

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	157.05	156.99	+0.06	+1.34
EUR	1.0825	1.0847	+0.0032	▼0.0022
AUD	0.6606	0.6628	+0.0022	▼0.0065
SGD	1.3511	1.3499	▼0.0019	+0.0049
CNY	7.2448	7.2436	+0.0007	+0.0193
INR	83.13	83.10	▼0.18	▼0.24
IDR	16008	15993	+0	+38
MYR	4.7155	4.7115	+0.0077	+0.0238
PHP	58.19	58.20	+0.06	+0.58
THB	36.71	36.69	+0.16	+0.48

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.465%	▼1.2 bp	+4.5 bp
JPY (10YR)	1.005%	+0.3 bp	+5.6 bp
EUR* (10YR)	2.583%	▼1.3 bp	+6.8 bp
AUD (5YR)	4.012%	+5.1 bp	+12.0 bp
SGD (5YR)	3.269%	+1.4 bp	+9.3 bp
CNY (5YR)	2.114%	+0.4 bp	▼1.0 bp
INR (5YR)	7.042%	+0.6 bp	▼4.7 bp
IDR (5YR)	6.838%	+0.0 bp	▼1.7 bp
MYR (5YR)	3.701%	+0.8 bp	+2.8 bp
PHP (5YR)	6.433%	+1.0 bp	+15.3 bp
THB (5YR)	2.527%	+0.7 bp	+6.4 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,069.59	+0.01%	▼2.33%
N225 (JP)	38,646.11	▼1.17%	▼0.36%
STOXX 50 (EU)	5,035.41	▼0.04%	▼0.57%
ASX (AU)	4,538.02	▼0.13%	▼1.01%
STI (SG)	3,316.56	▼0.18%	+0.09%
SHCOMP (CN)	3,088.87	▼0.88%	▼2.07%
SENSEX (IN)	75,410.39	▼0.01%	+2.02%
JSE (ID)	7,222.38	+0.00%	▼1.30%
KLSE (MY)	1,619.40	▼0.60%	+0.17%
PSE (PH)	6,619.89	▼0.60%	+0.02%
SET (TH)	1,364.48	▼0.25%	▼1.32%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	294.28	+0.17%	+0.18%
COPPER (LME)	10,204.59	▲1.10%	▲3.71%
IRON ORE (CN)	118.37	+0.21%	+0.99%
GOLD	2,333.83	+0.20%	▲3.37%
OIL (WTI)	77.72	+1.11%	▼2.92%

### Three Take-Aways

- 1) Economic resilience US durable goods outperformance dampened by downward revision in prior months.
- 2) EUR rally on pushback on back to back cut remain restrained as firm near term June cut in focus.
- 3) SBV re-iteration of FX intervention tells of VND pressures. Policy outlook rest on economic stability.

### Sentiments, Reasons

- Last Friday, USTs yield curve had a mild flattening with 2Y yields up 1.1bp while 10Y yields slipped 1.2bp. While these end outcomes may be directionally different, intra-session movements were rather similar. Specifically, **durable goods outperformance sent UST yields higher as resilient growth continue to back fears of higher for longer**. Nonetheless, downwardly revised figures for the prior months caution against over-optimism on growth.

- Subsequently, final print of the Uni of Michigan consumer survey showing **lower inflation expectations saw UST yields creep lower**. While the outperformance of consumer sentiments could have also lent weight to "economic resilience", the tight inverse correlation with gasoline prices which has crept down since the start of May is a likely reason for these improved sentiments being consistent with lower inflation expectations. On balance, a moderate recovery in risk sentiments saw the Nasdaq and S&P rise 1.1% and 0.7% while the Dow was unchanged.

- While Fed's Waller may not have commented directly on monetary policy, he warned of an **unsustainable US fiscal path leading to excessive UST issuances and higher UST yields**. In addition, he re-iterated his view that neutral rates is relatively low.

- The USD conceded ground against G10 peers with the likes of the NOK and CAD aided by higher oil prices. Nonetheless, the DXY ended last week higher. The USD/JPY remains buoyed, hovering just below 157 with Japan CPI dis-inflation providing little for JPY bulls.

- EUR climbed towards mid-1.08 alongside ECB's Nagel stating that the ECB should wait until September before embarking on a second cut. That said, rallies restrained on firm June cut.

- Similarly, AUD's climb towards 67 cents look set to slow. Elsewhere, USD/SGD slipped to 1.35.

### OVERNIGHT RESULTS

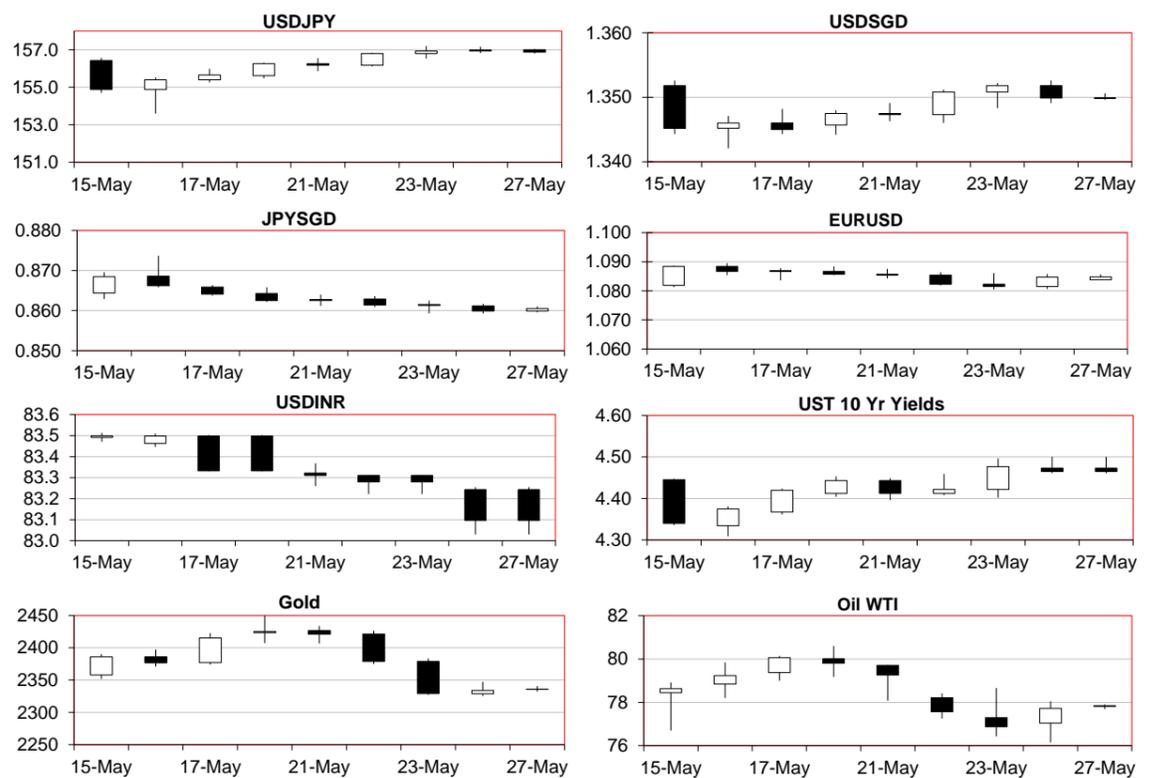
(SG) Industrial Production YoY (Apr): -1.6% (Mkt: 1.3%; Mar: -9.2%) | (MY) CPI YoY (Apr): 1.8% (Mkt: 1.9%; Mar: 1.8%)

(US) Durable Goods orders/Nondef Ex Air (Apr P): 0.7%/0.3% (Mkt: -0.8%/0.1%; Mar: 0.9%/-0.1%; Revised: 0.8%/0.1%)

(US) Uni of Mich. Sentiment/Expectations (May F): 69.6/68.8 (Mkt: 67.7/67.0; Prelim: 67.4/66.5)

(US) Uni of Mich. 1Yr/5-10 Yr Inflation Expectations (May F): 3.3%/3.0% (Mkt: 3.4%/3.1%; Prelim: 3.5%/3.1%)

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	156.87	EUR/USD	1.0847
USD/SGD	1.3501	USD/THB	36.65
JPY/SGD	0.8606	USD/MYR	4.712

### Forecast

USD/JPY	156.00 - 157.80
EUR/USD	1.0790 - 1.0880
AUD/USD	0.6580 - 0.6670
USD/SGD	1.3470 - 1.3560
JPY/SGD	0.8536 - 0.8692
USD/CNH	7.2300 - 7.2700
USD/INR	83.00 - 83.50
USD/IDR	15900 - 16100
USD/MYR	4.680 - 4.730
USD/PHP	57.90 - 58.30
USD/THB	36.40 - 36.90

### Today's Direction

	Bull	Bear
USD/SGD	0	4
USD/JPY	1	3

### Vietnam: Stability Sought

- Industrial production is expected to remain resilient as semiconductor and electronic cycle recovery continues apace. In May, first 20 days of Korean exports to Vietnam showed continued to post a 10.5% YoY highlighting the continued needs of the industrial base in Vietnam.

- Retail sales activity ought to remain buoyed by the strong tourist arrivals that has already exceeded pre-pandemic levels in 2019.

- On the political front, Vietnam has appointed To Lam who was head of police and intelligence operations, as the new President. While the near term leadership vacuum has been addressed and the immediate impact on FDI is unlikely to be significant, **the threat of an ensuing domestic bureaucratic process paralysis and public investment slowdown remains**.

- Turning to inflation, **headline CPI is likely to breach the SBV's 4.5% mark on low base effects**, higher food prices and continued recreation related services inflation.

- That said, lower petrol prices provide a slight dampener on headline CPI.

- Firming economic recovery and elevated inflation may set the backdrop for the SBV to hike rates **to stabilise the VND which has been testing the upper limit of the SBV's trading range**.

- While the SBV has re-iterated plans to sell USD to stabilise the VND last Friday, the relative low FX reserves cover imply constrained intervention.

- All in, we keep a close watch for policy rate hikes in the middle of this week which could even come prior to the economic data release.

### FX Daily Outlook

- EUR/USD: Rallies towards 1.09 to remain weak, September cut merely affirms dovish tendencies.

- USD/JPY: UST yield and oil prices set stage for continued buoyancy above 156.

- USD/SGD: China industrial profits surge may impart limited slippage below 1.35.

- AUD/USD: CNH weakness to persist and restrain 67 cents.

### TODAY EVENTS

(JP) Coincident Index/Leading Index CI (May F): (Prelim: 113.9/111.4) | (CH) Industrial Profits YoY (Apr): (Mar: -3.5%)

(GE) IFO Business Climate/Expectations (May): (Mkt: 90.4/90.8; Apr: 89.4/89.9)

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