

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	138.74	139.19	+0.65	▼1.18
EUR	1.0411	1.0395	▼0.0015	+0.0070
AUD	0.6759	0.6751	▼0.0013	+0.0078
SGD	1.3732	1.3768	+0.0014	+0.0009
CNY	7.1578	7.1650	+0.0130	+0.0452
INR	81.52	81.68	+0.06	▼0.02
IDR	15671	15673	+9	▼15
MYR	4.4745	4.4838	▼0.0097	▼0.0724
PHP	56.69	56.69	▼0.10	▼0.56
THB	35.72	35.82	+0.05	+0.06

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.678%	▼1.5 bp	▼15.1 bp
JPY (10YR)	0.254%	+0.6 bp	+0.5 bp
EUR* (10YR)	1.974%	+12.4 bp	▼4.0 bp
AUD (5YR)	3.369%	+2.7 bp	+1.5 bp
SGD (5YR)	2.881%	+1.1 bp	▼6.1 bp
CNY (5YR)	2.606%	+3.1 bp	▼4.6 bp
INR (5YR)	7.156%	+4.6 bp	▼1.9 bp
IDR (5YR)	6.497%	+1.6 bp	▼36.8 bp
MYR (5YR)	3.984%	▼3.7 bp	▼21.5 bp
PHP (5YR)	6.496%	+3.5 bp	▼30.0 bp
THB (5YR)	2.341%	▼5.0 bp	▼8.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,347.03	+0.45%	+1.78%
N225 (JP)	28,283.03	▼0.35%	+1.37%
STOXX 50 (EU)	3,962.41	+0.01%	+0.96%
ASX (AU)	4,112.31	+0.24%	+1.37%
STI (SG)	3,244.55	▼0.26%	▼0.85%
SHCOMP (CN)	3,101.69	+0.40%	+0.14%
SENSEX (IN)	62,293.64	+0.03%	+1.02%
JSE (ID)	7,053.15	▼0.39%	▼0.41%
KLSE (MY)	1,486.54	▼1.02%	+2.57%
PSE (PH)	6,606.94	+1.17%	+2.63%
SET (TH)	1,620.84	▼0.25%	+0.21%

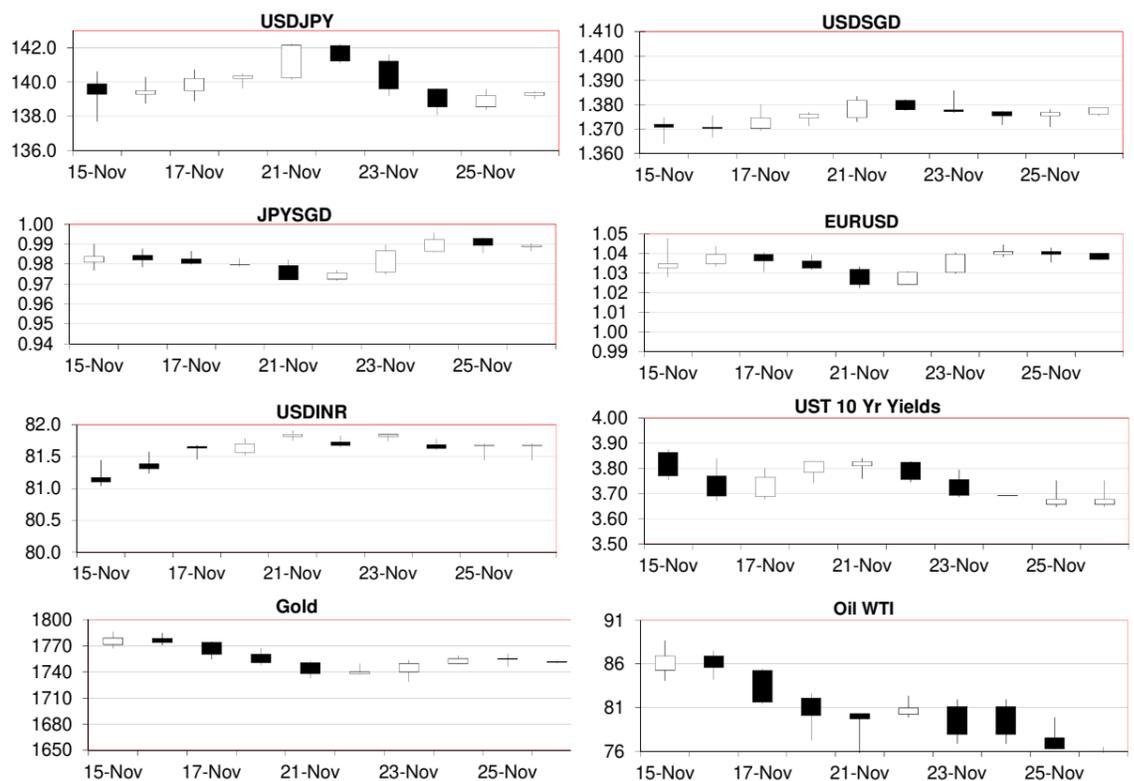
Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.25	▲1.31%	▲1.14%
COPPER (LME)	7,975.00	▲0.35%	▲0.84%
IRON ORE (CN)	93.06	+0.59%	▲0.89%
GOLD	1,754.93	▲0.02%	+0.24%
OIL (WTI)	76.28	▼2.13%	▼4.75%

Looking to China

- US Equity markets traded mixed for half of Friday after the Thanksgiving holiday Thursday (S&P: -0.03%; Dow Jones: +0.45% and NASDAQ: -0.52%).
- Black Friday-Cyber Monday sales are being closely watched to gauge consumer resilience to sticky inflation and elevated prices.
- Notwithstanding, UST markets drifted within a narrow range on Friday; yields across the curve were marginally lower. But lower liquidity associated with the holidays likely had a part to play.
- Meanwhile, the DXY index gained as risk sentiment remained fragile. EUR/USD eased slightly but remained at a multi-month of 1.0481; USD/JPY hit 139.2 levels following the release of Tokyo November CPI, which hit a 40-year high; falling global oil prices weighed on AUD/USD which looks to be drifting towards 0.67 levels.
- The biggest news on Friday and over the weekend was from China. PBoC delivered a widely expected cut to the Reserve Requirement Ratio (RRR) by 25bp to bring the average ratio to 7.8% for financial institutions while lowering bank funding costs by RMB5.6bn, according to PBoC. This is the second RRR cut this year.
- The cuts are a bid to support weakening economic growth dragged down not only by COVID restrictions but also a deeper property market rout.
- Stringent COVID social restrictions have weighed on manufacturing output, retail sales and are having a knock-on supply chain impact globally.
- Social frustration manifested as street protests over the weekend putting additional pressure on the authorities ease restrictions.
- From a market stand-point, shoring up additional liquidity from the RRR cuts may be negated from stressed emerging from continued (and stringent) COVID restrictions.
- Moreover, economic data continues to underscore pain: industrial profits for January-October fell further to -3% from -2.3% for January-September.
- USD/CNY and USD/CNH are likely to remain under pressure at the start of this week. This will have a ripple effect on other EM Asia currencies, including KRW and SGD.
- MYR, despite political uncertainty, was stable since the 19 November elections (more below) but may come under renewed pressure.

OVERNIGHT RESULTS

(MY) CPI YoY (Oct): (Mkt: 3.9%; Sep: 4.5%) | (SG) Industrial Production YoY (Oct): -1.6% (Mkt: ; Sep: 0.9%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	138.61	EUR/USD	1.0408
USD/SGD	1.3757	USD/THB	35.80
JPY/SGD	0.9925	USD/MYR	4.475

Forecast

USD/JPY	138.00 - 141.50
EUR/USD	1.0300 - 1.0465
AUD/USD	0.6650 - 0.6800
USD/SGD	1.3690 - 1.3820
JPY/SGD	0.9675 - 1.0014
USD/CNH	7.1400 - 7.2500
USD/INR	81.20 - 82.00
USD/IDR	15620 - 15750
USD/MYR	4.450 - 4.580
USD/PHP	56.20 - 57.30
USD/THB	35.00 - 36.10

Today's Direction

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

Malaysia: PM Chosen, Uncertainties Remain

- Anwar Ibrahim was sworn in as Malaysia's PM on 24 November, after days of uncertainty, following an election in which no party won a clear majority.
- The appointment of a PM is an immediate relief but it does not take away from the uncertainty of the political situation. Under the best case scenario, PM Ibrahim can, over the next few months, consolidate power and bring together the government. He plans to table a vote of confidence in Parliament on 17 December.
- On the flipside, if the government fails to consolidate power, political uncertainties will persist weighing on near-term investment spending and in the more medium-term, the government's ability to adopt much needed structural reforms. Budget 2023 will be first litmus test for the new government.
- Notwithstanding, the relatively resilient reaction of the MYR over the past week, gaining 1.9% versus the USD has been noteworthy.
- Arguably, the lack of a parliamentary majority from the elections was largely expected and hence did not elicit any explicit market reaction. MYR did underperform most regional peers in the lead up to the elections on 19 November.
- We expect the political situation will have little bearing on Bank Negara Malaysia's (BNM) decision making, which will remain focussed on reining in elevated price pressures. We expect another 25bp hikes from BNM in Q1 2023 but the risk is for more rate hikes, rather than less.

FX Daily Outlook

- EUR/USD: Some risk aversion has put EUR under pressure.
- USD/JPY: Despite modestly lower UST yields, higher Tokyo CPI is putting pressure on JPY.
- USD/SGD: Range bound at 1.37-1.38 but pressure on CNY/CNH may push the topside.
- AUD/USD: China pressures and lower global commodity prices will pair under pressure.

TODAY'S EVENTS

(US) Dallas Fed Manf. Activity (Nov): (Mkt: -22.0; Oct: -19.4) | (AU) Retail Sales MoM (Oct): (Mkt: 0.5%; Sep: 0.6%)

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