

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	156.71	158.33	+2.68	+3.69
EUR	1.0731	1.0693	▼0.0037	+0.0037
AUD	0.6543	0.6533	+0.0015	+0.0115
SGD	1.3602	1.3628	+0.0038	+0.0012
CNY	7.2459	7.2464	+0.0065	+0.0071
INR	83.34	83.35	+0.02	▼0.12
IDR	16215	16210	+22	▼45
MYR	4.7732	4.7680	▼0.0080	▼0.0152
PHP	57.68	57.69	▼0.11	+0.06
THB	36.95	36.96	▼0.06	+0.10

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.663%	▼4.1 bp	+4.2 bp
JPY (10YR)	0.891%	▼0.8 bp	+4.0 bp
EUR* (10YR)	2.575%	▼5.5 bp	+7.5 bp
AUD (5YR)	4.202%	+10.9 bp	+30.6 bp
SGD (5YR)	3.370%	+4.5 bp	+7.5 bp
CNY (5YR)	2.134%	+4.8 bp	+3.7 bp
INR (5YR)	7.177%	▼1.3 bp	▼6.8 bp
IDR (5YR)	7.107%	+3.1 bp	+8.5 bp
MYR (5YR)	3.807%	+1.6 bp	+5.7 bp
PHP (5YR)	6.786%	+0.3 bp	▼1.6 bp
THB (5YR)	2.554%	+3.0 bp	+8.2 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,239.66	+0.40%	+0.67%
N225 (JP)	37,934.76	+0.81%	+2.34%
STOXX 50 (EU)	5,006.85	+1.37%	+1.80%
ASX (AU)	4,423.59	+0.81%	+2.96%
STI (SG)	3,280.10	▼0.23%	+3.26%
SHCOMP (CN)	3,088.64	+1.17%	+0.76%
SENSEX (IN)	73,730.16	▼0.82%	+0.88%
JSE (ID)	7,036.08	▼1.67%	▼0.72%
KLSE (MY)	1,575.16	+0.38%	+1.78%
PSE (PH)	6,628.75	+0.82%	+2.88%
SET (TH)	1,359.94	▼0.32%	+2.09%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	296.84	▲0.28%	▲0.44%
COPPER (LME)	9,852.84	+1.14%	+0.57%
IRON ORE (CN)	111.14	+0.07%	+0.23%
GOLD	2,337.96	+0.24%	▲2.26%
OIL (WTI)	83.85	+0.34%	+0.85%

Three Take-Aways:

- 1) US PCE deflator remains at an uncomfortable pace to buoy the USD and front end UST yields.
- 2) Poorer US consumer sentiments saw opportunistic UST bulls at the long end amid geo-political risks.
- 3) Vietnam industrial production to firm on external recovery though domestic worries compromise VND.

Concocting Highs?

- An eclectic concoction of opportunism, earnings, mixed economic data and dose of geo-political fears saw UST yield curve flattening, helped US equities reach higher and buoyed USD.

- At a similar pace to February, March core PCE core stayed at 0.3% MOM and kept front end UST yields elevated with 2Y remaining unchanged ending last Friday just below the 5% mark.

- Meanwhile 10Y UST yield declined 4.1bps. Without clear prospects of a ceasefire and reported Israeli strikes in Rafah and Houthi strikes on ships, haven demand backs cautiously opportunistic UST bulls who may be hinging on a slower aspects of US growth and a non-accelerating inflation momentum. Uni. of Michigan survey reflected poorer consumer sentiments.

- Similarly, while US equities appeared to have staged a recovery (Nasdaq: +2.0%, S&P500: +1.0%; Dow: 0.4%), the fact that nearly two-thirds of Nasdaq gains were driven by Alphabet and Nvidia is far from ubiquitous cheer. The former had robust earnings on cloud computing demand and spillovers from broad AI led earnings assisted the latter. The thoughts of tighter policy prospects had another reminder from persistence in personal spending momentum growing another 0.8% MoM.

- USD gained as reflected by DXY soaring past 106 in part due to sharp JPY weakening. The USDJPY surged past 158 with BoJ not letting FX moves dictate policy by jumping the transmission mechanism. EUR slipped towards 1.07 while the AUD managed to maintain above 65 cents.

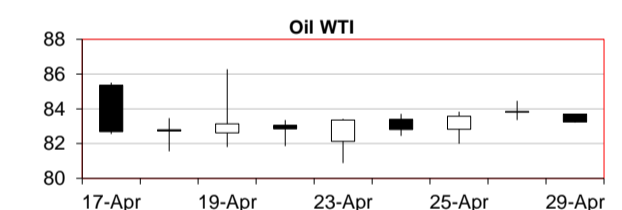
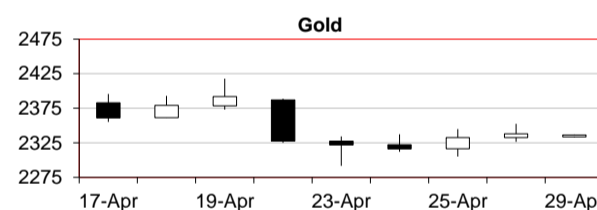
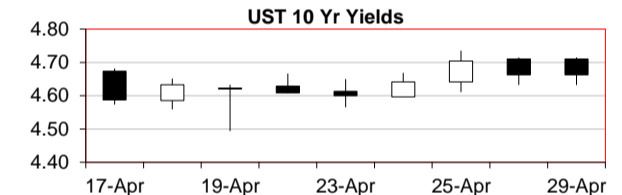
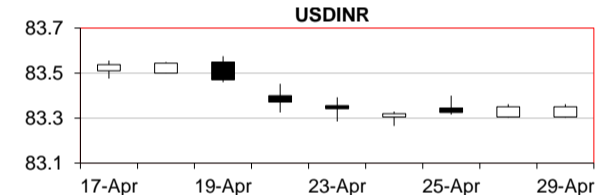
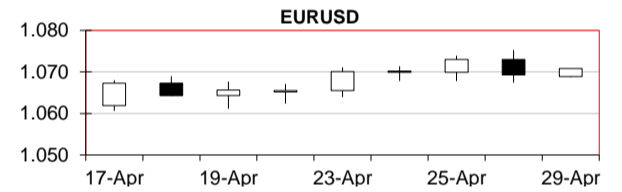
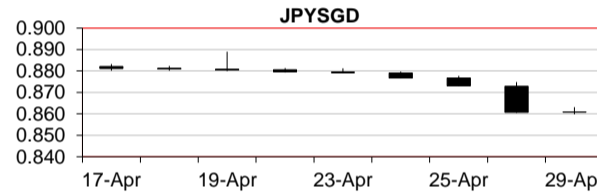
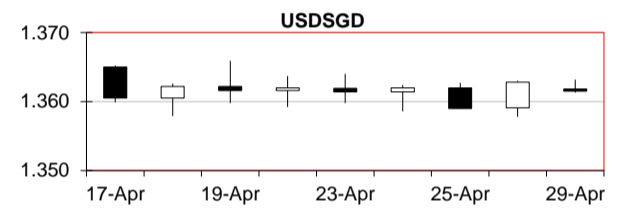
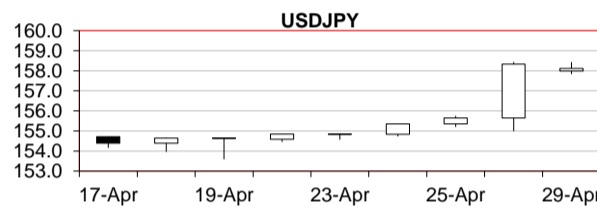
- In EM-Asia, USD/SGD rose above 1.36 as EM-Asia braces for FOMC this week.

Vietnam: Domestic Wobbles Dampen External Recovery

- Industrial production for April in Vietnam is likely to remain firm with a more favourable external environment. Higher frequency trade indicators indicate that Korea's first 20 day exports to Vietnam remains robust, staying around March levels to chalk up a 26.6% YoY growth.

OVERNIGHT RESULTS

(SG) Industrial Production YoY (Mar): -9.2% (Mkt: -1.0%; Feb: 3.8% Revised: 4.4%) | (AU) PPI YoY (1Q): 4.3% (4Q: 4.1%) | (US) UoM Sentiment/Expectations (Apr F): 77.2/76.0 (Mkt: 77.9/-; prelim: 77.9/77.0) | (US) UoM 1Y/5-10Y Inflation (Apr F): 3.2%/3.0% (prelim: 3.15%/3.0%) | (US) PCE Deflator/Core YoY (Mar): 2.7%/2.8% (Mkt: 2.6%/2.7%; Feb: 2.5%/2.8%) | (US) Personal Spending/Income (Mar): 0.8%/-0.5% (Mkt: 0.6%/0.5%; Feb: 0.8%/0.3%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	158.23	EUR/USD	1.0706
USD/SGD	1.3616	USD/THB	37.00
JPY/SGD	0.8607	USD/MYR	4.769

Forecast

USD/JPY	156.00 - 159.00
EUR/USD	1.0680 - 1.0780
AUD/USD	0.6480 - 0.6590
USD/SGD	1.3550 - 1.3660
JPY/SGD	0.8522 - 0.8756
USD/CNH	7.2450 - 7.2750
USD/INR	83.10 - 83.45
USD/IDR	16000 - 16300
USD/MYR	4.760 - 4.788
USD/PHP	57.40 - 58.00
USD/THB	36.85 - 37.20

Today's Direction

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

- Imports from Korea are key inputs to downstream electronics production in Vietnam and as such the manufacturing sector activity is likely to see continued expansion. The uncertainty though lies in the lower end textile and apparel industries which holds a significant share of production in the economy, though a reported pick-up in orders in April bodes well.

- Nonetheless, while there may be silver linings for external facing sectors, the wobbles in domestic real estate, construction and banking sectors cast a worrying overhang.

- Corporate bond markets remain a worry with 210trillion VND (2% of GDP) of bonds due for the remaining 3 quarters of 2024 of which 37% belong to the real estate sector that continues to face cash flow challenges and accumulated unfinished inventory. Worries are not unfounded given that almost two thirds of corporate bond defaults thus far stem from the real estate sector.

- Further denting confidence, the revelation of the staggering scale of funds needed to rescue Saigon Commercial Bank is a sharp reminder of financial sector credit and asset quality woes, though much of the rescue ought to have been deployed since last year.

- Meanwhile, headline inflation is expected to stay elevated and approach the 4.5% mark with petrol prices picking up on average in April compared to March.

- Furthermore, the sight of VND depreciation worsening import price pressures will further worry the SBV on top on-going banking rescue needs.

- On balance, VND stability may continue to be compromised amid the low FX reserve cover as still uncertain growth recovery does not provide sufficient room for a rate hike.

FX Daily Outlook

- EUR/USD: USD traction implies lack of durable recovery towards 1.08 heading into FOMC.

- USD/JPY: Buoyancy above 156 retained as lack of intervention warns off above JPY bulls.

- USD/SGD: Consolidation around 1.36 as Greenback woes impact regional peers.

- AUD/USD: Case to be made on sideways around mid-65 cents rather than surge above 66.

TODAY'S EVENTS

(SG) Unemployment rate SA (Mar): (Feb: 2.0%) | (VN) Trade Balance (Apr): (Mar: \$2930m) | (VN) Retail Sales YoY (Apr): (Mar: 9.2%) | (VN) Industrial Production YoY (Apr): (Mar: 4.1%) | (VN) CPI YoY (Apr): (Mar: 4.0%) | (US) Dallas Fed Mfg Activity (Apr): (Mar: -14.4%) | (EZ) Economic Confidence (Apr): (Mar: 96.3)

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