

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	156.98	157.49	▼0.15	+0.56
EUR	1.0809	1.0799	▼0.0002	▼0.0016
AUD	0.6609	0.6610	+0.0000	+0.0004
SGD	1.3519	1.3522	+0.0000	+0.0004
CNY	7.2466	7.2492	+0.0000	+0.0063
INR	83.38	83.34	+0.00	+0.06
IDR	16263	16160	+0	+167
MYR	4.7070	4.7150	+0.0105	+0.0112
PHP	58.61	58.44	+0.00	+0.30
THB	36.85	36.84	+0.09	+0.32

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.614%	+0.2 bp	+13.7 bp
JPY (10YR)	1.094%	+0.9 bp	+9.2 bp
EUR* (10YR)	2.690%	+0.0 bp	+9.4 bp
AUD (5YR)	4.149%	+4.1 bp	+18.8 bp
SGD (5YR)	3.344%	+0.0 bp	+8.9 bp
CNY (5YR)	2.082%	▼0.1 bp	▼2.8 bp
INR (5YR)	7.063%	+0.0 bp	+2.7 bp
IDR (5YR)	6.913%	+0.5 bp	+7.5 bp
MYR (5YR)	3.690%	+0.0 bp	▼0.3 bp
PHP (5YR)	6.419%	+0.0 bp	▼0.4 bp
THB (5YR)	2.513%	+0.0 bp	▼0.7 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,441.54	+0.00%	▼1.60%
N225 (JP)	38,556.87	+0.00%	▼1.40%
STOXX 50 (EU)	4,963.20	+0.00%	▼1.48%
ASX (AU)	4,465.63	+0.00%	▼1.72%
STI (SG)	3,323.20	+0.00%	+0.02%
SHCOMP (CN)	3,111.02	+0.00%	▼0.17%
SENSEX (IN)	74,502.90	+0.00%	▼1.21%
JSE (ID)	7,140.23	+0.00%	▼1.14%
KLSE (MY)	1,605.35	+0.00%	▼1.46%
PSE (PH)	6,411.41	+0.00%	▼3.73%
SET (TH)	1,349.83	+0.00%	▼1.32%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	297.63	+0.00%	+1.31%
COPPER (LME)	10,326.27	+0.00%	+0.08%
IRON ORE (CN)	117.80	▲0.03%	▲0.27%
GOLD	2,337.25	▲0.04%	+0.34%
OIL (WTI)	79.11	▼0.15%	+2.91%

Three Take-Aways

- 1) Donald Trump conviction does not rule out eligibility for late 2024 Presidential elections.
- 2) US growth being revised lower on weaker consumption sent UST yields lower and sank equities.
- 3) India Q1 GDP growth to remain robust though low GDP deflator remains a bug-bear.

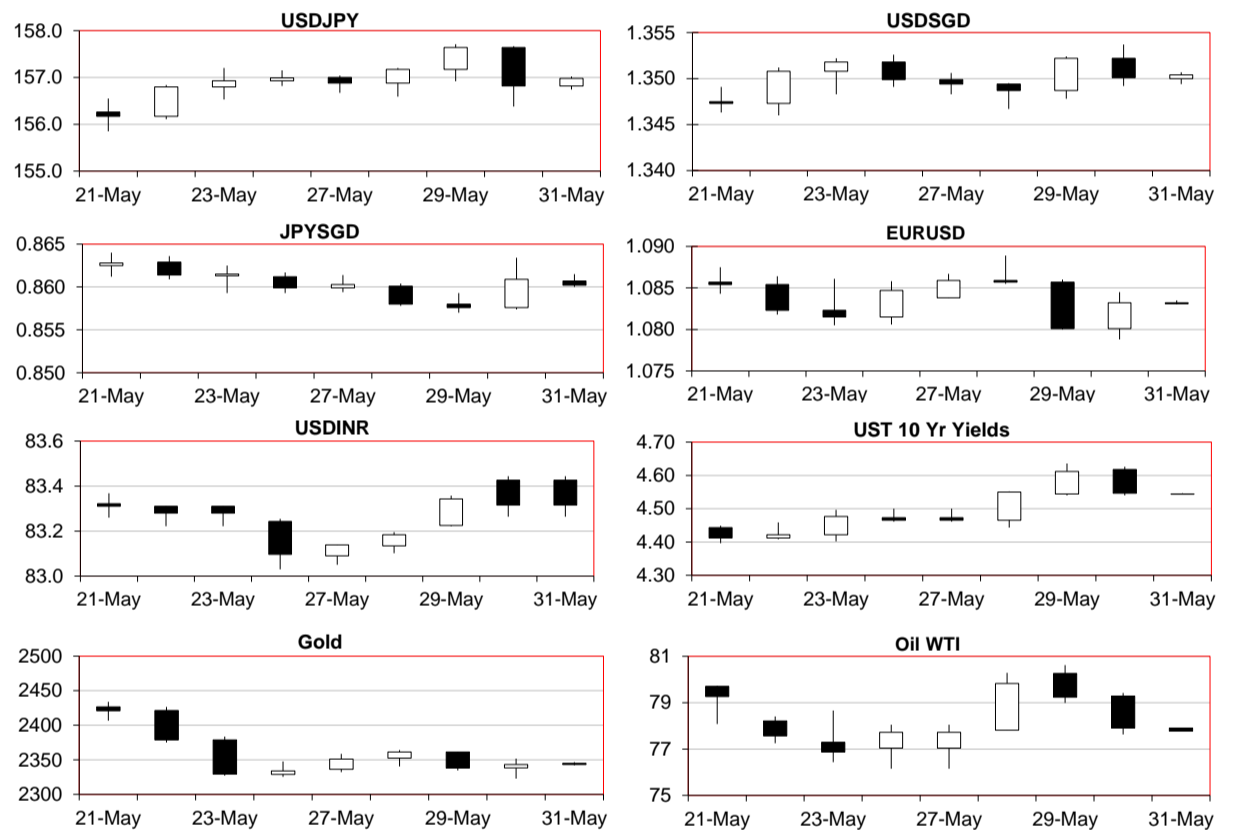
Conviction and Consequences

- Former US President Donald Trump has been found guilty in his Hush Money case. Sentencing on 11 July could range from probation to prison.
- Further appeals are expected and the **conviction does not rule him out in terms of eligibility as a Presidential candidate for the end 2024 elections**. Elections may remain a relatively longer term prospects but the pipeline risks from Trump 2.0 will be increasingly factored into markets.
- Overnight, US growth outlook and its consequences on monetary policy remain the key focus. **US Q1 GDP growth being revised lower on slower consumption** was sufficient to send UST yields lower (2Y: -4.8bp; 10: -6.6bp) in a bull flattener.
- While NY Fed President John Williams stated that he **does not feel urgency or need to make a decision on rate cuts now**, such data prints will test their resolve to keep elevated policy rates.
- As for Atlanta Fed President Bostic, his take on "not seeing July cut, but open if data justify as well as if Sept is right for cut, it is not a political decision" appears to be rather dovish leaning.
- Nonetheless, this was not a session for bad news is good news vibes for US equities which continued to drop across the board. (Nasdaq: -1.1%; Dow: -0.9%; S&P 500: -0.6%)
- Amid lower UST yields and questionable US exceptionalism, the Greenback sank against all G10 peers. USD/JPY descended back below 157. EUR rose towards mid-1.08 as EZ unemployment rate continued to decline. Nonetheless, this remains unlikely to derail the ECB's looming cut next week. Down Under, the AUD rose to just below mid-66 cents.
- In EM-Asia, USD/SGD headed lower to 1.35. Notably, **KRW led losses yesterday as Samsung union call for their first ever one day strike as wage negotiations failed**.

OVERNIGHT RESULTS

(US) Initial Jobless Claims: 219k (Mkt: 217k; prev: 215k) | (US) GDP Annualized QoQ (1Q S): 1.3% (Mkt: 1.3%; prelim: 1.6%) | (US) Wholesale Inventories MoM (Apr P): 0.2% (Mkt: 0.1%; Mar: -0.4%) | (EZ) Consumer Confidence (May F): -14.3 (prelim: -14.3) | (EZ) Unemployment Rate (Apr): 6.4% (Mkt: 6.5%; Mar: 6.5%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	156.96	EUR/USD	1.0832
USD/SGD	1.3502	USD/THB	36.71
JPY/SGD	0.8602	USD/MYR	4.705

Forecast

USD/JPY	156.50 - 158.00
EUR/USD	1.0740 - 1.0880
AUD/USD	0.6580 - 0.6680
USD/SGD	1.3470 - 1.3560
JPY/SGD	0.8525 - 0.8665
USD/CNH	7.2300 - 7.2700
USD/INR	83.10 - 83.50
USD/IDR	16000 - 16500
USD/MYR	4.690 - 4.720
USD/PHP	58.00 - 58.80
USD/THB	36.50 - 37.00

Today's Direction

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

- While EM-Asia FX may get relief from lower UST yields and oil prices to end the week, worries on slowing US growth will not get unnoticed.

India's Growth - Beyond Headlines

- India's Q1 (Q4 for FY23/24) GDP is more than the sum of its parts as it splits fervent India bulls from the doubters. For the casual observer, it reveals **still robust sub-7% growth**, albeit following a blistering 8.4% YoY clip the previous quarter. The **cynical critic** will charge that this is a **concerning deceleration** underlining industrial cracks and consumer. The **optimistic cheerleader** will celebrate India's **pack-leading shine looking past less flattering base effects**. Reconciling the two opposing views requires conditionality and context. The **context** is that **India suffered one of the worst pandemic output losses** after Philippines and Thailand.

- But has since ramped up on **public sector infrastructure** boost alongside **industrial output** fillip, accentuated by "China+1" tailwinds. And so, **re-opening demand revival** has found a sweet spot between **low-hanging base effects** and **bona fide economic thrust**.

- Nonetheless, India bulls are **overzealous, shrugging off cyclical risks** and overlooking **pre-conditions** to exploit structural growth windfall.

- Above all, **"inflated" growth**** is the biggest bug-bear. Even as medium-term optimism is justified, **unrealistically (and unsustainably) low GDP deflator assumptions** cast a pall.

- In addition, current growth buoyancy is compromised by uneven, **K-shaped growth dynamics**.

** As we expound in an earlier publication: Mizuho Brief – India's Awkward Growth-Inflation Proposition, 2nd April 2024

FX Daily Outlook

- EUR/USD: Lower UST yields buoy above 1.08 while ECB cut to restrain 1.09.
- USD/JPY: While low oil prices and UST yields assist to restrain testing 158, unlikely sub-156 slippage.
- USD/SGD: China PMIs may not assist the CNH and adds to case for 1.35 consolidation at best.
- AUD/USD: Domestic growth woes imply inability to retake 67 cents.

TODAY EVENTS

(JP) Retail Sales YoY (Apr): 2.4% (Mkt: 1.7%; Mar: 1.2%) | (JP) Industrial Production MoM (Apr P): -0.1% (Mkt: 1.5%; Mar: 4.4%)
(KR) Industrial Production YoY (Apr): 6.1% (Mkt: 4.4%; Mar: 0.7%) | (TH) Current Account Balance (Apr): (Mkt: \$450m; Mar: \$1082m)
(CH) Mfg/Non-Mfg PMI (May): (Mkt: 50.5/51.5; Apr: 50.4/51.2) | (IN) GDP YoY (Q1): (Mkt: 7.0%; 8.4%)
(TW) GDP YoY (Q1): (Mkt: 6.5%; Prelim: 6.5%) | (US) MNI Chicago PMI (May): 41.1/ Apr: 37.9 | (US) PCE Deflator/Core YoY (Apr): (Mkt: 2.7%/2.8%; Mar: 2.7%/2.8%) | (EZ) CPI/Core YoY (May): (Mkt: 2.5%/2.8%; Apr: 2.4%/2.7%)

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