

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	139.81	140.37	+0.17	+1.56
EUR	1.0377	1.0325	▼0.0037	▼0.0022
AUD	0.6715	0.6673	▼0.0012	▼0.0030
SGD	1.3728	1.3759	+0.0014	+0.0041
CNY	7.1236	7.1198	▼0.0380	+0.0225
INR	81.68	81.70	+0.07	+0.88
IDR	15685	15688	+25	+194
MYR	4.5499	4.5562	+0.0000	▼0.0658
PHP	57.25	57.25	▼0.12	▼0.01
THB	35.85	35.76	▼0.13	▼0.19

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.829%	+6.3 bp	+1.6 bp
JPY (10YR)	0.249%	+0.3 bp	+0.7 bp
EUR* (10YR)	2.014%	▼0.6 bp	▼14.6 bp
AUD (5YR)	3.354%	+1.0 bp	+1.8 bp
SGD (5YR)	2.942%	▼3.8 bp	▼24.9 bp
CNY (5YR)	2.652%	+0.2 bp	+10.3 bp
INR (5YR)	7.175%	+3.4 bp	▼2.6 bp
IDR (5YR)	6.865%	+3.2 bp	▼10.1 bp
MYR (5YR)	4.199%	+0.0 bp	▼2.0 bp
PHP (5YR)	6.796%	+1.8 bp	▼26.1 bp
THB (5YR)	2.422%	+2.4 bp	+1.4 bp

* German bunds

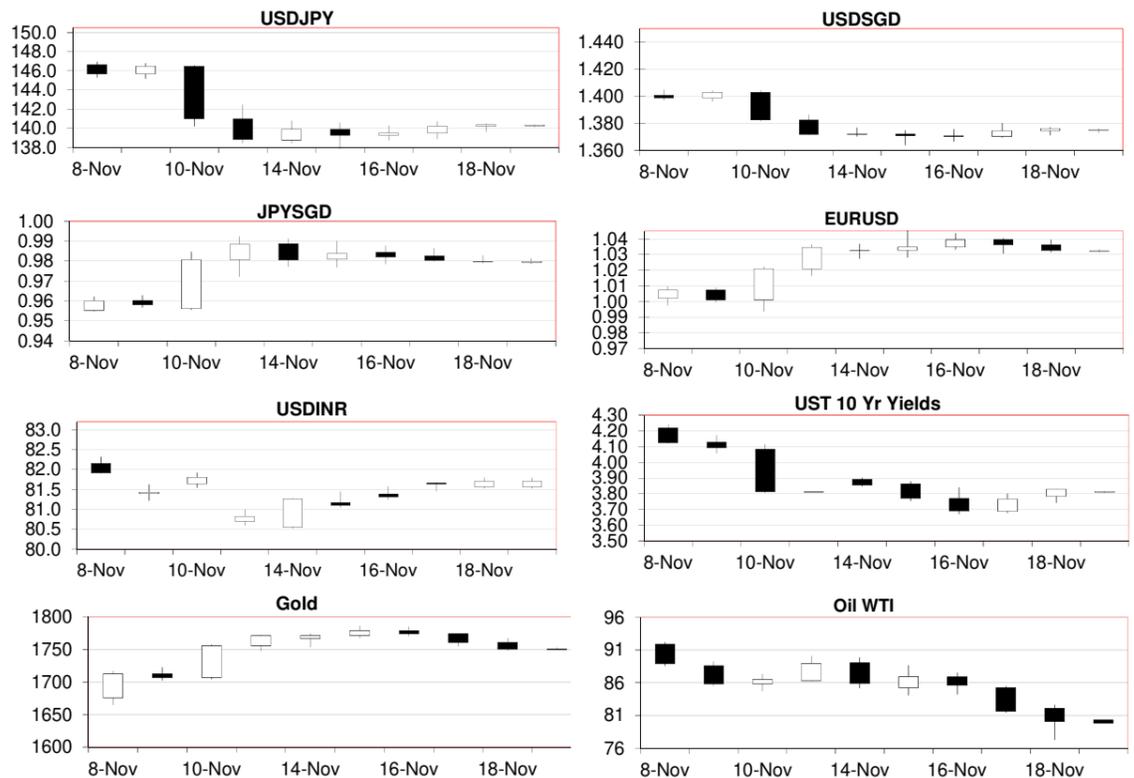
Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,745.69	+0.59%	▼0.01%
N225 (JP)	27,899.77	▼0.11%	▼1.29%
STOXX 50 (EU)	3,924.84	+1.20%	+1.46%
ASX (AU)	4,056.59	+0.56%	+0.49%
STI (SG)	3,272.23	▼0.42%	+1.36%
SHCOMP (CN)	3,097.24	▼0.58%	+0.32%
SENSEX (IN)	61,663.48	▼0.14%	▼0.21%
JSE (ID)	7,082.18	+0.53%	▼0.10%
KLSE (MY)	1,449.32	+0.00%	▼1.29%
PSE (PH)	6,437.38	+0.53%	+2.40%
SET (TH)	1,617.38	+0.15%	▼1.22%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	276.40	▲0.43%	▲3.29%
COPPER (LME)	8,042.50	▲0.37%	▲5.40%
IRON ORE (CN)	93.90	+0.68%	+3.79%
GOLD	1,750.68	▲0.55%	▲1.16%
OIL (WTI)	80.08	▼1.91%	▼9.98%

Volatile Markets

- Markets traded in a volatile manner through last week. Comments from James Bullard's on the lower bound for restrictive rates at 5-5.25% weighed on risk sentiment on Thursday and Friday.
- Susan Collins, Boston Fed President, added to the hawkish tone by stating that another 75bp hike was still on the table on Friday.
- The relatively strong activity data last week from the US further catalyzed markets into believing that US Fed tightening could stay the hawkish.
- Following a volatile session, US equities ended slightly higher on Friday (S&P: +0.48%; NASDAQ: +0.01%; Dow: +0.59%)
- Yields across the UST curve rose led by the front and belly of the curve, resulting in a deeper 2/10 yield curve inversion.
- The DXY index trading in a volatile manner through last week, with expectations of headline inflation peaking initially allowing for a softer USD before hawkish Fed speak pushed USD higher towards the end of last week.
- EUR/USD ended the week at 1.0322 levels; AUD/USD settled at 0.6674 while USD/JPY held at 140.34 levels.
- The minutes of FOMC minutes, out this week, will receive its due share of attention, which to some degree may be moot considering the inflation data released after the meeting.
- Notwithstanding, a closer look at thoughts around the terminal rate and 'higher for longer' considerations will be important considerations for market participants.
- For EM Asia FX, this implies continued volatility as USD direction remains ambivalent.
- Malaysia's 19 November election resulting in a hung Parliament (more below) will exacerbate MYR depreciation pressures.
- Ahead of BoK's potential step down to rate hikes of 25bp, KRW will also likely be under pressure; IDR could get some support from the solid Q3 current account surplus of 1.3% of GDP.

OVERNIGHT RESULTS

 (ID) Current Account Balance (Q3): \$3.3bn (Mkt: \$2.9bn; Q2: \$3.9bn) | (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**
*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	140.26	EUR/USD	1.0331
USD/SGD	1.3751	USD/THB	35.80
JPY/SGD	0.9804	USD/MYR	4.560

Forecast

USD/JPY	139.00 - 142.00
EUR/USD	1.0250 - 1.0400
AUD/USD	0.6600 - 0.6770
USD/SGD	1.3680 - 1.3840
JPY/SGD	0.9634 - 0.9957
USD/CNH	7.1000 - 7.2500
USD/INR	81.30 - 82.00
USD/IDR	15600 - 15750
USD/MYR	4.540 - 4.650
USD/PHP	57.00 - 58.00
USD/THB	35.20 - 36.50

Today's Direction

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

Malaysia Election: Political Uncertainty to Cast a Long Shadow

- The 19 November election resulted in a **no coalition winning a simple 112 seat majority in the 222 seat Lower House, resulting in a hung Parliament.**
- **One thing that was clear from Saturday's election was the incumbent Barisan Nasional coalition was the biggest loser, losing 49 seats from the 2018 election, to garner only 30.**
- Although **Pakatan Harapan, the coalition led by Anwar Ibrahim, lost 22 seats** since the previous 2018 election, it still holds the largest number of seats in Parliament at 82.
- The **newly formed Perikatan Nasional, led by Muhyiddin Yassin, won 73 seats.**
- In terms of next steps, the King has asked for more clarity in terms of the government that will be formed and PM-elect candidates on 21 November.
- **Any incoming government, whether led by Anwar Ibrahim or Muhyiddin Yassin, will be subject to political negotiations and horse trading, limiting its power to introduce bold economic reforms.**
- Even discussions around the Budget for 2023 could be fraught with complications with each coalition looking to further its own agenda.
- **The bottom-line is that the political uncertainty will continue to cast a long shadow over economic policy making.**
- **This will weigh on the currency (MYR) and may led to under performance versus regional peers in the near-term despite support from strong external tailwinds.**

FX Daily Outlook

- EUR/USD: Choppy trading and sentiment may pressure pair to below 1.03 levels.
- USD/JPY: Some resistance at 140; but if UST yields rise, pair will drift higher.
- USD/SGD: Regional outperformance trend to sustain even with China risks holding firm.
- AUD/USD: Falling commodity prices, weakening domestic data put AUD under pressure.

TODAY'S EVENTS

(SG) GDP YoY (Q3): (Mkt: 4.3%; Adv.: 4.4%) | (TH) GDP YoY (Q3): (Mkt: 4.3%; Q2: 2.5%) | (US) Chicago Fed Nat Activity Index (Oct): (Mkt: -0.03; Sep: 0.10)

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