

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	141.12	139.60	▼1.63	+0.10
EUR	1.0346	1.0397	+0.0093	+0.0002
AUD	0.6667	0.6733	+0.0084	▼0.0008
SGD	1.3809	1.3771	▼0.0007	+0.0069
CNY	7.1497	7.1605	+0.0206	+0.0623
INR	81.78	81.85	+0.18	+0.54
IDR	15687	15688	▼10	+85
MYR	4.5746	4.5753	+0.0008	+0.0305
PHP	57.00	56.97	▼0.42	▼0.38
THB	36.17	36.26	+0.17	+0.57

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.693%	▼6.3 bp	+0.3 bp
JPY (10YR)	0.249%	+0.0 bp	+0.1 bp
EUR* (10YR)	1.930%	▼4.8 bp	▼6.6 bp
AUD (5YR)	3.382%	+2.4 bp	▼3.9 bp
SGD (5YR)	2.924%	▼0.7 bp	▼15.2 bp
CNY (5YR)	2.571%	▼4.3 bp	▼12.7 bp
INR (5YR)	7.176%	+1.2 bp	+3.2 bp
IDR (5YR)	6.633%	▼13.0 bp	▼18.4 bp
MYR (5YR)	4.204%	▼6.1 bp	+5.5 bp
PHP (5YR)	6.547%	▼10.9 bp	▼35.1 bp
THB (5YR)	2.420%	▼1.2 bp	+2.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,194.06	+0.28%	+1.91%
N225 (JP)	28,115.74	+0.00%	+0.31%
STOXX 50 (EU)	3,946.44	+0.42%	+1.64%
ASX (AU)	4,100.46	+0.20%	+1.60%
STI (SG)	3,255.99	▼0.11%	▼0.31%
SHCOMP (CN)	3,096.91	+0.26%	▼0.74%
SENSEX (IN)	61,510.58	+0.15%	▼0.76%
JSE (ID)	7,054.12	+0.33%	+0.57%
KLSE (MY)	1,443.50	+0.15%	▼0.34%
PSE (PH)	6,510.32	+1.25%	+1.85%
SET (TH)	1,624.40	+0.56%	+0.27%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	276.87	▲0.85%	▲2.09%
COPPER (LME)	7,975.25	+0.00%	▲3.46%
IRON ORE (CN)	92.43	+0.27%	▲1.07%
GOLD	1,749.68	+0.54%	▲1.36%
OIL (WTI)	77.94	▼3.72%	▼8.94%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	139.27	EUR/USD	1.0417
USD/SGD	1.3764	USD/THB	35.98
JPY/SGD	0.9883	USD/MYR	4.575

Forecast

USD/JPY	138.60 - 142.00
EUR/USD	1.0200 - 1.0450
AUD/USD	0.6500 - 0.6790
USD/SGD	1.3700 - 1.3850
JPY/SGD	0.9648 - 0.9993
USD/CNH	7.1100 - 7.2500
USD/INR	81.40 - 82.30
USD/IDR	15620 - 15750
USD/MYR	4.550 - 4.620
USD/PHP	56.70 - 57.50
USD/THB	35.80 - 36.40

Today's Direction

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

Expectations

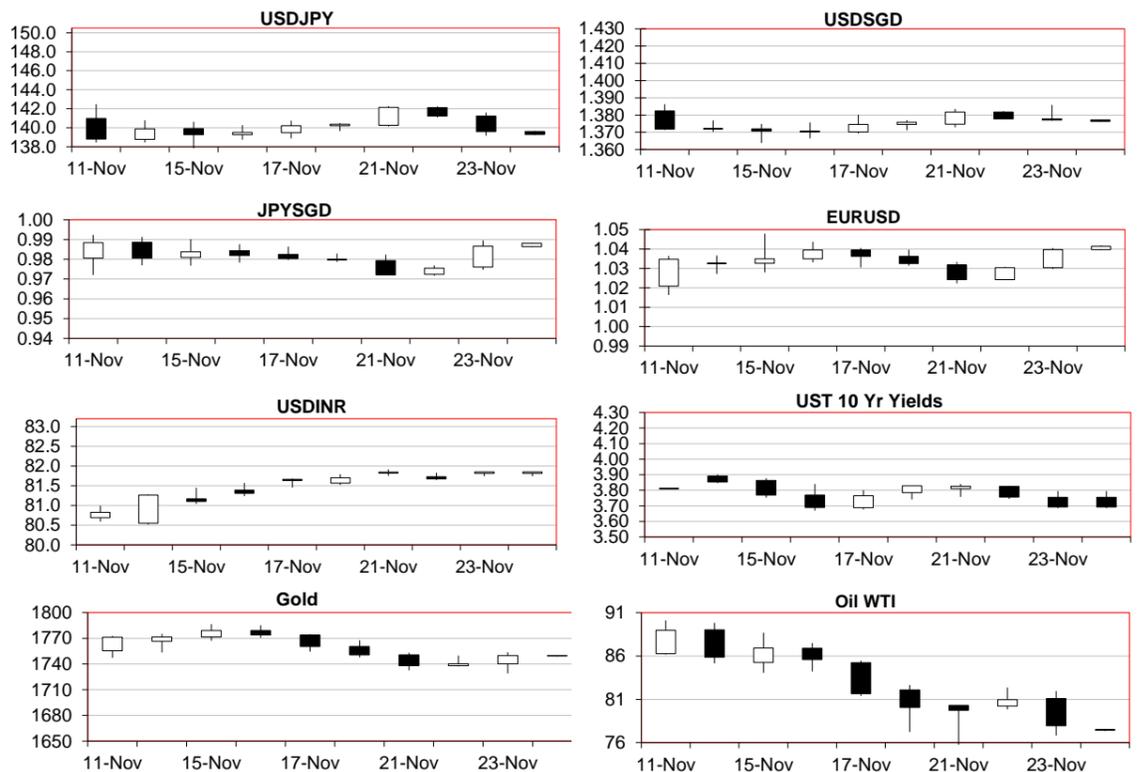
- FOMC minutes re-affirmed expectations that had been built up by Fed speakers over the past weeks which displayed divergence on peak rate views.
- On impending policy, **substantial majority of FOMC members** felt that a slowing in the pace of rate increase will soon be appropriate - firming a 50bp for December. This judgement was in view of the need to assess the progress to achieve **price stability and maximum employment**.
- Data releases certainly showed that **policy transmission is still very much in infancy**.
- On price stability, while Uni. of Mich. survey's final print had enough responses to **revise 1-Yr ahead inflation expectation downwards from 5.1% to 4.9%**, it is no comfortable landing point. An increase in initial jobless claims tells of likely initial easing of labor market tightness.
- Amid the renewed expectations of a slower rate hike pace, **UST 2Y yields decline 3.7bp though with 10Y yields declining 6.3bp**, the 10Y-2Y inversion deepened. Meanwhile, US equities enjoyed the tailwinds from lower yields and improved sentiments.
- Attendant with the lower yields, the USD lost ground against all G10 peers. The JPY gained 1.2% as the USD/JPY fell below mid-139. The EUR is now attempting to stay afloat of 1.04. Down under, the AUD managed to surge above 0.67. In EM-Asia, the SGD having been a recent outperformer saw the USD/SGD edged down marginally as CNH/CNY weakness from renewed Covid worries restrain.
- Consequently, Chinese authorities have signalled for **more monetary stimulus support with increasing risks of an RRR cut** aligned with the mandate for banks to support developers.

BoK: Stepping down to 25bp

- After taking rates to 3.0% with a 50bp increase at their October meeting, the **Bank of Korea will be expected to step down their pace of rate hikes to 25bp at their meeting today**.
- **The need to continue raising rates speaks to persistent inflation momentum with core inflation edging higher to 4.2% (Oct) from 4.1% (Sep) and inflation expectations (year ahead) at 4.3%.**

OVERNIGHT RESULTS

(SG) CPI/Core YoY (Oct): 6.7%/5.1% (Mkt: 7.0%/5.3%; Sep: 7.5%/5.3%) | (US) New Home Sales (Oct): 632k (Mkt: 575k; Prev: 603k) | (US) Initial Jobless Claims (19 Nov): 240k (Mkt: 225k; 222k) | (US) Uni of Mich. Current Conditions/Expectations (Nov F): 58.8/ 55.6 (Mkt: 57.8/52.5; Prelim: 57.8/52.7) | (US) Uni of Mich Sentiment (Nov F): 56.8 (Mkt: 55.0; Prelim: 54.7) | (US) Durable Goods/Non-def Ex-Air Orders (Oct P): 1.0%/0.7% (Mkt: 0.4%/0.1%; Prev: 0.4%/-0.4%)

*** Past Two Weeks Movement ***


- **Nonetheless, the need to re-calibrate back to a 25bps hike is also clear, arising from pipeline financial stability and housing market risks.** On the latter, the dampened housing demand is apparent as **unsold housing units have been climbing nationwide since late-2021**.
- **Since the previous meeting, weekly indicators point to continued slipping of housing prices as well as lower Jeonse deposits** stemming from the impact of higher interest rates.
- In an implicit acknowledgement of the cooling housing market, the **authorities eased lending rules** such as allowing higher loan to valuation ratios for housing buyers.
- Aside from **weaker household balance sheets**, the **BoK will be watching out for financial sector liquidity and corporate balance sheet risks as the cost of debt increases**.
- On the **corporate front**, since the confidence crisis triggered by real estate developer of Legoland in Gangwon, **demand for corporate debt fell for state owned developers and even non-real estate related companies** such as KEPCO- their largest utility company.
- In turn, the **BoK has stepped with liquidity improving measures** such as expansion of collateral criteria for banks borrowing from the BoK, though stopping short of direct liquidity injections.
- All in, while recognising the need to curb inflationary pressures, the **BoK will opt for a 25bp hike as they remain wary of exacerbating these financial stability risks with another 50bps hike**.
- Looking ahead, **tighter credit conditions will restrain investments and household budgets will be eroded by higher debt servicing burden** with majority of loans on variable rate schemes.
- In turn, **slower growth in 2023 will increasingly hold back further rate increases**.

FX Daily Outlook

- EUR/USD: With near term US yields firming, EUR upside rests on ECB.
- USD/JPY: Slipping oil prices and US yields may allow pair to consolidate below 140.
- USD/SGD: Tighter space for outperformance if CNY/CNH remains lacklute.
- AUD/USD: Consolidation around both sides of 0.67 as commodities may weigh.

TODAY'S EVENTS

(JP) Machine Tool Orders YoY (Oct F): (Prelim: -5.4%)
 (SG) Industrial Production YoY (Oct): (Mkt: ; Sep: 0.9%) | (MY) CPI YoY (Oct): (Mkt: 3.9%; Sep: 4.5%)
 (GE) IFO Current Assessment (Nov): (Mkt: 93.8; Oct: 94.1) | (GE) IFO Business Climate/Expectations (Nov): (Mkt: 85.0/77.0; Oct: 84.3/75.6)

Central Banks: [BoK Monetary Policy Decision](#) | [ECB Account of Policy Meeting](#)

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