

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	153.81	153.92	+0.87	▼2.43
EUR	1.0762	1.0769	+0.0008	+0.0048
AUD	0.6623	0.6625	+0.0015	+0.0058
SGD	1.3521	1.3512	+0.0016	▼0.0085
CNY	7.2161	7.2088	▼0.0323	▼0.0202
INR	83.48	83.50	+0.07	+0.02
IDR	16027	16025	▼59	▼230
MYR	4.7422	4.7393	+0.0008	▼0.0282
PHP	57.23	57.23	▼0.14	▼0.46
THB	36.75	36.79	+0.00	▼0.24

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.487%	▼2.0 bp	▼12.6 bp
JPY (10YR)	0.901%	+0.0 bp	+1.0 bp
EUR* (10YR)	2.468%	▼2.7 bp	▼6.4 bp
AUD (5YR)	4.081%	▼1.6 bp	▼9.0 bp
SGD (5YR)	3.231%	▼10.0 bp	▼14.6 bp
CNY (5YR)	2.126%	▼5.3 bp	▼7.9 bp
INR (5YR)	7.106%	▼5.2 bp	▼9.0 bp
IDR (5YR)	6.906%	▼5.6 bp	▼24.8 bp
MYR (5YR)	3.746%	▼1.6 bp	▼6.3 bp
PHP (5YR)	6.443%	▼22.3 bp	▼33.9 bp
THB (5YR)	2.542%	+0.0 bp	▼1.4 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,852.27	+0.46%	+1.21%
N225 (JP)	38,236.07	+0.00%	+0.79%
STOXX 50 (EU)	4,956.96	+0.72%	▼0.48%
ASX (AU)	4,469.09	+0.00%	+0.76%
STI (SG)	3,303.19	+0.31%	+0.64%
SHCOMP (CN)	3,140.72	+1.16%	+0.89%
SENSEX (IN)	73,895.54	+0.02%	▼1.04%
JSE (ID)	7,135.89	+0.02%	▼0.28%
KLSE (MY)	1,597.39	+0.49%	+0.93%
PSE (PH)	6,652.49	+0.56%	▼1.73%
SET (TH)	1,369.92	+0.00%	+0.58%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	287.61	+0.38%	▲2.60%
COPPER (LME)	9,790.13	+0.00%	▲2.72%
IRON ORE (CN)	119.64	+1.66%	+7.79%
GOLD	2,323.97	+0.97%	▲0.50%
OIL (WTI)	78.48	+0.47%	▼5.02%

### Three Take-Aways

- 1) Fedspeak re-iterating eventuality of rate cuts buoyed US equities. USTs cautious on rate cuts bets.
- 2) Uptick in US bank lending tightness may aid in further demand-supply rebalancing.
- 3) RBA's hold in attempt not to concede rate cuts rather than a live threat to hike. AUD bulls restrained.

### Yet to Come?

- New York Fed President John Williams continued on the lines of "eventually there will be rate cuts" and that monetary policy is in a good place alongside his observations that households are being more careful with spending. Similarly, Richmond Fed President Barkin expressed optimism about the current level of rates can take the edge off demand in order to bring inflation back to target as the full impact of higher rates is yet to come.

- Given the difficulty to pinpoint eventuality, markets appear more cautious about bringing forward their rate cuts bets until a point too close for comfort. At the shorter end, the rally in USTs took a breather as 2Y yields edged up 1.4bp alongside cautious Fedspeak. Meanwhile, longer end 10Y UST yields dipped 2bp. Haven demand will be closely watched as Israel-Hamas truce eludes.

- In contrast, taking in minimal caution, US equities took the "no hike" relief further rising across the board (Nasdaq: +1.2%, S&P500: +1.0%; Dow: +0.5%). The clouded nature of economic conditions was also reflected in the latest release of the US Senior Loan Officer survey.

- While there has been an increase in the % of banks tightening lending standards for commercial and industrial loans of large and medium sized firms from 14.5% in 2023 Q4 to 15.6% in Q1 0024, conditions remain far looser from the peak of 50.8% of banks tightening lending standards in Q2 2023. Nonetheless, these conditions are markedly tighter than the entire period from 2010-2019.

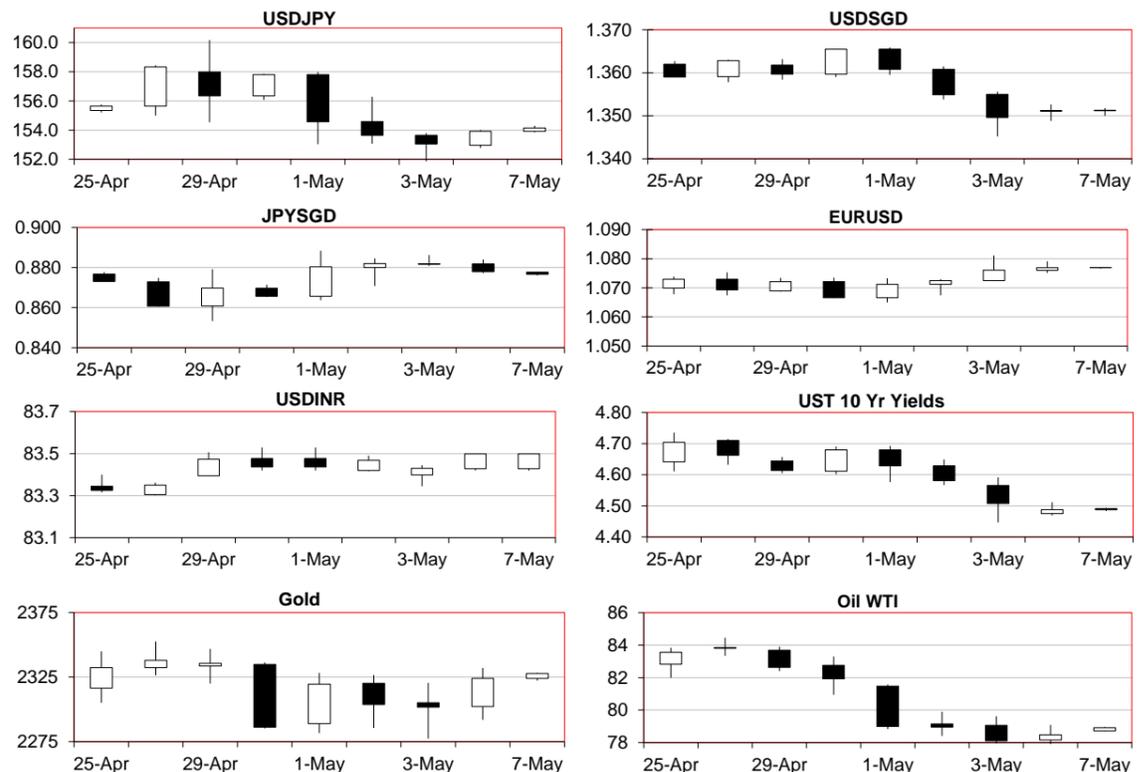
- In FX, USD saw slight softening against the likes of the NOK and AUD (See below). Better than expected EZ services PMI was unable to inspire as EUR continued sideways hovering above mid-1.07. USD/JPY crept above 154 as the UST-JGB gap re-asserts.

- Consequently, EM-Asia FX ought to refrain from extrapolating passing peak pain to outright optimism. Amid occasional slippages, USD/SGD remains above 1.35.

### OVERNIGHT RESULTS

(ID) GDP YoY (Apr): 5.1% (Mkt: 5.1%; Mar: 5.0%) | (CH) Caixin PMI Services (Apr): 52.5 (Mkt: 52.5; Mar: 52.7) | (EZ) Services PMI (Apr F): 53.3 (Mkt: 52.8; Prelim: 52.9) | (EZ) PPI YoY (Mar): -7.8% (Mkt: -7.7%; Feb: -8.3%) | (EZ) Sentix Investor Confidence (May): -3.6 (Mkt: -5.0; Apr: -5.9)

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	154.23	EUR/USD	1.0768
USD/SGD	1.3517	USD/THB	36.76
JPY/SGD	0.8764	USD/MYR	4.742

### Forecast

USD/JPY	152.50 - 155.00
EUR/USD	1.0690 - 1.0820
AUD/USD	0.6520 - 0.6690
USD/SGD	1.3440 - 1.3580
JPY/SGD	0.8671 - 0.8905
USD/CNH	7.1600 - 7.2280
USD/INR	83.30 - 83.60
USD/IDR	15900 - 16100
USD/MYR	4.730 - 4.760
USD/PHP	57.00 - 57.50
USD/THB	36.60 - 37.00

### Today's Direction

	Bull	Bear
USD/SGD	4	0
USD/JPY	4	0

### RBA: Neither In Nor Out

- Amid all the volatility of the AUD and buzz surrounding Australia's latest inflation print, our base case for the RBA is to keep rates unchanged. In their own words, the situation remains that they cannot afford to "rule in or out future changes in the cash rate target". Here's why.

- First, inflation is hardly changed their previous meeting in March which only had the benefit of January's headline inflation which stood at 3.4%. February's 3.4% and March's 3.5% merely affirms the lack of disinflation. That said, underlying services inflation rising to 4.2% and 3.9% in February and March is utterly uncomfortable from the lows of 3.7% in January 2024, given the importance of the services sector. Q1 goods disinflation is hardly relief as global oil prices remain at inflationary territory at this point. Second, bumpy labour market outturns accompanied by a creep up of the unemployment rate restrains the RBA from hikes.

- Third, broad nominal retail sales weakness in March also keeps RBA on the edge about the risks of activity slowdown though aggregate Q1 retail activity still posted robust growth.

- On balance, the RBA will likely persist with a similar statement to March and warn about the two way risks on both ends of growth and inflation. In fact, RBA's stance is likely one that does not concede an imminent cut rather than a "live" option of a hike on the table type of "hawkish hold". Consequently, AUD bulls will find it hard to durably surmount above mid-66 cents amid heightened volatility. Nonetheless, AUD bears will also not be able to confidently see slippages with 64 cents without marked domestic economic slowdown amid firmer China activity.

### FX Daily Outlook

- EUR/USD: Unresolved trade tensions and geopolitical woes continue to restrain durability above 1.08
- USD/JPY: UST-JGB spreads to aid impart buoyancy above 152.
- USD/SGD: Further dips into sub-1.35 on the cards as China return to holiday buoys.
- AUD/USD: RBA to impart volatility but not durability above 67 cents.

### TODAY EVENTS

(JP) Services PMI (Apr F): (Prelim: 54.6) | (PH) CPI YoY (Apr): (Mkt: 4.0%; Mar: 3.7%) | (AU) Retail Sales Ex Inflation QoQ (1Q): (Mkt: -0.3%; 4Q: 0.3%) | (TW) CPI/Core YoY (Apr): (Mkt: 2.2%/--; Mar: 2.1%/2.1%) | (EZ) Retail Sales YoY (Mar): (Mkt: -0.2%; Feb: -0.7%)

Central Banks: RBA Monetary Policy Decision.

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