

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	155.67	155.78	+0.30	+2.73
EUR	1.0782	1.0771	▼0.0011	+0.0010
AUD	0.6611	0.6604	▼0.0016	▼0.0006
SGD	1.3534	1.3546	+0.0021	+0.0050
CNY	7.2249	7.2269	+0.0070	▼0.0142
INR	83.49	83.50	▼0.01	+0.07
IDR	16061	16045	+0	▼39
MYR	4.7397	4.7397	▼0.0013	+0.0012
PHP	57.42	57.43	+0.04	+0.07
THB	36.69	36.72	▼0.22	▼0.07

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.496%	+4.3 bp	▼1.1 bp
JPY (10YR)	0.912%	▼0.6 bp	+1.1 bp
EUR* (10YR)	2.517%	+2.2 bp	+2.2 bp
AUD (5YR)	4.017%	▼2.2 bp	▼8.0 bp
SGD (5YR)	3.240%	▼4.0 bp	▼9.1 bp
CNY (5YR)	2.147%	+0.1 bp	▼3.2 bp
INR (5YR)	7.127%	▼1.0 bp	▼3.1 bp
IDR (5YR)	6.947%	+0.0 bp	▼1.5 bp
MYR (5YR)	3.734%	+0.3 bp	▼2.8 bp
PHP (5YR)	6.466%	▼5.8 bp	▼20.0 bp
THB (5YR)	2.519%	▼2.0 bp	▼2.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,512.84	+0.32%	+2.16%
N225 (JP)	38,229.11	+0.41%	▼0.02%
STOXX 50 (EU)	5,085.08	+0.61%	+3.32%
ASX (AU)	4,586.29	+0.61%	+2.62%
STI (SG)	3,290.70	+0.76%	▼0.07%
SHCOMP (CN)	3,154.55	+0.01%	+1.60%
SENSEX (IN)	72,664.47	+0.36%	▼1.64%
JSE (ID)	7,088.80	+0.00%	▼0.64%
KLSE (MY)	1,600.67	▼0.03%	+0.70%
PSE (PH)	6,511.93	▼0.47%	▼1.57%
SET (TH)	1,371.90	+0.19%	+0.14%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	289.47	▲0.18%	+1.03%
COPPER (LME)	9,897.52	+1.20%	+1.10%
IRON ORE (CN)	116.67	+0.20%	▲0.87%
GOLD	2,360.50	+0.60%	+2.55%
OIL (WTI)	78.26	▼1.26%	+0.19%

## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	155.83	EUR/USD	1.0770
USD/SGD	1.3547	USD/THB	36.80
JPY/SGD	0.8694	USD/MYR	4.741

### Forecast

USD/JPY	154.00 - 156.50
EUR/USD	1.0720 - 1.0820
AUD/USD	0.6510 - 0.6640
USD/SGD	1.3490 - 1.3600
JPY/SGD	0.8620 - 0.8831
USD/CNH	7.2100 - 7.2500
USD/INR	83.40 - 83.60
USD/IDR	15900 - 16100
USD/MYR	4.728 - 4.750
USD/PHP	57.10 - 57.60
USD/THB	36.70 - 37.00

### Today's Direction

	Bull	Bear
USD/SGD	2	1
USD/JPY	3	0

### Three Take-Aways

- 1) Uni. of Michigan consumer sentiments plunged while year ahead inflation expectations spiked.
- 2) UST yields rose while US equities had a mixed end to end last week amid hawkish Fed speak.
- 3) China inflation relief ought to be dampened amid continued PPI slump.

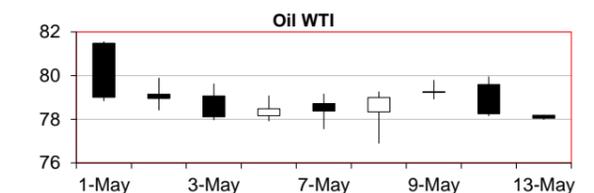
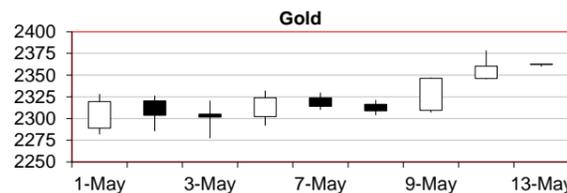
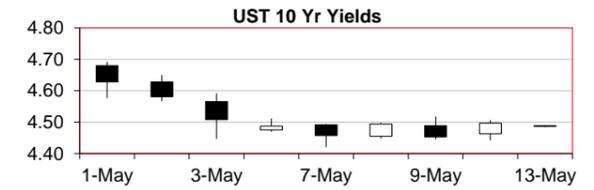
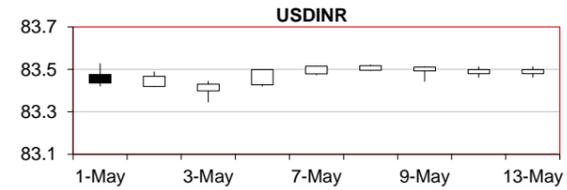
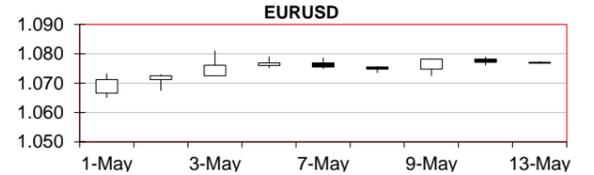
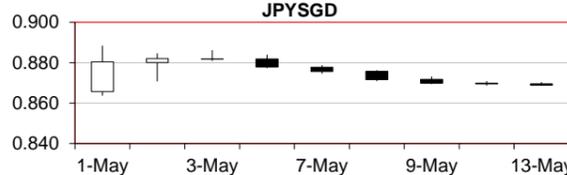
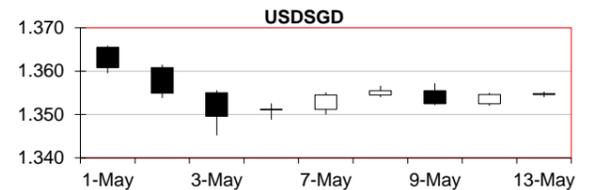
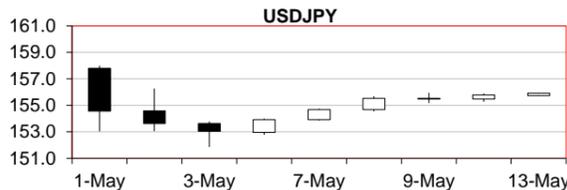
### Spikes

- Last Friday **hawkish Fed speak conspired with a spike in inflation expectations from the Uni. of Mich. survey** to send UST yields higher (2Y: +5.0bp; 10Y: +4.3bp).
- Specifically, **one year ahead inflation expectations rose to 3.5%** for May's preliminary release from April's 3.2%. Nonetheless, the **longer term 5-10yr expectations remain well anchored** inching up to 3.1% from 3.0%, avoiding outright policy complications.
- However, this spike in near term expectations will add to the policy uncertainty expounded upon by Fed officials last Friday. **On the hawkish end, Fed Governor Bowman stated that no rate cuts in 2024 was her base case.** Atlanta Fed President Bostic saw one cut late this year.
- Richmond Fed President Barkin was more non-committal, re-iterating the need for more time while highlighting that the economy is **not as frothy as the numbers suggest**.
- The **plunge in consumers' sentiments** from the Uni of Michigan survey certainly gave a more realistic depiction. Concomitantly, **US equities had a more cautious mixed end to the week** with the Dow and S&P 500 edging up 0.3% and 0.2% respectively while the Nasdaq closed flat. Caution was also found in the Fed's warning of **rising delinquencies in commercial real estate loans**.
- **Fiscal policy also featured** with White House National Economic Council Director Lael Brainard stressing on the need to end tax cuts for corporations which will expire end 2025.
- In FX, appetite for the Greenback was not waning. USD maintained traction among G10 peers. EUR remain hovering below 1.08. USD/JPY buoyed above mid-155. AUD was sideways around 66 cents. For EM-Asia, USD/SGD rose towards mid-1.35. Regional peers may not get much tailwinds from the CNH.

### OVERNIGHT RESULTS

(JP) Eco Watchers Survey Current/Outlook: 47.4/48.5 (Mkt: 50.3/51.6; Mar: 49.8/51.2) | (CH) BoP Current Account balance (1Q P): \$39.2b (\$56.2b) | (IN) Industrial Production (Mar): 4.9% (Mkt: 5.3%; Feb: 5.7%) | (MY) Industrial Production YoY (Mar) :2.4% (Mkt: 1.3%; 3.1%) | (US) Uni of Michigan Sentiment/ Expectations (May P): 67.4/66.5 (Mkt: 76.2/75.0; Apr: 77.2/76.0) | (US) Uni of Michigan 1yr/5-10yr Sentiments (May P): 3.5%/3.1% (Mkt: 3.2%/3.0%; Apr: 3.2%/3.0%) | (CN) CPI/PPI YoY (Apr):0.3%/-2.5%(Mkt: 0.2%/-2.3%; Mar: 0.1%/-2.8%)

### \* Past Two Weeks Movement \*



- Afterall, the relief of the weekend release of China CPI displaying another escape out of deflation ought to be tempered by the fact that administrative decisions from higher train fares and utilities and continued stresses underscored by the PPI print.

### Korea Unemployment: Stresses and Rigidity

- Despite the trade recovery in Q1, **Korea's unemployment rate for April (releasing on Friday) is unlikely to head much lower in a significant manner** given likely impediments of structural skills mismatch and the capital intensive goods led pickup.
- On the supply front, **labour force participation rates may inch higher** as households feel the brunt of the inflationary pains and look for work. That said, these pains have increasingly come through existing workers taking up multiple jobs especially at the older end of the segment.
- On the demand front, hiring is expected to pick up in the wholesale, retail, hotel and restaurants sector after 3 consecutive months of contraction. Manufacturing sector payroll gains is likely to remain modest given the capital intensive nature of the export pick-up.
- Consequently, **wage growth pressures may also not be as pronounced**. Historically, current account improvements exhibit a stronger correlation with operating surpluses rather than compensation of employees. Nonetheless, we do not expect a significant moderation in wage growth. Despite a small 2.1% YoY decline in vacancies for Q1, **overall vacancies remain relatively elevated and the unemployment rate is likely to remain near record lows** which depicts a still tight labour market.

### FX Daily Outlook

- EUR/USD: UST yields to restrain 1.08 even as EZ growth see silver lining to buoy 1.07
- USD/JPY: JGB UST gap remains a feature to impart 155 buoyancy.
- USD/SGD: China relief to be brief, allowing consolidation around mid-1.35.
- AUD/USD: Buoyant UST yields to restrict climb above mid-66 cents.

### TODAY EVENTS

(IN) CPI YoY (Apr): (Mkt: 4.8%; Mar: 4.9%)



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