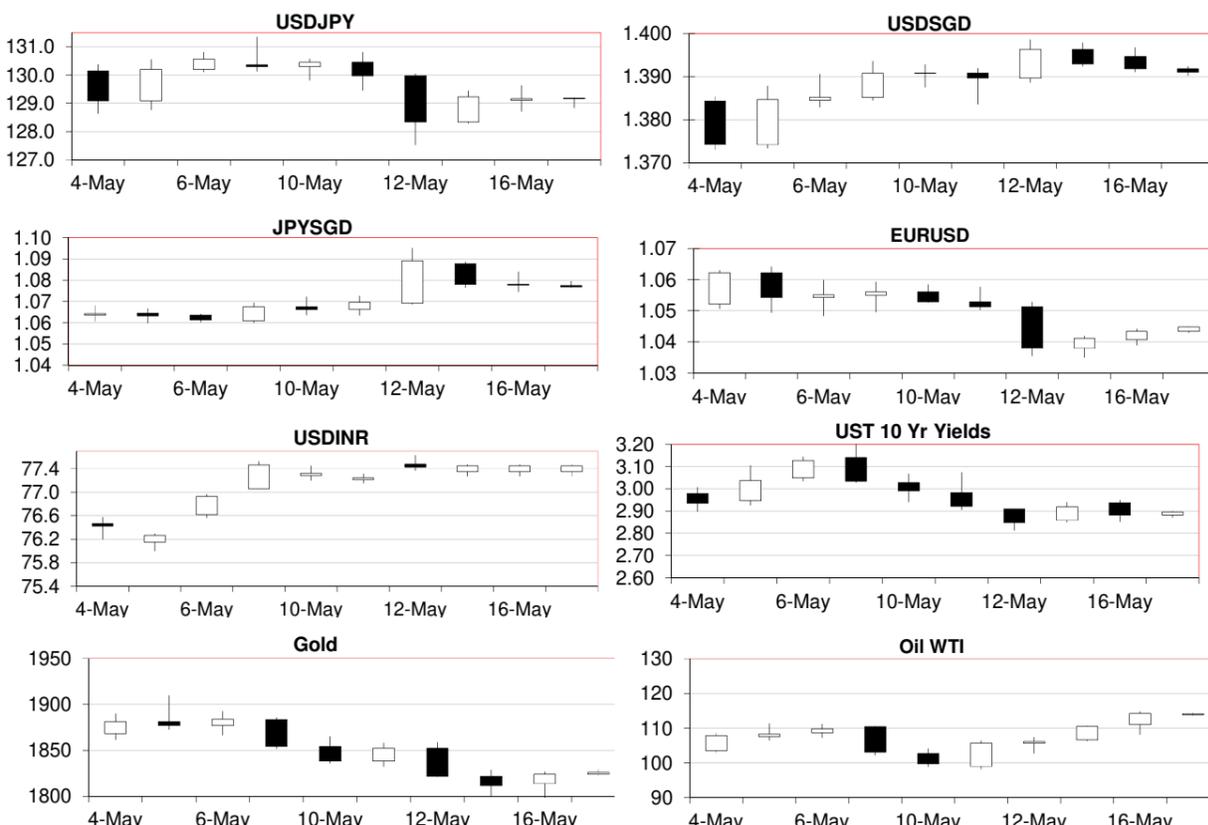
Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	315.59	+2.27%	+5.39%
COPPER (LME)	9,255.50	+0.77%	+0.16%
IRON ORE (CN)	132.50	+1.20%	+0.39%
GOLD	1,824.14	+0.68%	▲1.62%
OIL (WTI)	114.20	+3.36%	+10.78%

**Growth Concerns Take Hold**

- US markets were mixed overnight as concerns of slowing growth amidst sticky price pressures weighed on equities (S&P: -0.4%; NASDAQ: -1.2% and Dow Jones: +0.1%) while UST yields across most tenors eased off. The DXY index retreated.
- Economic data released in the US is pointing to a significantly slower pace of growth. The New York state manufacturing index fell to -11.6 in May from 24.6 in April, well below expectations and marking a second contraction in three months.
- Despite building growth concerns, Brent and WTI prices stabilised at USD114/barrel pointing to sticky energy prices. Other commodity prices including gold, copper and aluminium prices were also up.
- This puts the Fed squarely on track to further tightening with New York Fed Chair Williams stating that tighter liquidity conditions were to be expected.
- The uptick in gold prices and step down in UST yields helped USD/JPY below 129 levels while amongst other G10 peers, CAD, NZD, AUD and GBP held gains versus USD on Monday.
- Poor US data compounded an already sullen market mood from China's economic data for April showing an undisputed slump on account of COVID-19 related lockdowns.
- With industrial production, retail sales and property investment contracting, the weakness in growth seemed broad based. The unemployment rate also edged higher to 6.1% from 5.8%.
- Even so, the CNY/CNH complex gained versus USD on Monday as USD demand took a small step down on slowing US growth concerns.
- With most markets closed on Monday, there could be some catch-up depreciation in store for CNY/CNH on Tuesday.
- However, there could be some offset if there signs that the lockdown in Shanghai will ease after no cases (outside of quarantine) were added for a third consecutive day.
- Elsewhere in EM Asia, with economic data mixed across the region, Thailand's Q1 GDP print will be the focus of the morning (more below).

**OVERNIGHT RESULTS**

(CH) Industrial Production YoY (Apr): -2.9% (Mkt: 0.5%; Mar: 5.0%) | (CH) Retail Sales YoY (Apr): -11.1% (Mkt: -6.6%; Mar: -3.5%) | (CH) Fixed Assets Ex Rural YTD YoY (Apr): 6.8% (Mkt: 7.0%; Mar: 9.3%) | (CH) Surveyed Jobless Rate (Apr): 6.1% (Mkt: 6.0%; Mar: 5.8%) | (US) Employment YoY (Apr): 1.6% (Mkt: 1.5%; Mar: 1.5%) | (US) Retail Sales YoY (Apr): -1.1% (Mkt: -1.1%; Mar: -1.1%)

**Past Two Weeks Movement**

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

USD/JPY	128.94	EUR/USD	1.0439
USD/SGD	1.3908	USD/THB	34.71
JPY/SGD	1.0787	USD/MYR	4.395

**Forecast**

USD/JPY	128.00 - 132.00
EUR/USD	1.0400 - 1.0600
AUD/USD	0.6800 - 0.7060
USD/SGD	1.3860 - 1.3410
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.7200 - 6.8500
USD/INR	77.10 - 77.90
USD/IDR	14530 - 14680
USD/MYR	4.3800 - 4.4100
USD/PHP	52.25 - 52.80
USD/THB	34.55 - 34.90

**Today's Direction**

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

**Thailand GDP: Slowing Growth**

- Q1 GDP YoY growth is expected to slow to 1.7% YoY from the 1.9% in Q4. Even on a sequential basis, economic activity is expected to take a legdown.
- Although the slowdown may not be severe, tail risks exist on both ends.
- On the upside, monthly indicators for private investment and consumption show continued expansion on a year-on-year basis given the depressed base in Q1 from social restrictions.
- With the continued easing of Covid controls, and with more provinces opening up or subject to fewer restrictions, both consumption and investment spending will get some boost.
- However, these may be capped by other building concerns.
- The recovery in investment spending seems more tentative as business face higher costs and greater geo-political uncertainties, denting confidence and capital expenditure plans.
- On the consumption front, rising price pressures (Q1 headline inflation: 4.7% YoY) will likely eat into disposable income and weigh on the recovery.
- The lack of a convincing export recovery will contribute to downside tailrisks. In Q1, we expect net exports to remain a drag mainly from net services exports staying in a large deficit from still lacklustre tourism. That said, a significant boost from gold exports in March (at 7 times of 2021 monthly average) may have limited the drag from net exports in Q1.
- However, given the temporal nature of gold exports, sufficient caution should be applied to any such upside surprises. As such, we see the growth recovery in Thailand remaining lacklustre.

**FX Daily Outlook**

- EUR/USD: July rate hikes from ECB helped by a weaker USD puts mid-1.04 in sight.
- USD/JPY: Convincing breaks below 129 may still not be on the cards as UST volatility persists.
- USD/SGD: 1.39 levels and slightly below contingent on USD bias; for now holds at low 1.39.
- AUD/USD: 0.7 is within sight as commodity and RBA bulls hold fort.

**TODAY'S EVENTS**

(MY) Fixed Assets Ex Rural YTD YoY (1Q): (Mkt: 4.0%; 4Q: 6.6%) | (IN) Trade Balance (Apr): (Mkt: -\$20b; Mar: -\$18.5b) | (US) U. of. Mich. Sentiment (May P): (Mkt: 63.8; Apr: 65.2) | (EZ) Industrial Production WSA YoY (Mar): (Mkt: 0.5%; 2.0%) | (Central Banks): ECB's De Cos and Schnabel Speaks | Fed's Mester Speaks

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