

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	139.35	139.28	▼0.61	▼6.40
EUR	1.0406	1.0349	+0.0022	+0.0275
AUD	0.6760	0.6756	+0.0054	+0.0249
SGD	1.3676	1.3707	▼0.0013	▼0.0280
CNY	7.0349	7.0455	▼0.0235	▼0.1855
INR	81.14	81.10	▼0.16	▼0.81
IDR	15537	15538	+20	▼160
MYR	4.5459	4.5335	▼0.0613	▼0.2023
PHP	57.23	57.23	▼0.07	▼1.05
THB	35.56	35.59	▼0.32	▼1.72

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.770%	▼8.4 bp	▼35.4 bp
JPY (10YR)	0.245%	+0.1 bp	▼0.7 bp
EUR* (10YR)	2.108%	▼3.9 bp	▼17.3 bp
AUD (5YR)	3.455%	+1.9 bp	▼24.5 bp
SGD (5YR)	3.098%	▼7.5 bp	▼26.2 bp
CNY (5YR)	2.644%	▼1.4 bp	+16.0 bp
INR (5YR)	7.124%	▼5.4 bp	▼26.3 bp
IDR (5YR)	6.892%	▼4.3 bp	▼26.1 bp
MYR (5YR)	4.209%	▼4.9 bp	▼7.6 bp
PHP (5YR)	7.026%	▼6.1 bp	+23.9 bp
THB (5YR)	2.357%	▼5.1 bp	▼28.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,592.92	+0.17%	+1.30%
N225 (JP)	27,990.17	+0.10%	+0.42%
STOXX 50 (EU)	3,915.09	+0.71%	+4.70%
ASX (AU)	4,055.88	▼0.30%	+1.39%
STI (SG)	3,275.28	+0.44%	+4.11%
SHCOMP (CN)	3,134.08	+1.64%	+2.27%
SENSEX (IN)	61,872.99	+0.40%	+1.12%
JSE (ID)	7,035.50	+0.23%	▼0.21%
KLSE (MY)	1,450.54	▼0.92%	+0.64%
PSE (PH)	6,418.94	+1.01%	+2.06%
SET (TH)	1,629.38	+0.37%	▼0.20%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	284.36	+0.78%	+0.11%
COPPER (LME)	8,348.25	▲0.09%	+2.72%
IRON ORE (CN)	92.45	+0.94%	+4.62%
GOLD	1,778.94	+0.43%	+3.88%
OIL (WTI)	86.92	+1.22%	▼2.24%

Slowdown?

- US producer price growth (Oct) came in below market expectations and also below September's print. The **slower in momentum for factory gate price pressures** aligns with the slowdown in inflation print last week and re-ignited support for the Fed's step down to a 50bps hike in December.

- In terms of economic activity, while the New York Fed's manufacturing survey showed an **expansion in activity in November**, it is worth noting that **outlook for manufacturing over the next 6 months decline** alongside lower new orders.

- With this backdrop of a slowdown in inflation momentum and economic growth, 2Y UST yields drop 5.1bp while 10Y UST yields declined a larger 8.4bps underscoring haven demand at the margins. Meanwhile, the Fed's near term forward spread (18M-3M) has slipped into inversion territory.

- For now, US equities will take comfort and valuation support from slipping yields, with the tech heavy Nasdaq up 1.5% to lead gains while the S&P 500 and Dow rose 0.9% and 0.2% respectively.

- Inevitably, without the underpinning from UST yields, the USD fell against all G10 peers. The Antipodeans outperformed as the AUD rose 0.9% heading above mid-0.67.

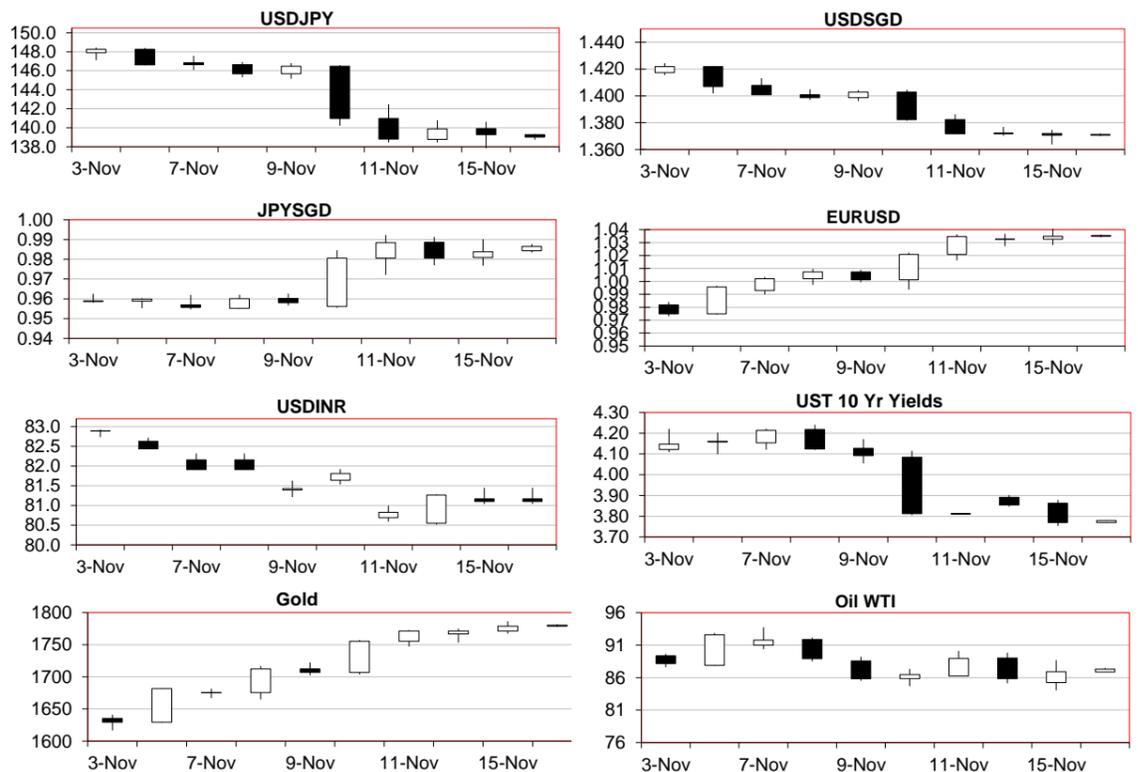
- **AUD performance hinged** on a (expectedly) non-conclusive but **amicable 32-minute meeting** between PM Albanese and President Xi and the possibility of further economic stimulus in China. These positives have temporarily overshadowed both **dismal China economic data** and **RBA minutes** which displayed a wider band of uncertainty by highlighting for the first time the possibility of **keeping rates unchanged to assess the state of the economy and inflation outlook**.

- **Despite Japan's economy posting a surprise contraction in Q3**, the JPY continued their recovery as USD/JPY slipped below 139 on lower US yields. The EUR's performance was more muted, failing to sustain challenges above mid-1.04 and falling back toward 1.03 amid renewed Russian missile strikes in Ukraine and Russian rockets landing in Poland.

OVERNIGHT RESULTS

(JP) GDP Annualised SA QoQ (3Q P): -1.2% (Mkt: 1.2%; 2Q: 3.5%) | (JP) Industrial Production YoY (Sep F): 9.6% (Prelim: 9.8%) | (CH) Industrial Production/Retail Sales YoY (Oct): 5.0%/-0.5% (Mkt: 5.3%/0.7%; Sep: 6.3%; 2.5%) | (CH) 1-Yr Medium Term Lending Facility Rate: 2.75% (Mkt: 2.75%; Prev: 2.75%) | (ID) Trade Balance (Oct): \$5670m (Mkt: \$4500m; Sep: \$4990m) | (EZ) GDP SA YoY (3Q P): 2.1% (Mkt: 2.1%; Prev: 2.1%) | (US) Empire Manufacturing (Nov): 4.5 (Mkt: -6.0; Oct: -9.1) | (US) PPI Final Demand/Ex Food and Energy YoY (Oct): 8.0%/6.7% (Mkt: 8.3%/7.2%; Sep: 8.5%; 5.6%) |

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	138.90	EUR/USD	1.0359
USD/SGD	1.3706	USD/THB	35.57
JPY/SGD	0.9868	USD/MYR	4.590

Forecast

USD/JPY	138.00 - 142.00
EUR/USD	1.0200 - 1.0400
AUD/USD	0.6500 - 0.6800
USD/SGD	1.3650 - 1.3900
JPY/SGD	0.9613 - 1.0072
USD/CNH	7.0000 - 7.1500
USD/INR	80.50 - 82.00
USD/IDR	15480 - 15600
USD/MYR	4.570 - 4.600
USD/PHP	57.00 - 58.00
USD/THB	35.40 - 36.00

Today's Direction

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

- In EM-Asia, USD/SGD ended flat and regional peers will embark on rate hikes tomorrow to slowdown inflation momentum and backstop their currencies.

Bangko Sentral ng Pilipinas: Well telegraphed 75bp Hike

- **BSP Governor Medalla has confirmed that a 75bp hike is guaranteed at the 17 November, matching the quantum of the US Fed's 2 Nov hike.**

- The more pertinent question for BSP at this stage is how far it is willing to go in terms of rate hikes to rein in inflation. With Q3 GDP growth defying expectations of a slowdown, by picking up to 7.6% YoY from 7.5% YoY in Q2 (with sequential growth rising to 2.9% QoQ SA from -0.1% in Q2), BSP's path to higher rate is cleared for longer. Importantly, private consumption growth picked in Q3 despite the aggressive 225bp hike in rates and unrelenting inflation.

- Speaking of which, inflationary pressures in the Philippines have remained stubbornly high, despite signs that inflation is moderating in some neighbouring countries.

- More so, **food prices have remained sticky upwards** with food CPI in October at 9.8% YoY from 7.7% in September. Core inflation has also not relented, rising to 5.9% from 5.0% in September.

- Although the pace of **PHP depreciation** has moderated in the past month, it **remains one of the worst performers in the EM Asia region, imported inflation pressures onto food and fuel** (both of which the country net imports) remain elevated.

- **This implies that BSP will have to remain nimble in its approach to hiking rates, possibly keeping the door open for larger magnitude rate hikes even at its 15 December meeting.**

FX Daily Outlook

- EUR/USD: Geo-political tensions set to limit EUR upside despite lower US yields.

- USD/JPY: Consolidation near 139 as UST-JGB yield differential narrow.

- USD/SGD: Trading around 1.37 to continue as CNH weakness restrain upside.

- AUD/USD: Sub-0.67 slips if the pair awakens to RBA caution and China's dismal reality.

TODAY'S EVENTS

(JP) Core Machine Orders YoY (Sep): 2.9% (Mkt: 8.0%; Aug: 9.7%) | (US) Industrial Production MoM (Oct): (Mkt: 0.1%; Sep: 0.4%) |

(US) Retail Sales Adv/Ex Auto and Gas MoM (Oct): (Mkt: 1.0%/0.2%; Sep: 0.0%/0.3%) |

(AU) Wage Price Index YoY (3Q): (Mkt: 3.0%; 2Q: 2.6%) |

Central Banks: Fed's Williams and Waller speaks ; ECB's Villeroy & Elderson Speaks

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