

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	138.30	138.63	▼0.32	▼2.60
EUR	1.0380	1.0330	▼0.0010	+0.0026
AUD	0.6714	0.6688	+0.0038	+0.0039
SGD	1.3739	1.3736	▼0.0057	▼0.0042
CNY	7.1649	7.1593	▼0.0476	+0.0194
INR	81.70	81.73	+0.06	+0.05
IDR	15744	15743	+20	+45
MYR	4.5117	4.5110	+0.0272	▼0.0635
PHP	56.60	56.58	▼0.08	▼0.82
THB	35.50	35.43	▼0.15	▼0.66

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.744%	+6.3 bp	▼1.2 bp
JPY (10YR)	0.253%	+0.0 bp	+0.4 bp
EUR* (10YR)	1.922%	▼7.0 bp	▼5.6 bp
AUD (5YR)	3.348%	+4.3 bp	▼1.0 bp
SGD (5YR)	2.936%	+6.6 bp	+0.5 bp
CNY (5YR)	2.701%	+5.8 bp	+8.7 bp
INR (5YR)	7.138%	+1.4 bp	▼2.6 bp
IDR (5YR)	6.473%	+2.2 bp	▼29.0 bp
MYR (5YR)	3.976%	▼0.8 bp	▼28.9 bp
PHP (5YR)	6.516%	+1.9 bp	▼14.0 bp
THB (5YR)	2.212%	▼1.3 bp	▼22.0 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,852.53	+0.01%	▼0.72%
N225 (JP)	28,027.84	▼0.48%	▼0.31%
STOXX 50 (EU)	3,934.44	▼0.03%	+0.12%
ASX (AU)	4,112.30	+0.34%	+0.49%
STI (SG)	3,276.36	+1.12%	+0.52%
SHCOMP (CN)	3,149.75	+2.31%	+1.97%
SENSEX (IN)	62,681.84	+0.28%	+2.06%
JSE (ID)	7,012.07	▼0.08%	▼0.26%
KLSE (MY)	1,476.96	▼0.64%	+2.47%
PSE (PH)	6,780.78	+1.49%	+5.46%
SET (TH)	1,624.39	+0.46%	+0.56%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.52	+0.95%	▲1.33%
COPPER (LME)	8,036.00	+1.27%	+0.76%
IRON ORE (CN)	93.27	+0.28%	+1.18%
GOLD	1,749.85	+0.49%	+0.55%
OIL (WTI)	78.20	+1.24%	▼3.40%

## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	138.76	EUR/USD	1.0323
USD/SGD	1.3758	USD/THB	35.44
JPY/SGD	0.9915	USD/MYR	4.510

### Forecast

USD/JPY	137.80 - 141.50
EUR/USD	1.0200 - 1.0400
AUD/USD	0.6600 - 0.6750
USD/SGD	1.3690 - 1.3820
JPY/SGD	0.9675 - 1.0029
USD/CNH	7.1000 - 7.2500
USD/INR	81.40 - 82.00
USD/IDR	15700 - 15790
USD/MYR	4.450 - 4.580
USD/PHP	56.30 - 56.90
USD/THB	35.30 - 35.80

### Today's Direction

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

## Bullard Leads, China Clout

- Ahead of Fed Chair Powell's speech, St Louis Fed President James Bullard continues to lead the hawkish pack with his reiteration that **policy rates have yet reached a level that could be considered sufficiently restrictive**.
- Consequently, UST 2Y and 10Y yields rose 3.5bp and 6.3bp respectively. Nonetheless, the 10-2Y inversion remain at emphatically deep levels.
- With Powell's speech looming, US equities showed caution with a lacklustre performance amid rising yields with the Dow flat while S&P 500 and Nasdaq dropped 0.2% and 0.6% respectively.
- Despite the higher US yields, the USD was unable to turn in all out gains against G10 peers as the **clout of China's reopening** asserts.
- Specifically, Chinese officials are **stepping up efforts to vaccinate the elderly** and the National Health Commission called for local officials to avoid excessive Covid curbs.
- Evidently, one telling sign of China's clout is the USD/JPY closing relatively flat around mid-138 despite the higher UST yields and oil prices remaining elevated.
- The Antipodeans also appreciated against the USD with the AUD heading back up towards the upper half of mid-0.66. Meanwhile, the EUR slipped towards 1.03 as **easing German inflation** (following suit from Spain's inflation) emboldens ECB bears calling for **slower pace of hikes**.
- Amid CNH strength, SGD enjoyed mild gains with the USD/SGD now hovering around mid-1.37.
- In EM-Asia, Vietnam's inflation print continued to run high while the Bank of Thailand is set to remain firmly on their track of gradual rate hikes at their meeting this afternoon.

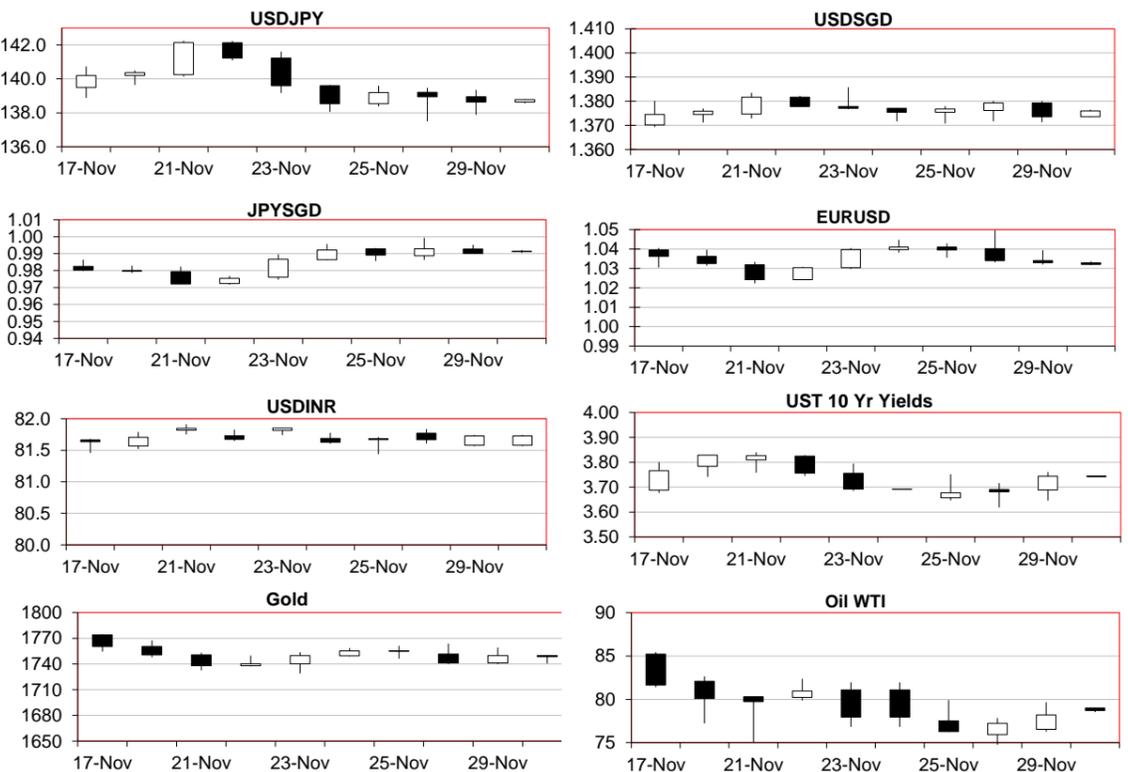
## Vietnam: Higher Inflation

- While November's headline inflation in Vietnam came in aligned with expectations at 4.4% YoY, core inflation surging higher to 4.8% remains troubling.
- Aside from the higher petrol prices, the key underlying thread continues to show **inflationary pressures in services sectors**.

## OVERNIGHT RESULTS

(VN) CPI YoY (Nov): 4.4% (Mkt: 4.4%; Oct: 4.3%) | (VN) Industrial Production (Nov): 5.3% (Oct: 6.3%) | (VN) Retail Sales (Nov): 17.5% (Oct: 17.1%) | (US) Conf. Board Consumer Confidence (Nov): (100.2 Mkt: 100.0; Oct: 102.5) | (EZ) Consumer Confidence (Nov F): -23.9 (Prelim: -23.9)

## \* Past Two Weeks Movement \*



- From a MoM angle, while food prices declined on lower meat, fish and vegetable prices, the cost of eating out as well as fast food takeaway increased underscoring the services related inflation.
- With economic activity remaining strong, both housing rent and housing maintenance prices also continue to increase. Services such as personal care and hair cuts also showed price increases.
- Looking ahead, the authorities look likely to extend their VAT reduction of 2% instituted in Feb this year into 2023 to prevent adding unnecessary inflationary pressures, considering their healthy fiscal positions thus far.

## Bank of Thailand: A Clear 25bp Hike

- The Bank of Thailand will continue to steer with steady hands and **continue with rate hikes of 25bp at their final policy meeting in 2022 (30 Nov) taking policy rate to 1.25% to end the year**.
- To the BoT's credit, they have espoused consistent communication on their preference for **gradual rate hikes** which serves to discourage excessive speculation on upcoming policy moves.
- Meanwhile, the **rationale to proceed with rate hikes remain clear**.
- While headline inflation ease to 6.0% in October, core inflation has remain steadily elevated and will require continued action on the BoT's part as the **services sector continues to recover**.
- Clearly, as **foreign visitor arrivals in October reach 44% of 2019 levels**, tourism will continue to be a significant driver of employment and incomes and lead to **demand pull inflation**.
- That said, with elevated corporate and household debt levels, **Q3 2022 GDP level** (on a seasonally adjusted basis) **remains 2% below that in 2019**, the case for outsized hikes is clearly not evident.

## FX Daily Outlook

- EUR/USD: Peaking inflation sets the bar too high for the EUR as 1.04 remains weakly tested.
- USD/JPY: Buoyancy above 138 looks to be retained on higher US yields following Powell.
- USD/SGD: CNH/CNY spill over tussles with higher US yields and may allow bounce off 1.37.
- AUD/USD: China's allure set to backstop AUD above mid-0.66.

## TODAY'S EVENTS

(JP) Industrial Production YoY (Oct P): (Mkt: 5.2%; Sep: 9.6%) | (AU) CPI YoY (Oct): (Mkt: 7.6%; Sep: 7.3%)  
 (IN) GDP YoY (3Q): (Mkt: 6.2%; 2Q: 13.5%) | (EZ) CPI/Core YoY (Nov): (Mkt: 10.4%/5.0%; Oct: 10.7%/5.0%) |  
 (US) Jolts Jobs Opening (Oct): (Mkt: 10350k; 10717k) | (US) MNI Chicago PMI (Nov): (Mkt: 47; Oct: 45.2) | (US) Wholesale Inventories MoM (Oct P): (Mkt: 0.5%; Sep: 0.6%) | (US) GDP Annualized QoQ (3Q S): (Mkt: 2.8%; Prev: 2.6%)  
**Central Banks: Bank of Thailand Decision**

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