

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	139.31	140.20	+0.70	▼0.78
EUR	1.0391	1.0362	▼0.0033	+0.0153
AUD	0.6738	0.6685	▼0.0056	+0.0066
SGD	1.3711	1.3745	+0.0043	▼0.0079
CNY	7.1243	7.1578	+0.0596	▼0.0287
INR	81.52	81.63	+0.33	▼0.17
IDR	15664	15663	+60	▼28
MYR	4.5533	4.5562	+0.0114	▼0.1416
PHP	57.37	57.37	+0.02	▼0.83
THB	35.76	35.89	+0.20	▼1.00

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.766%	+7.6 bp	▼4.7 bp
JPY (10YR)	0.246%	▼0.2 bp	▼0.7 bp
EUR* (10YR)	2.020%	+2.4 bp	+1.1 bp
AUD (5YR)	3.344%	▼7.7 bp	▼8.1 bp
SGD (5YR)	2.980%	▼9.6 bp	▼34.1 bp
CNY (5YR)	2.650%	▼4.8 bp	+14.6 bp
INR (5YR)	7.141%	▼0.3 bp	▼13.6 bp
IDR (5YR)	6.833%	+1.6 bp	▼32.1 bp
MYR (5YR)	4.199%	+5.0 bp	▼9.7 bp
PHP (5YR)	6.778%	▼12.0 bp	▼49.2 bp
THB (5YR)	2.398%	+0.2 bp	▼12.0 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,546.32	▼0.02%	▼0.50%
N225 (JP)	27,930.57	▼0.35%	+1.77%
STOXX 50 (EU)	3,878.42	▼0.11%	+0.83%
ASX (AU)	4,033.92	▼0.05%	▼0.51%
STI (SG)	3,286.04	+0.61%	+3.56%
SHCOMP (CN)	3,115.44	▼0.15%	+2.61%
SENSEX (IN)	61,750.60	▼0.37%	+1.88%
JSE (ID)	7,044.99	+0.44%	+1.12%
KLSE (MY)	1,449.32	+0.06%	▼0.03%
PSE (PH)	6,403.74	+0.18%	+3.83%
SET (TH)	1,614.95	▼0.31%	▼0.26%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	277.60	▲1.83%	▲1.60%
COPPER (LME)	8,260.75	+0.00%	▲0.26%
IRON ORE (CN)	93.27	▲0.17%	+6.91%
GOLD	1,760.44	▲0.76%	+0.28%
OIL (WTI)	81.64	▼4.62%	▼5.59%

## Hawkish Bullard

- St Louis Fed President James Bullard has upped the ante on his hawkish views by stating a **lower bound for restrictive rates at 5-5.25%** amid his admission that the monetary policy tightening have had only "limited effects on observed inflation". Notably, he has deferred to Fed Chair Powell on the pace of rates hike at their next meeting in December.

- With initial jobless claims remaining low and housing starts moderately very mildly, it is no surprised that **current** inflation remains elevated given strong labour and housing markets.

- Simply put, the 7.7% headline CPI print last week is no place for lasting comfort.

- With hawkish Bullard leading the charge, 2Y UST yields soared 9.7bp while 10Y yield rose 7.6bp.

- Consequently, US equities continue to give up early week gains as the Nasdaq and S&P500 slipped 0.4% and 0.3% while the Dow closed flat.

- The **USD gained against G10 peers** with the NOK leading losses as falling energy prices weighed further. **Brent crude prices fell 3.3% to go below US\$90/barrel.**

- The AUD was certainly not spared, falling 0.8% to sub-0.67 as an **upside surprise on the labour market report (rightfully) should not trigger upsized RBA hike bets.**

- Similarly, this morning's inflation (ex-fresh food & energy) print in Japan exceeding expectations will not move the BoJ's needle as the USD/JPY edged up to stay above 140.

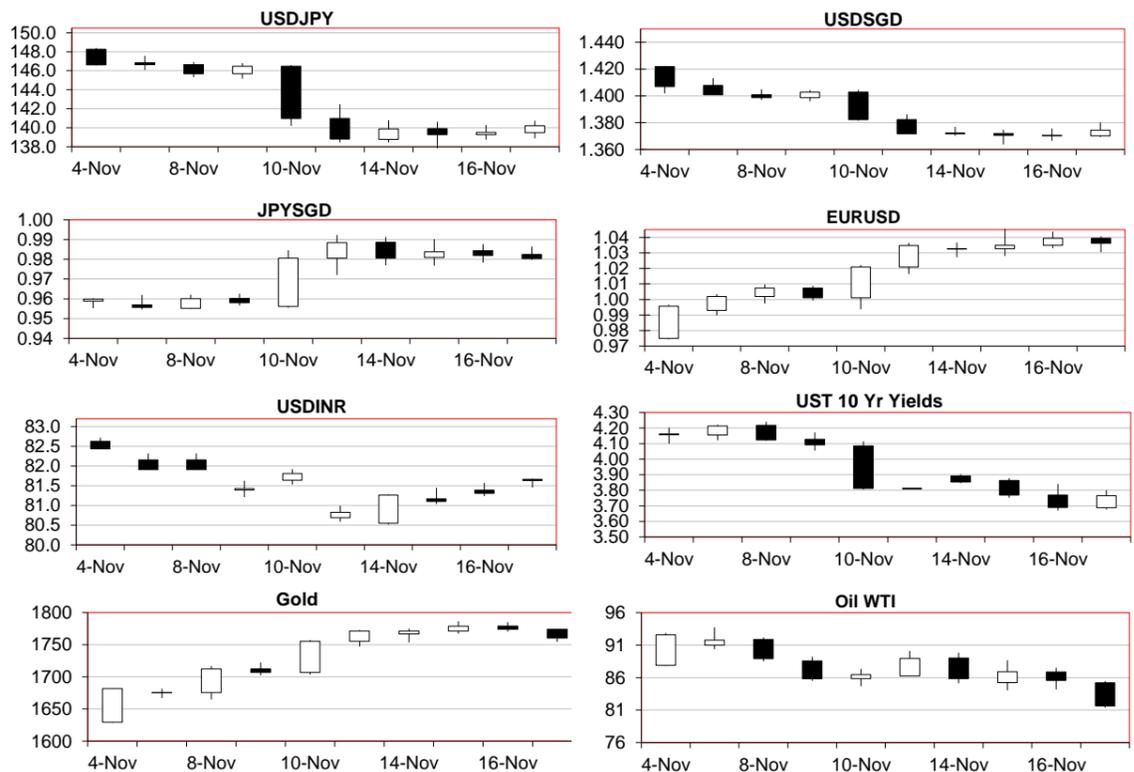
- EUR declined towards mid-1.03 as reports on ECB's officials favoring 50bp move surfaced and ECB's Chief Economist Lane separately espoused conviction that inflation will fall back in 2023 when the energy shock dissipates. While a **mechanical decline of oil price growth is likely a given** in 2023, it is far from a certain that Brent crude prices will step down from \$85-\$95 ranges considering reports confirming Saudi led output cuts displaying conviction to their OPEC+ agreement.

- In EM-Asia, wary of both inflationary pressures and capital outflow risks from a hawkish Fed, BI and BSP hiked rates and provided backstop for their currencies.

## OVERNIGHT RESULTS

(AU) Employment Change/Unemp. Rate (Oct): 32.2k/3.4% (Mkt: 15.0k/3.5%; Sep: 0.9k/3.5%) | (MA) Trade Balance MYR (Oct): 18.1b (Mkt: 29.8b; Sep: 3.7b) | (US) Housing Starts (Oct): 1425k (Mkt: 1410k; Sep: 1439k; Rev:1488k) | (US) Initial Jobless Claims (12-Nov): 222k (Mkt: 228k; Prev Wk: 225k; Rev: 226k) | (US) Philadelphia Fed Business Outlook (Nov): -19.4 (Mkt: -5.5; Oct: -8.7) | (EZ) CPI/Core YoY (Oct F): 10.6%/5.0% (Mkt: 10.7%/5.0%; Prelim: 9.9%/5.0%)

## \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	140.41	EUR/USD	1.0362
USD/SGD	1.3751	USD/THB	35.87
JPY/SGD	0.9794	USD/MYR	4.556

### Forecast

USD/JPY	139.00 - 142.00
EUR/USD	1.0250 - 1.0400
AUD/USD	0.6600 - 0.6770
USD/SGD	1.3700 - 1.3880
JPY/SGD	0.9648 - 0.9986
USD/CNH	7.1000 - 7.2500
USD/INR	81.30 - 82.00
USD/IDR	15600 - 15750
USD/MYR	4.540 - 4.600
USD/PHP	57.00 - 58.00
USD/THB	35.50 - 36.50

### Today's Direction

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

## Bank Indonesia and Bangko Sentral ng Pilipinas: Delivery On Point

- BI and BSP delivered rate hikes in line with consensus and our own expectations; 50bp from BI taking its policy rate to 5.25% and 75bp from BSP taking its policy rate to 5.00%

- Both central banks were clear that the aggressive rate hikes were targeted towards lowering inflation/inflation expectations while providing further currency support.

- Although risk sentiment has improved over the past two weeks, allowing both IDR and PHP to stabilise versus USD, external pressures persist.

- For BSP, this is in the form of 'twin deficit' concerns on the current account and fiscal balance fronts exacerbating inflationary pressures via the imported inflation channel;

- For BI, which is more sanguine around current account risks given the large commodity price buffer this year, the main concern is on rising interest rate differentials to the US Fed and a worsening negative real rate environment.

- Moreover, the resilient Q3 GDP prints for both economies (Indonesia: 5.7% YoY from 5.4% in Q2 and the Philippines: 7.6% YoY from 7.5% in Q2) has afforded the central banks additional room to tighten monetary policy.

- Looking ahead, we expect the magnitude of rate hikes to slow in December to an additional 25bp from BI and 50bp from BSP.

- Thereafter, we expect both central banks to be on a prolonged pause. The risk, however, is that elevated inflation could push both central banks into additional hikes in early 2023.

## FX Daily Outlook

- EUR/USD: 1.03 look to be tested on higher UST yields.

- USD/JPY: Elevated UST yield impart buoyancy as slipping oil prices give little assistance.

- USD/SGD: Outperformance continues though deference to broad USD strength inevitable.

- AUD/USD: With commodity prices slipping, AUD upside remains limited.

## TODAY'S EVENTS

(JP) CPI/Ex-Fresh Food and Energy YoY (Oct): 3.7%/2.5% (Mkt: 3.7%/2.4%; Sep: 3.0%/1.8%)

(ID) Current Account Balance: (Mkt: \$2850m; \$3900m)

(US) Existing Home Sales (Oct): (Mkt: 4.4m; Sep: 4.7m) |

(US) Leading Index (Oct): (Mkt: -0.4%; Sep: -0.4%)

Central Banks: Fed's Collins, ECB's Lagarde Speaks

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