

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	155.88	156.22	+0.44	+2.30
EUR	1.0775	1.0790	+0.0019	+0.0021
AUD	0.6602	0.6608	+0.0004	▼0.0017
SGD	1.3544	1.3535	▼0.0011	+0.0023
CNY	7.2347	7.2334	+0.0065	+0.0246
INR	83.53	83.53	+0.03	+0.03
IDR	16084	16080	+35	+55
MYR	4.7450	4.7295	▼0.0102	▼0.0098
PHP	57.85	57.87	+0.44	+0.64
THB	36.81	36.82	+0.09	+0.02

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.487%	▼1.0 bp	▼0.1 bp
JPY (10YR)	0.937%	+2.5 bp	+3.6 bp
EUR* (10YR)	2.510%	▼0.7 bp	+4.2 bp
AUD (5YR)	4.014%	▼0.3 bp	▼6.7 bp
SGD (5YR)	3.285%	+4.5 bp	+5.4 bp
CNY (5YR)	2.102%	▼4.5 bp	▼2.4 bp
INR (5YR)	7.120%	▼0.7 bp	+1.4 bp
IDR (5YR)	6.952%	+0.5 bp	+4.6 bp
MYR (5YR)	3.741%	+0.7 bp	▼0.5 bp
PHP (5YR)	6.481%	+1.5 bp	+3.8 bp
THB (5YR)	2.509%	▼1.0 bp	▼3.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,431.51	▼0.21%	+1.49%
N225 (JP)	38,179.46	▼0.13%	▼0.15%
STOXX 50 (EU)	5,078.96	▼0.12%	+2.46%
ASX (AU)	4,575.33	▼0.24%	+2.38%
STI (SG)	3,303.66	+0.39%	+0.01%
SHCOMP (CN)	3,148.02	▼0.21%	+0.23%
SENSEX (IN)	72,776.13	+0.15%	▼1.51%
JSE (ID)	7,099.26	+0.15%	▼0.51%
KLSE (MY)	1,602.91	+0.14%	+0.35%
PSE (PH)	6,604.25	+1.42%	▼0.73%
SET (TH)	1,372.50	+0.04%	+0.19%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	287.69	▲0.61%	+0.03%
COPPER (LME)	10,082.40	+1.87%	+2.99%
IRON ORE (CN)	117.29	+0.53%	▲1.96%
GOLD	2,336.32	▲1.02%	+0.53%
OIL (WTI)	79.12	+1.10%	+0.82%

### Three Take-Aways

- 1) Fed officials signal vigilance on over-extrapolating CPI print and UST yields soared led by front end.
- 2) EM-Asia FX to find little relief: PHP underperformed as BSP signals rate cut possibility in Q3.
- 3) Undermined CNH: China-US tensions cast a pall on bond issuances and possibility of property stimulus.

### Holding on Or Retreating?

- The Dow grabbed headlines to cross the 40k mark before retreating to close 0.1% lower. Similarly, the S&P500 and Nasdaq ended 0.2% and 0.3% lower respectively.
- This mild risk calibration after the over-reaction yesterday is not unexpected.
- Fed officials also led the way adjusting expectations around excessively moving forward rate cut bets as they held on to the stance that more confidence is needed before rate cuts and toned down the importance of the recent CPI print. Even the more dovish Bostic who saw potential for rate cuts in 2024 had to signal vigilance stating that one data point is not a trend. Fed's Williams said he did not expect to get greater confidence... towards a 2% goal in the very near term. Similarly, Mester said that the CPI print was a welcome tick but they want to see more of it. Consequently, the calibration from the post-CPI reactions was skewed towards the front end for USTs as 2Y yields soared 7.2bp to approach 4.8% while 10Y yields only recovered half the decline with a 3.5bp increase.
- With UST yields supportive, USD regained traction. Taking the brunt, USD/JPY was buoyed back above 155. Meanwhile, the EUR had a mild slippage towards mid-1.08 as the debate appears to turn to whether EZ wage growth is slowing enough to restrain fears of passing through to inflation.
- In EM-Asia, the PHP underperformed regional peers as the BSP's widely expected rate hold came along signals of the possibility of rate cuts in August. USD/SGD was buoyed above mid-1.34.
- Down Under, AUD was unable to sustain above 67 cents amid a softer jobs report.

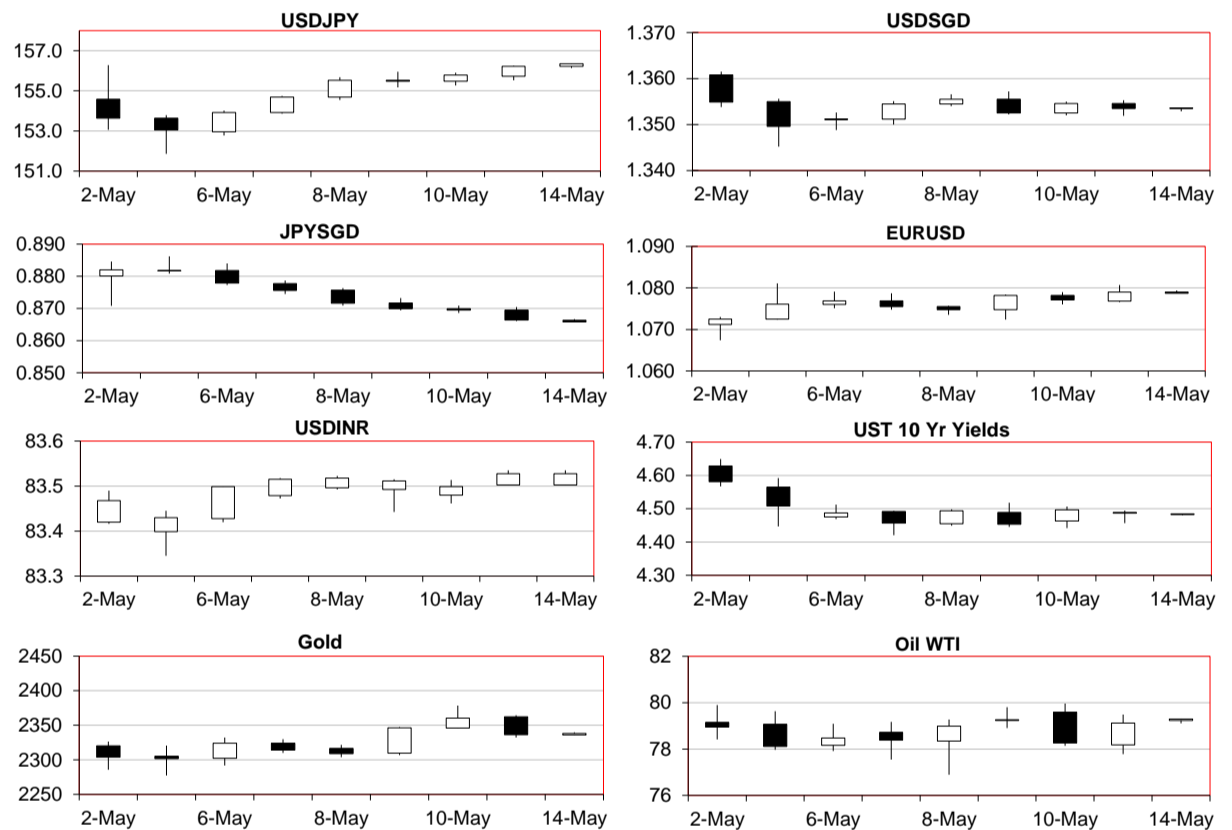
### China: Between Hope and Hangover

- China is in precarious place between effusive positivity on hopes of policy stimulus/rescue accentuating on-going industrial recovery and chronic hangover from confidence deficit.

### OVERNIGHT RESULTS

(JP) GDP Annualized SA QoQ (1Q P): -2.0% (Mkt: -1.2%; 4Q: 0.4%) | (AU) Unemployment Rate/Employment Change (Apr): 4.1%/38.5k (Mkt: 3.9%/23.7k; Mar: 3.8%/-6.6k) | (US) Housing Starts (Apr): 1360k (Mkt: 1420k; Mar: 1321k) | (US) Initial Jobless Claims: 222k (Mkt: 220k; prev: 231k) | (US) Philadelphia Fed Business Outlook (May): 4.5 (Mkt: 7.8; Apr: 15.5) | (US) Industrial Production MoM (Apr): 0.0% (Mkt: 0.1%; Mar: 0.4%) |

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	156.23	EUR/USD	1.0793
USD/SGD	1.3530	USD/THB	36.80
JPY/SGD	0.8661	USD/MYR	4.730

### Forecast

USD/JPY	153.00 - 156.00
EUR/USD	1.0820 - 1.0920
AUD/USD	0.6620 - 0.6710
USD/SGD	1.3400 - 1.3520
JPY/SGD	0.8590 - 0.8837
USD/CNH	7.1900 - 7.2400
USD/INR	83.40 - 83.60
USD/IDR	15850 - 16100
USD/MYR	4.670 - 4.720
USD/PHP	57.20 - 57.80
USD/THB	36.00 - 36.70

### Today's Direction

	Bull	:	Bear
USD/SGD	3	:	2
USD/JPY	3	:	2

- But to be sure, China's industrial bright spot is marred by uneven growth (hampered by soggy consumption demand) and aggravated geo-political threats.

- The most recent iteration of this is the stumble in aggregate financing, and US tariffs on Chinese EVs casting a pall on growth prospects and compromising nascent industrial recovery.

- The wider issue, as we noted last week is that "industrial rebound from a soft spot does not absolve Beijing worries chronic confidence deficit".

- To be sure, evidence of chronic weakness in domestic consumption already risks throwing a spanner in Beijing's "dual circulation" aspirations.

- In particular, for domestic demand to durably buffer reliance on external demand drivers for growth. Hopes are rising on the CNY1trln bond issuances towards fiscal fillip and announcement of property backstop involving purchases of unsold inventory.

- But inconveniently, Beijing is still in an awkward position, having to ensure that stimulus does not jeopardize macro- and/or FX stability.

- Also, while US tariffs on Chinese EVs may not have huge direct impact, it could set a worrying precedent for EU tariffs. And all of these will have unavoidable impact on the rest of Asia via supply-chain linkages.

- Although positive momentum in under-valued Chinese equities remain intact for now, potential to fall short on stimulus and confidence revival remains a bugbear with attendant risks for CNH and China assets.

### FX Daily Outlook

- EUR/USD: EZ wage concerns to allow hovering just below 1.09 and impart mid-1.08 consolidation
- USD/JPY: Higher oil prices and UST yields to slow slippages towards 153.
- USD/SGD: Buoyed off 1.34 on UST yields and regional FX weakness passing through.
- AUD/USD: Jobs set the tone for consolidation below 67 cents.

### TODAY EVENTS

(KR) Unemployment Rate SA (Apr): 2.8% (Mar: 2.8%) | (CH) Industrial Production YoY (Apr): (Mkt: 5.5%; Mar: 4.5%) | (CH) FAI Ex Rural/Property Investment YTD YoY (Apr): (Mkt: 4.6%/-9.6%; Mar: 4.5%/-9.5%) | (CH) Retail Sales YoY (Apr): (Mkt: 4.6%; 4.7%) | (SG) Non-oil domestic exports/Domestic Exports YoY (Apr): (Mkt: -5.9%/-; Mar:-20.7%/-9.4%) | (MY) GDP YoY (1Q F): (Mkt: 3.9%; Prelim: 3.95) |

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