

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 | 137.40 - 140.00 |
| EUR/USD | 1.0200 - 1.0450 |
| AUD/USD | 0.6650 - 0.6840 |
| USD/SGD | 1.3550 - 1.3750 |
| JPY/SGD | 0.9679 - 1.0007 |
| USD/CNH | 6.9500 - 7.1000 |
| USD/INR | 81.20 - 81.60 |
| USD/IDR | 15650 - 15780 |
| USD/MYR | 4.438 - 4.520 |
| USD/PHP | 56.00 - 56.70 |
| USD/THB | 35.00 - 35.40 |

Today's Direction

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

Taking Off on Soft Land(ing)?

- Fed Chair Powell pointing to a downshift of rate hikes to 50bp in Dec is certainly not unexpected and surely not in outlandish territory.

- While he has stated that more evidence is required to give comfort that inflation is declining, it appears that markets are also taking comfort on his belief that there is a path to soft landing.

- Specifically, he thinks that the path is "clear" and "very plausible" to achieve a softer labour market and improving goods and housing services inflation. A decline in October's jobs openings and upwardly revised GDP print also boosted his case at the margin.

- US equities basked in the relief as Nasdaq surged 4.4% while the S&P500 and Dow jumped 3.1% and 2.2% respectively.

- Despite Powell's view on the need for rates to stay elevated, US treasuries market appear to extrapolate the Dec downshift toward solidifying their own views on rate cuts in late 2023 as 2Y UST yields plunged 16.3bp while 10Y yields dived 13.9bps.

- Unmistakably, the USD depreciated against all G10 peers as it lost some allure without both yield and risk-aversion attraction. Amid declining US stockpiles and various cities in China easing Covid restrictions, Brent crude prices rose 3.2%. The commodity and China boost led to outperformance by the NOK, NZD and the AUD. The AUD rose 1.6% to test 0.68.

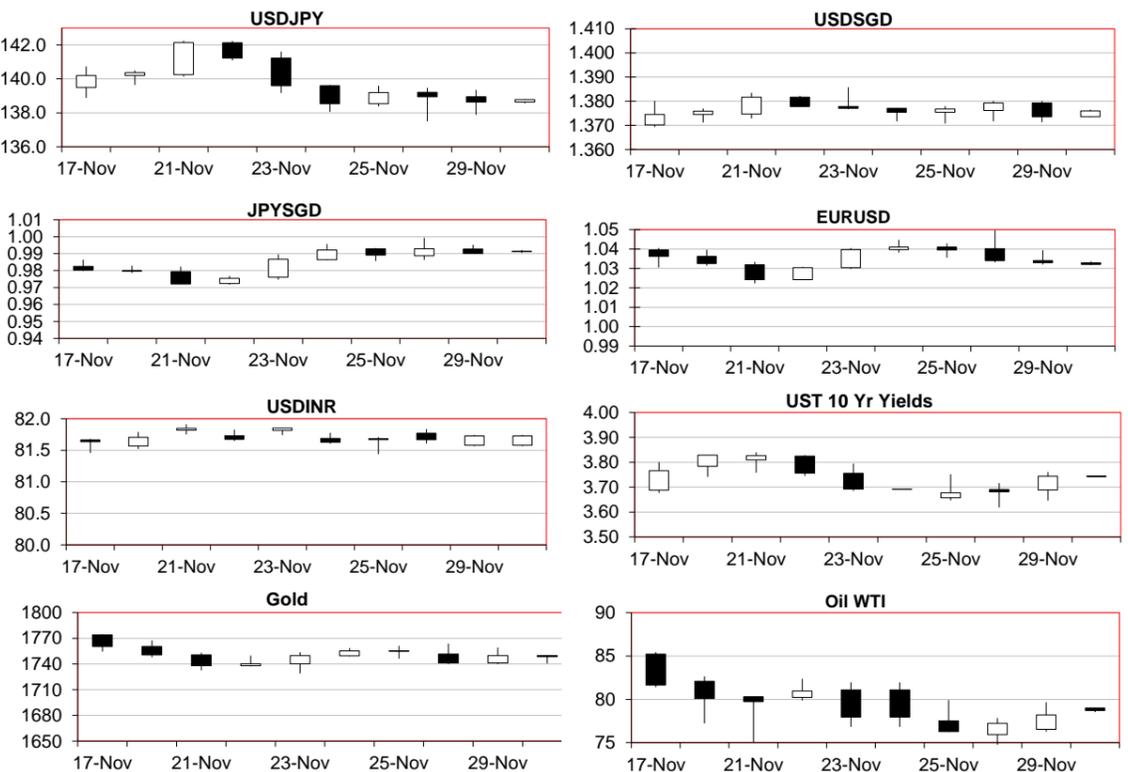
- While the EUR was able to gain 0.9% to head above 1.04, the milder gains among G10 peers tells of the easing headline inflation which incites bets on the ECB to follow the Fed in stepping down rate hikes. The USD/JPY dipped toward mid-137, nonetheless the JPY made the least gains against USD considering the unabatingly high energy prices.

- In EM-Asia FX, the USD/SGD dived just below 1.36. Regional peers will be expected to claw back more losses against the USD today, albeit at a cautious pace.

- Caution certainly prevailed in the region as the BoT expectedly hike rates by 25bps yesterday.

OVERNIGHT RESULTS

(JP) Industrial Production YoY (Oct P): 3.7% (Mkt: 5.2%; Sep: 9.6%) | (AU) CPI YoY (Oct): (Mkt: 7.6%; Sep: 7.3%) | (IN) GDP YoY (3Q): 6.3% (Mkt: 6.2%; 2Q: 13.5%) | (EZ) CPI/Core YoY (Nov): 10.0%/5.0% (Mkt: 10.4%/5.0%; Oct: 10.7%/5.0%) | (US) Jolts Jobs Opening (Oct): 10334k (Mkt: 10350k; Nov: 10717k, Rev: 10687k) | (US) MNI Chicago PMI (Nov): 37.2 (Mkt: 47; Oct: 45.2) | (US) Wholesale Inventories MoM (Oct P): 0.8% (Mkt: 0.5%; Sep: 0.6%) | (US) GDP Annualized QoQ (3Q S): 2.9% (Mkt: 2.8%; Prev: 2.6%)

*** Past Two Weeks Movement ***

India Growth: Speed Bumps Ahead

- To be sure, headline moderation in Q3 growth to 6.3% YoY was not in fact a slowdown (from 13.5% YoY in Q2, which was exaggerated by "delta wave" soft base from Q2 2021).

- On the contrary, underlying growth suggests an acceleration in sequential momentum once COVID base effects are filtered out. Moreover, the details reveal that the underlying pick-up in investments is even more pronounced.

- This is however a consolation about how far the recovery has come rather than unbridled cheer about linear acceleration and robust rebound trajectory in growth.

- For one, underlying investment growth pace continues to lag the pre-COVID (3Y) average of 7.4%. And so, as encouraging as the details of data are, with further evidence of recovery required, it is premature for euphoria.

- In fact, a confluence of external headwinds and domestic drag factors in the offing warn of speed bumps in coming quarters, inevitably dimming India's growth outlook into 2023. For the record, we expect that after hitting just shy of 7% for 2022, India 2023 (FY23-24) growth will slow to 5.3% (5.6%). And there is a non-negligible risk of slipping to sub-5% if worse case geo-political and macro-stability outcomes compound economic challenges, and consequent pain.

- These challenges range from gathering global headwinds, lingering inflation drag, waning pent-up demand to further RBI tightening.

- For more details, please [click](#) here to see full report: (Mizuho Flash - India Growth: Speed Bumps Ahead, 1 December 2022)

FX Daily Outlook

- EUR/USD: While the pair looks to remain buoyant, ECB step down to 50bp is increasingly pondered.

- USD/JPY: With the sharp US yield declines, consolidation below mid-138.5 most likely.

- USD/SGD: Having dive below 1.36, surfacing above 1.36 for re-calibration remains base base.

- AUD/USD: Commodity and lower UST-AGB differential to allow buoyancy above mid-*0.67

TODAY'S EVENTS

(JP) Capital Spending YoY (Q3): 9.8% (Mkt: 6.4%; Q2: 4.6%) | (KR) GDP YoY (3Q): 3.1% (Mkt: 3.1%; Prelim: 3.1%) | (ID) CPI/Core YoY (Nov): (Mkt: 5.5%/3.4%; Oct: 5.7%; 3.3%) | (EZ) Unemployment Rate (Oct): (Mkt: 6.6%; Sep: 6.6%) | (US) Initial Jobless Claims: (Mkt: 231k; Prev: 240k) | (US) ISM Manufacturing/New Orders (Nov): (Mkt: 49.7/48.5; Oct: 50.2/49.2) | (US) PCE/Core Deflator YoY (Oct): (Mkt: 6.0%/ 5.0%; Sep: 6.2%/5.1%) | Central Banks: Fed's Logan and Bowan Speaks

Important Information

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

Singapore: Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

Japan: Mizuho is authorised and regulated by the Financial Services Agency of Japan.

United Kingdom / European Economic Area: In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.