

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	159.69	159.62	▼0.18	+1.88
EUR	1.0713	1.0733	+0.0040	▼0.0001
AUD	0.6652	0.6657	+0.0016	+0.0044
SGD	1.3538	1.3528	▼0.0021	+0.0008
CNY	7.2618	7.2594	▼0.0016	+0.0033
INR	83.50	83.47	▼0.07	▼0.09
IDR	16394	16394	▼56	▼6
MYR	4.7123	4.7130	+0.0003	▼0.0077
PHP	58.83	58.81	▼0.01	+0.15
THB	36.68	36.69	+0.03	▼0.13

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.232%	▼2.3 bp	▼4.9 bp
JPY (10YR)	0.996%	+2.1 bp	+6.1 bp
EUR* (10YR)	2.419%	+0.7 bp	+0.5 bp
AUD (5YR)	3.951%	+1.0 bp	+12.0 bp
SGD (5YR)	3.163%	▼0.9 bp	▼0.4 bp
CNY (5YR)	2.028%	▼0.4 bp	▼3.2 bp
INR (5YR)	6.997%	▼0.3 bp	▼1.2 bp
IDR (5YR)	7.019%	▼2.7 bp	▼8.0 bp
MYR (5YR)	3.640%	▼0.2 bp	▼1.5 bp
PHP (5YR)	6.398%	+0.2 bp	+3.9 bp
THB (5YR)	2.445%	▼1.9 bp	▼4.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,411.21	+0.67%	+1.63%
N225 (JP)	38,804.65	+0.54%	+1.84%
STOXX 50 (EU)	4,950.98	+0.89%	+1.45%
ASX (AU)	4,514.76	+0.53%	+1.74%
STI (SG)	3,314.14	+0.25%	+0.50%
SHCOMP (CN)	2,963.10	▼1.17%	▼1.75%
SENSEX (IN)	77,341.08	+0.17%	+0.45%
JSE (ID)	6,889.17	+0.13%	+2.29%
KLSE (MY)	1,589.66	▼0.04%	▼1.10%
PSE (PH)	6,272.46	+1.85%	▼1.74%
SET (TH)	1,316.73	+0.79%	+1.55%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	294.78	+0.53%	+0.58%
COPPER (LME)	9,513.25	▲0.36%	▲0.25%
IRON ORE (CN)	105.95	▲0.64%	▲0.56%
GOLD	2,334.65	+0.55%	+0.67%
OIL (WTI)	81.63	+1.11%	+1.62%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	159.67	EUR/USD	1.0733
USD/SGD	1.3529	USD/THB	36.62
JPY/SGD	0.8473	USD/MYR	4.712

Forecast

USD/JPY	157.50 - 160.00
EUR/USD	1.0670 - 1.0770
AUD/USD	0.6600 - 0.6700
USD/SGD	1.3490 - 1.3570
JPY/SGD	0.8431 - 0.8616
USD/CNH	7.2700 - 7.3000
USD/INR	83.40 - 83.60
USD/IDR	16340 - 16500
USD/MYR	4.700 - 4.720
USD/PHP	58.60 - 59.10
USD/THB	36.50 - 36.90

Today's Direction

	Bull	Bear
USD/SGD	2	2
USD/JPY	2	2

Three Take-Aways:

1. UST yields edged lower alongside Fed officials warning on labour market risks.
2. Dismal business climate in Germany add to French election risks which may restrain EUR recovery ahead.
3. Singapore's core inflation stayed sticky underscoring need for prolonged S\$NEER appreciation stance.

Inflection Points

- 2Y UST yields was 0.9bp lower and 10Y yields edged 2.3bp lower alongside Fed speak laced with warnings on the real economy. Chicago Fed's Goolsbee raised the question of "should we remain as restrictive as we have been?" if we get more months of inflation like we have seen in the last month and slowing conditions in the other parts of the real economy.
- San Francisco Fed President Mary Daly said that we are getting nearer to a point where benign outcomes in the labour market could be less likely and the labour market is a good but not a frothy one. She warned that at this point, inflation is not the only risk we face.
- Certainly, Nvidia appeared less frothy as it drove the Nasdaq 1.1% lower and the S&P 500 also closed 0.3% lower while Dow (without the drag from the semiconductor constituent) rose 0.7%.
- Amid lower UST yields, the Greenback also lost ground against all G10 peers.
- EUR rose 0.4% to buoy just below mid-1.07. A sustained EUR recovery remains beset with challenges such as the dismal business climate in Germany underscores the growth worries in the EZ on top of ongoing political risks in the French elections. The JPY was relatively flat and cautious in testing 160 as the MoF stepped up on intervention threats.
- Down Under, the AUD rise back to mid-66 cents remains within the 66-67 cents range in June and tomorrow's CPI look unlikely to impart a structural shock. Elsewhere, USD/SGD slipped towards 1.35.

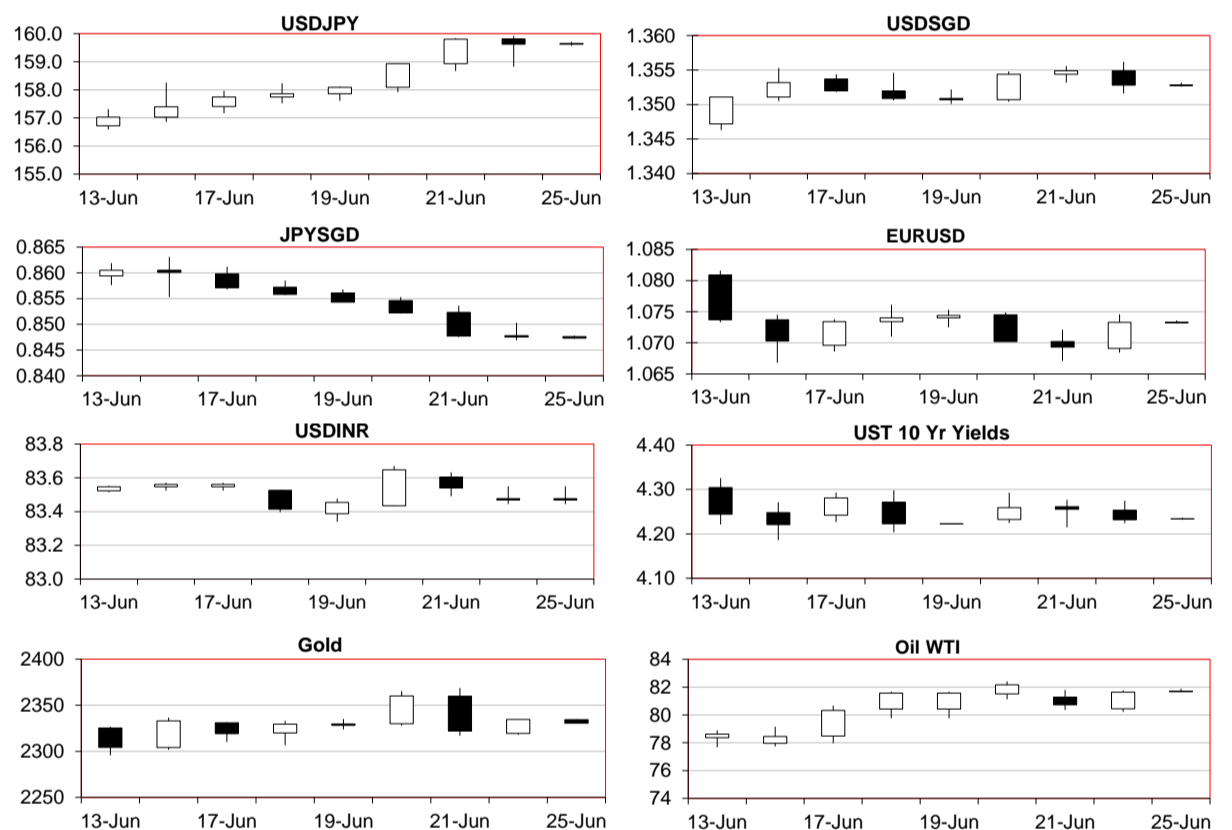
Singapore: Inflation Sticking Around

- Singapore's core inflation for May remained sticky at 3.1% in May while headline inflation accelerated to 3.1% from 2.7% on the back of higher private road transport inflation due to higher pace of increase in prices of cars and fuel.

OVERNIGHT RESULTS

(SG) CPI/Core YoY (May): 3.1%/3.1% (Mkt: 3.1%/3.1%; Apr: 2.7%/3.1%) | (TW) Industrial Pdtn YoY (May): 16.1% (Mkt: 7.6%; Apr: 14.6%) | (US) Dallas Fed Mfg Activity (Jun): -15.1 (Mkt: 15.0 May: -19.4) | (GE) IFO Business Climate/Expectations (Jun): 88.6/89.0 (Mkt: 89.6/90.7; May: 89.3/90.3)

* Past Two Weeks Movement *



- Notably, services inflation is still an impediment to the return of core inflation to its long run average. Digging deeper, food services inflation (restaurants & fast food) staying at 3.8% YoY is still significantly elevated relative to its 2012-19 average of 2.0%. Similarly, recreational and culture services inflation at 5.2% is way above its 2012-19 average of 1.7%.

- Admittedly, goods dis-inflation is expected to remain favourable given declining goods import cost. In that vein, the MAS is expected to prolonged the current stance of a gradual appreciation of the S\$NEER to allow for the goods dis-inflation to pass through and also allow more time for labour market rebalancing to moderate services inflation.

- Furthermore, semiconductor recovery may also see positive spillovers to growth and wages even if it may be somewhat constrained due to its capital intensive nature.

Taiwan: Semi Backup

- The semiconductor upcycle in Taiwan remain well intact with industrial production soaring 16.1% YoY in May blowing past estimates of 8.5%, in an acceleration from May's 14.5%.

- Specifically, integrated circuits production surged 41% YoY from the 30.7% YoY print in April.

- In addition, unemployment rate also edged lower. Consequently, the CBC will keep rates elevated for 2024 especially amid rising property prices with likes of Taipei City seeing 13.6% YoY increase in May. Afterall, the latter represents a financial stability risk due to rising share of real estate credit on bank balance sheet. The CBC raised reserve requirement ratios and lowered the LTV ratio for second home loans (from 70% to 60%) to stem speculative demand on 13 June.

FX Daily Outlook

- EUR/USD: Growth worries will continue to restrain EUR recovery.
- USD/JPY: Cautious to test 160 especially ahead of US PCE at the end of the week.
- USD/SGD: China risk sentiments sour with CNH unlikely to inspire. Backstop above 1.35.
- AUD/USD: Sideways consolidation above 66 cents as RBA unlikely to outhawk the Fed.

TODAY EVENTS

(MY) CPI YoY (May): (Mkt: 1.9%; Apr: 1.8%) | (JP) Coincident Index/Leading Index CI (Apr F): (Prelim: 115.2/111.6)
(US) Conference Board Consumer Confidence (Jun): (Mkt: 100.0; May: 102.0) | (US) Richmond Fed Manufacturing Index (Jun): (Mkt: -3; May: 0) | (US) Chicago Fed National Activity Index (May): (Mkt: -0.25; Apr: -0.23)

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