

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	141.19	138.81	▼2.17	▼7.81
EUR	1.0245	1.0347	+0.0138	+0.0390
AUD	0.6653	0.6703	+0.0084	+0.0233
SGD	1.3771	1.3718	▼0.0106	▼0.0351
CNY	7.1055	7.0973	▼0.0892	▼0.0878
INR	80.81	80.82	▼0.98	▼1.61
IDR	15496	15494	▼197	▼244
MYR	4.6138	4.6220	▼0.0758	▼0.1260
PHP	57.27	57.26	▼0.93	▼1.30
THB	35.96	35.95	▼0.93	▼1.62

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.813%	+0.0 bp	▼34.6 bp
JPY (10YR)	0.242%	▼1.1 bp	▼1.5 bp
EUR* (10YR)	2.160%	+15.1 bp	▼13.5 bp
AUD (5YR)	3.336%	▼8.9 bp	▼18.5 bp
SGD (5YR)	3.191%	▼13.0 bp	▼14.0 bp
CNY (5YR)	2.549%	+4.5 bp	+5.9 bp
INR (5YR)	7.201%	▼7.6 bp	▼22.0 bp
IDR (5YR)	6.966%	▼18.8 bp	▼16.1 bp
MYR (5YR)	4.219%	▼7.7 bp	+5.0 bp
PHP (5YR)	7.057%	▼21.3 bp	+28.9 bp
THB (5YR)	2.408%	▼11.0 bp	▼22.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,747.86	+0.10%	+4.15%
N225 (JP)	28,263.57	+2.98%	+3.91%
STOXX 50 (EU)	3,868.50	+0.57%	+4.88%
ASX (AU)	4,036.84	▼0.44%	+0.87%
STI (SG)	3,228.33	+1.74%	+3.14%
SHCOMP (CN)	3,087.29	+1.69%	+0.54%
SENSEX (IN)	61,795.04	+1.95%	+1.39%
JSE (ID)	7,089.21	+1.76%	+0.62%
KLSE (MY)	1,468.21	+1.27%	+2.08%
PSE (PH)	6,286.77	+1.93%	+1.64%
SET (TH)	1,637.29	+1.12%	+0.67%

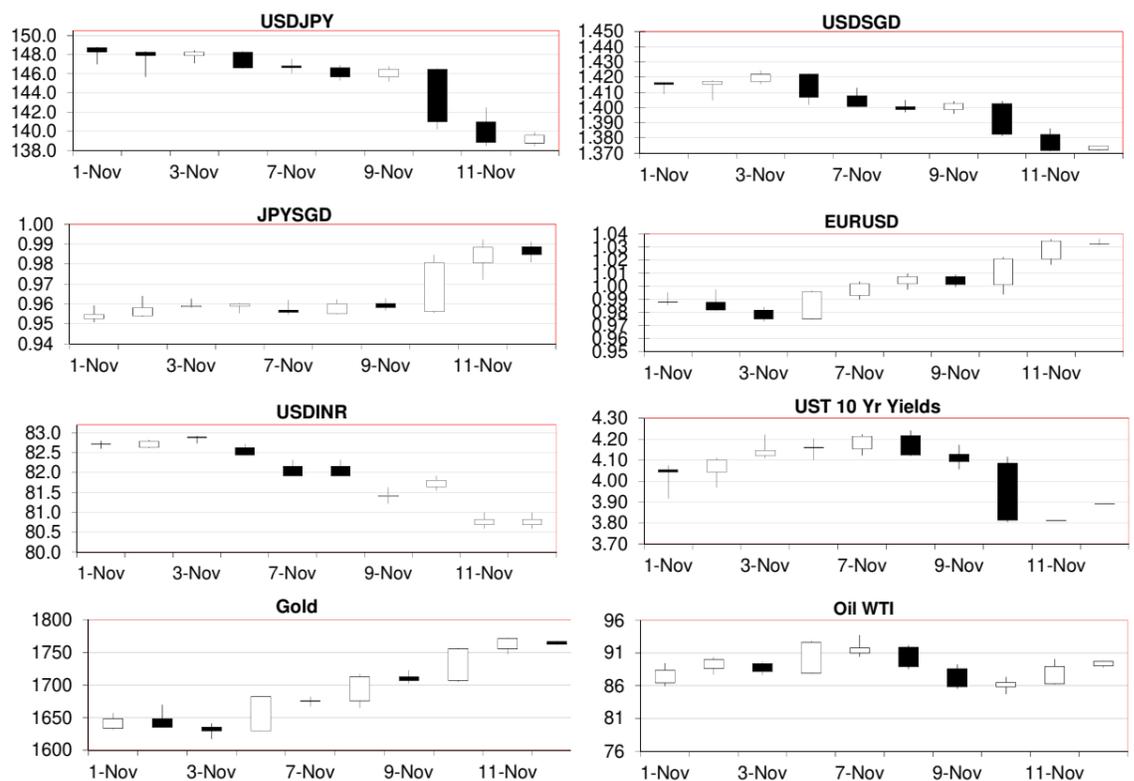
Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	285.79	+1.30%	▲0.61%
COPPER (LME)	8,501.90	+2.65%	+4.50%
IRON ORE (CN)	90.47	+3.70%	+4.02%
GOLD	1,771.24	+0.90%	+5.31%
OIL (WTI)	88.96	+2.88%	▼3.94%

**Heading the Signs**

- The rally in US equities continued into Friday from Thursday, with S&P (+5.9%), NASDAQ (+8.1%) and Dow Jones (+4.2%) up for its best weekly closing in many months.
- The rally triggered by lower-than-expected US inflation data also led to an easing of the DXY index, which fell 1.7% on Friday but was still up over 10% year-to-date.
- Within the G10 complex, JPY gained 1.7% versus USD, with USD/JPY hovering at 138.5 levels while EUR gained 1.5% versus USD, with EUR/USD more firmly above parity at 1.036.
- Risk sensitive AUD and NZD also gained by similar magnitudes (1.4% and 1.6%, respectively) while GBP gained 1.2% with GBP/USD hovering at 1.185 levels.
- UST markets were closed on Friday, on account of Veterans Day, following a distinct drop in yields across the curve on Thursday in the aftermath of the US CPI release.
- It seems that the exuberance around inflation peaking and a Fed 'pivot' towards lower magnitude rate hikes maybe overdone.
- Although there are some signs that inflation may be peaking, it is too soon to assume that global central banks, especially the Fed, will hang up its hiking boots just yet (more below).
- Indeed, this is what was stated by Christopher Waller who stated that while the pace of rate increases may slow, markets must now pay attention to the "endpoint" of the increases.
- This endpoint, he stated, is still "a ways off".
- Early trading in Asia suggests that market participants are heading the signs. US equity futures are trading mixed.
- Meanwhile, news out of China was headline positive for markets. Regulators are said to have told financial institutions to extend support to the beleaguered property developers.
- This will add to improved sentiment on the back of the authorities easing of some COVID measures on Friday, including shorter quarantines. That said, a complete re-opening of the economy may still be a while away.

**OVERNIGHT RESULTS**

(MA) GDP YoY/QoQ SA (Q3): (Mkt: 12.4%/0.8%; Q2: 8.9%/3.5%) | (MA) BoP Current Account Balance (Q3): (Q2: MYR4.4b) | (IN) Industrial Production YoY (Sep): (Mkt: 2.0%; Aug:-0.8%) | (US) U.o.f. Mic. Sentiment (Nov P): (Mkt: 59.5; Oct: 59.9) | (JP) PPI YoY (Oct): (Mkt: 8.8%; Sep: 9.7%)

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

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

USD/JPY	139.59	EUR/USD	1.0328
USD/SGD	1.3745	USD/THB	36.04
JPY/SGD	0.9847	USD/MYR	4.612

**Forecast**

USD/JPY	138.00 - 142.00
EUR/USD	0.9900 - 1.0400
AUD/USD	0.6500 - 0.6700
USD/SGD	1.3700 - 1.3900
JPY/SGD	0.9648 - 1.0072
USD/CNH	7.0750 - 7.1500
USD/INR	80.00 - 81.50
USD/IDR	15480 - 15600
USD/MYR	4.605 - 4.700
USD/PHP	56.80 - 58.00
USD/THB	35.60 - 37.00

**Today's Direction**

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

**Inflation: Concessions, Not Conclusions\***

- Faster than expected deceleration in US inflation, which incited exuberance about a Fed pivot, appears to validate earlier signs of diminishing cost-push forces.
- Global cost-push proxy, suggested a distinct inflection lower for inflation (based on upstream commodity and freight cost) but China's producer price inflation details also square with China exporting dis-inflation in manufactured goods.
- The confluence of dissipating upstream cost push forces (commodities and freight/transport) along with dis-inflation exported by the "factory of the world" mark a concession on the part of inflation risks that currently dominating the global economic narrative.
- In fact, the evidence on dissipating global cost-push and dis-inflationary producer-to-manufacturer inflation suggest a sharper pullback in global inflation down the road.
- But it is far too hasty to declare a decisive conclusion to inflation risks. Specifically; i) vulnerabilities to further price shocks (especially given precarious geo-political risks); ii) inflation stickiness from "long-memory" transmission of energy, food and wider inflationary cascade, and; iii) second(/third/fourth)-round effects feeding back to entrench inflation are clear risks that central banks cannot afford to be dismissive about.
- Our suspicion is that there is a higher bar for central banks to derive comfort that underlying inflation is sufficiently low. Simply put, recent inflation peak/decline is a welcome concession to calibrate policy tightening, not a conclusion of inflation risks that make way for a pivot.

\*Please see Mizuho Chart Speak - Inflation: Concessions, Not Conclusions for details

**FX Daily Outlook**

- EUR/USD: Some pull back maybe on the cards following overexuberance last week.
- USD/JPY: Re-opening of UST markets may see the pair re-testing 140 levels.
- USD/SGD: Caution re-entering may see pair drift higher to 1.38 levels.
- AUD/USD: 0.66-0.67 may be par for the course on fluctuating USD demand.

**TODAY'S EVENTS**

(EZ) Industrial Production WDA YoY (Sep): (Aug: 2.5%) | (IN) Trade Balance USD (Oct): (Mkt: -26bn; Sep: -25.7bn) | (IN) CPI YoY (Oct): (Mkt: 6.7%; Sep: 7.4%)

**Important Information**

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

**Singapore:** Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

**Japan:** Mizuho is authorised and regulated by the Financial Services Agency of Japan.

**United Kingdom / European Economic Area:** In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

**United States:** This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.