

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	155.83	155.65	+0.26	▼0.13
EUR	1.0858	1.0869	+0.0002	+0.0098
AUD	0.6663	0.6693	+0.0014	+0.0089
SGD	1.3464	1.3450	▼0.0010	▼0.0096
CNY	7.2220	7.2243	+0.0029	▼0.0026
INR	83.39	83.33	▼0.17	▼0.17
IDR	15963	15955	+30	▼90
MYR	4.6820	4.6877	+0.0047	▼0.0520
PHP	57.63	57.62	+0.14	+0.19
THB	36.22	36.21	+0.06	▼0.52

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.420%	+4.5 bp	▼7.6 bp
JPY (10YR)	0.949%	+2.2 bp	+3.7 bp
EUR* (10YR)	2.515%	+5.5 bp	▼0.2 bp
AUD (5YR)	3.892%	+1.2 bp	▼12.5 bp
SGD (5YR)	3.176%	+1.8 bp	▼6.4 bp
CNY (5YR)	2.124%	▼1.0 bp	▼2.3 bp
INR (5YR)	7.089%	+1.3 bp	▼3.8 bp
IDR (5YR)	6.855%	+0.6 bp	▼9.2 bp
MYR (5YR)	3.673%	+0.0 bp	▼6.1 bp
PHP (5YR)	6.280%	▼0.6 bp	▼18.6 bp
THB (5YR)	2.463%	▼1.2 bp	▼5.6 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	40,003.59	+0.34%	+1.24%
N225 (JP)	38,787.38	▼0.34%	+1.46%
STOXX 50 (EU)	5,064.14	▼0.16%	▼0.41%
ASX (AU)	4,584.23	▼0.23%	▼0.04%
STI (SG)	3,313.48	+0.26%	+0.69%
SHCOMP (CN)	3,154.03	+1.01%	▼0.02%
SENSEX (IN)	73,917.03	+0.34%	+1.72%
JSE (ID)	7,317.24	+0.97%	+3.22%
KLSE (MY)	1,616.62	+0.34%	+1.00%
PSE (PH)	6,618.69	▼0.14%	+1.64%
SET (TH)	1,382.68	+0.36%	+0.79%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	293.75	+1.30%	+1.48%
COPPER (LME)	10,597.85	+2.46%	+7.08%
IRON ORE (CN)	117.21	+0.31%	+0.46%
GOLD	2,415.22	+1.61%	+2.32%
OIL (WTI)	80.06	+1.05%	+2.30%

### Three Take-Aways

- 1) Hawkish Central bank talk on both sides of Atlantic led yields higher.
- 2) EM Asia FX broadly weaker amid softer CNH as confidence deficit persists despite new measures.
- 3) Thailand to avert a technical recession; but tepid sentiments and lack of manufacturing recovery worry.

### Cooling Euphoria?

- **Euphoria from a cooler US inflation print appears to be fading.** Fed Bowman reiterated that she anticipated inflation to remain elevated for "some time", and expressed a willingness to hike if inflation stalls or reverses while noting that progress on labour market re-balancing has slowed. 2Y UST yields moved +2.9bps higher and is around levels before the CPI release last week. Meanwhile, 10Y UST yields moved +4.5bps higher. US equity benchmark indexes were little changed.

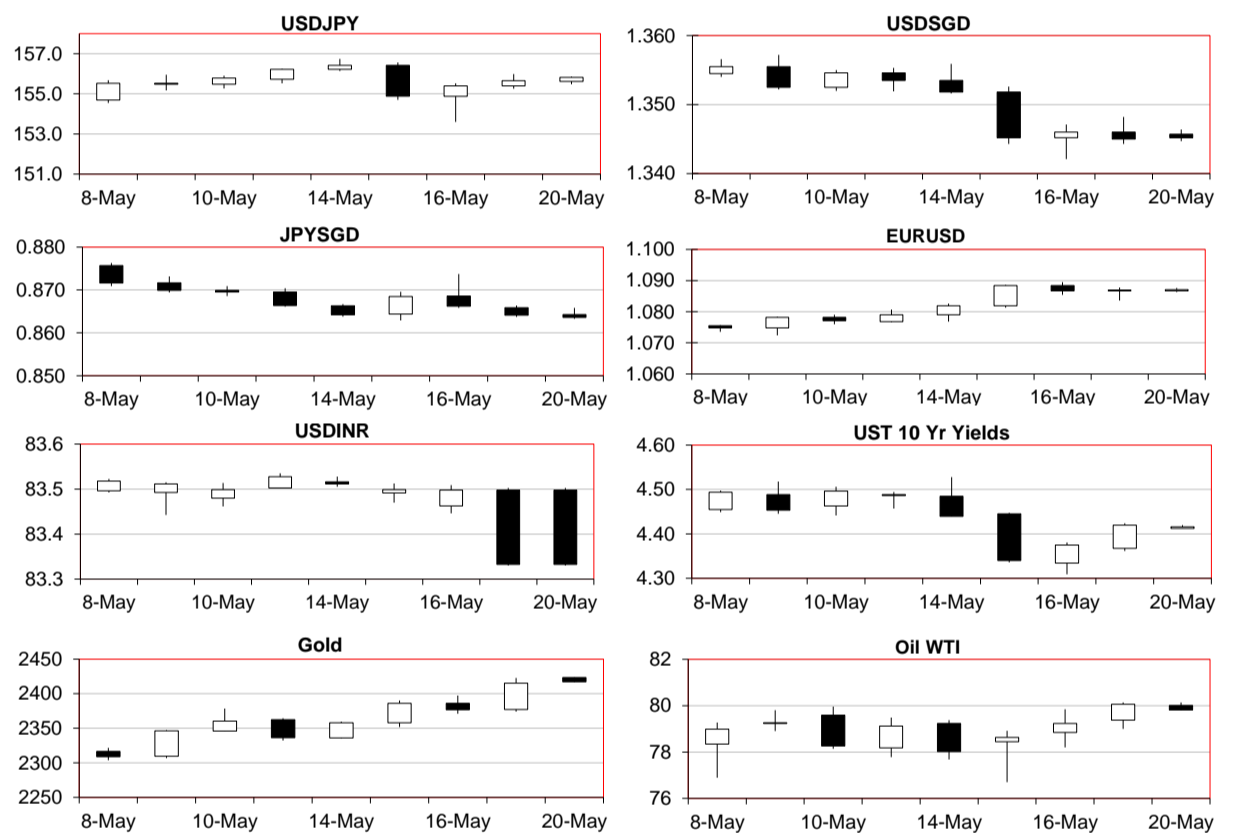
- Nonetheless, the **USD was broadly weaker against the G10 currencies** as competitive pushback played out with USTs mostly outperforming. 2Y Bund yields rose +6.1bps amid ECB's Schnabel warnings that back-to-back interest-rate cuts in June and July does not seem warranted, a shift from recent ECB speakers who had remained mostly uncommittal on policy moves after June. EUR was mostly buoyed above mid-1.08 while AUD briefly tested 67 cents, retracing some losses from the soft jobs report as RBA minutes await. JPY bucked the trend and USD/JPY was mostly buoyant above mid-155 following BoJ Governor Ueda's signal that BoJ was unlikely to unload ETF holdings soon and BoJ leaving bond buying amounts unchanged from last operation.

- In Asia, **confidence deficit remains a problem in China**, as additional stimulus announced Fridays failed to prop up the CNH. In particular, there appears to be some uncertainty whether the latest measures, including lowering minimum down-payment ratio and setting up a 300B yuan relending scheme for public housing, were sufficient to revive the beleaguered property market. Moreover, trade barriers cast a pall on China's economic recovery which tilted towards manufacturing. Industrial production beat expectations while retail sales disappointed. EM Asia FX was broadly weaker against the USD amid a soft CNH, but USD/SGD was supported around mid-1.34 levels on a stronger EUR while MYR was backstopped at around 4.89 on upwards growth revision.

### OVERNIGHT RESULTS

(KR) Unemployment Rate SA (Apr): 2.8% (Mar: 2.8%) | (CH) Industrial Production YoY (Apr): 6.7% (Mkt: 5.5%; Mar: 4.5%) | (CH) FAI Ex Rural/Property Investment YTD YoY (Apr): 4.2%/-9.8% (Mkt: 4.6%/-9.6%; Mar: 4.5%/-9.5%) | (CH) Retail Sales YoY (Apr): 2.3% (Mkt: 4.6%; 4.7%) | (SG) Non-oil domestic exports/Domestic Exports YoY (Apr): -9.3%/3.3% (Mkt: -5.9%/-; Mar: -20.7%/-9.4%) | (MY) GDP YoY/QoQ (1Q F): 4.2%/1.4% (Mkt: 3.9%/1.9%; Prelim: 3.9%/-1.0%) | (TW) BoP Current Account Balance (1Q): 16.2b (4Q: 0.9b)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	155.76	EUR/USD	1.0873
USD/SGD	1.3449	USD/THB	36.07
JPY/SGD	0.8636	USD/MYR	4.688

### Forecast

USD/JPY	154.00 - 157.00
EUR/USD	1.0820 - 1.0920
AUD/USD	0.6550 - 0.6740
USD/SGD	1.3380 - 1.3520
JPY/SGD	0.8522 - 0.8779
USD/CNH	7.2000 - 7.2700
USD/INR	82.80 - 83.50
USD/IDR	15800 - 16100
USD/MYR	4.660 - 4.710
USD/PHP	57.30 - 57.90
USD/THB	35.80 - 36.50

### Today's Direction

	Bull	Bear
USD/SGD	3	1
USD/JPY	3	1

### Thailand Q1 GDP: Half Hearted Smile

- After Q4's 0.6% QoQ contraction, we expect a **mild sequential expansion of economic activity in Thailand for Q1, averting a technical recession.** That said, we brace for another unsightly print on a year ago basis slowing from Q4's 1.7% towards the 1% mark.

- One key challenge is the **lack of a discernible recovery for the manufacturing sector** as it is unable to capture a significant portion of the uplift from the semiconductor led tech cycle.

- While exports rose 4.2% YoY, value added production still contracted 3.7% from a year ago. The higher external demand may have been met by a drawdown in inventory.

- On a brighter note, **value added production managed a small 0.4% QoQ sa expansion in Q1.**

- Services activity is likely to remain buoyed amid a **15.8% QoQ surge in tourist arrivals led by a strong increase in visitors from both Europe and China.** The continued ascendancy in hotel room rates also signals strong demand. As such, tourism-related accommodation, food and beverage sectors are expected to record robust growth.

- Nonetheless, domestically, households continue to appear stretched as **private consumption index rose a meek 0.8% YoY** in Q1. Worsening the situation, government capital expenditures stayed in deep contraction in YoY terms caused by the delay in budget approvals due to elections last year. A muted 0.2% increase in private investments also reflects the **fragile business confidence in actualising capital expenditure plans.**

- All in, the growth print is unlikely to invite many smiles and instead, it may end up as another unfortunate episode of justifying the digital wallet plans and unwarranted calls for the BoT to cut rates.

### FX Daily Outlook

- EUR/USD: Retain buoyancy above 1.08 on cautious policy trajectory post-June.

- USD/JPY: Break above mid-156 bears watching on intervention risks.

- USD/SGD: Hover around mid-1.34 as soft CNH and higher USTs tussle.

- AUD/USD: Could move above 67 cents durably as RBA minutes awaits tomorrow.

### TODAY EVENTS

(ID) BoP Current Account Balance (1Q): (Mkt: -\$1866m; 4Q: -\$1290m) | (MY) Exports/Imports YoY (Apr): (Mkt: 14.1%/17.8%; Mar: -0.8%/1.7%) | (TH) GDP YoY/SA QoQ (1Q): (Mkt: 0.8% 0.6%; 4Q: 1.7%/-0.6%) | (TW) BoP Current Account Balance (1Q): (4Q: \$34839m) | (JP) Tertiary Industry Index MoM (Mar): (Mkt: -0.1%; Feb: 1.5%)

Central Bank Policy Decision: 1Y/5Y Loan Prime Rate

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