

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	161.00	161.46	+0.58	+1.84
EUR	1.0753	1.0740	+0.0027	+0.0007
AUD	0.6676	0.6660	▼0.0010	+0.0003
SGD	1.3553	1.3576	+0.0016	+0.0048
CNY	7.2682	7.2684	+0.0011	+0.0090
INR	83.44	83.45	+0.05	▼0.02
IDR	16322	16322	▼53	▼72
MYR	4.7155	4.7137	▼0.0038	+0.0007
PHP	58.65	58.65	+0.04	▼0.16
THB	36.74	36.72	+0.01	+0.03

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.461%	+6.5 bp	+22.9 bp
JPY (10YR)	1.061%	+0.4 bp	+6.5 bp
EUR* (10YR)	2.607%	+10.7 bp	+18.8 bp
AUD (5YR)	4.129%	+5.6 bp	+17.8 bp
SGD (5YR)	3.228%	+3.5 bp	+6.5 bp
CNY (5YR)	2.006%	+3.2 bp	▼2.2 bp
INR (5YR)	7.019%	▼0.5 bp	+2.2 bp
IDR (5YR)	6.968%	▼0.3 bp	▼5.1 bp
MYR (5YR)	3.663%	+1.5 bp	+2.3 bp
PHP (5YR)	6.295%	▼5.3 bp	▼10.3 bp
THB (5YR)	2.458%	▼1.0 bp	+1.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,169.52	+0.13%	▼0.61%
N225 (JP)	39,631.06	+0.12%	+2.13%
STOXX 50 (EU)	4,929.99	+0.73%	▼0.42%
ASX (AU)	4,451.48	▼0.01%	▼1.40%
STI (SG)	3,338.57	+0.17%	+0.74%
SHCOMP (CN)	2,994.73	+0.92%	+1.07%
SENSEX (IN)	79,476.19	+0.56%	+2.76%
JSE (ID)	7,139.63	+1.08%	+3.64%
KLSE (MY)	1,598.20	+0.51%	+0.54%
PSE (PH)	6,398.77	▼0.20%	+2.01%
SET (TH)	1,299.35	▼0.12%	▼1.32%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	291.57	+0.38%	▲1.09%
COPPER (LME)	9,482.77	+0.28%	▲0.32%
IRON ORE (CN)	110.08	+3.35%	+3.90%
GOLD	2,331.90	+0.22%	▲0.12%
OIL (WTI)	83.38	+2.26%	+2.14%

**Three Take-Aways:**

1. With latest ruling raising odds of Trump 2.0 saw steepening of UST yield curve as long end yields soared.
2. US ISM manufacturing persisted in contractionary territory while prices paid rose at slower pace.
3. While Vietnam growth outperformed, VND woes still remain and policy hikes remain 'live'.

**Paying the Price**

- With the latest Supreme Court ruling implying that **Donald Trump's obstruction trial is unlikely to happen before the November elections**, another impediment to Trump 2.0 has been removed and the UST yield curve steepened. Long term fiscal worries saw 10Y UST yields surge 6.5bp while 2Y yields stayed flat. On the latter, **US ISM manufacturing remain in contractionary territory with employment dipping into contraction** to underscore growth fears and notably, the **sight of prices paid increasing at a slower pace** would have also brought some relief to the Fed.

- Meanwhile, in US equities, the Nasdaq rebound (+0.8%) was accentuated by the likes of Apple and Tesla across the board while the S&P 500 and Dow had smaller gains of 0.3% and 0.1%.

- In FX, the USD remains bid, gaining against most G10 peers.

- EUR stayed above 1.07 on hopes of restraining Marine Le Pen's National Rally to attain an absolute majority. While ECB's Lagarde continues to highlight that it will take **time to gather sufficient data to be certain that the risks of above-target inflation have passed**, the likes of ECB's Wunsch simply affirming that the **first two cuts are easy** will exact a price on the EUR's recovery.

- Amid higher UST yields, the JPY was certainly not spared as the USD/JPY rose towards mid-161.

- Similarly, the AUD slipped back towards mid-65 cents. In EM-Asia, USD/SGD rose back towards the upper half of mid-1.35. The **sight of a Trump 2.0 and higher UST yields remain an uneasy prospect for EM-Asia FX.**

**Vietnam: Growth Recovery and VND Woes**

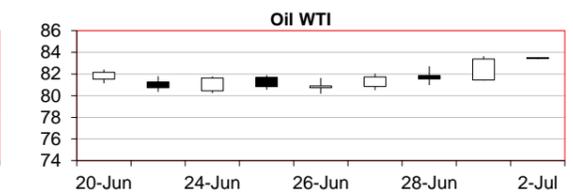
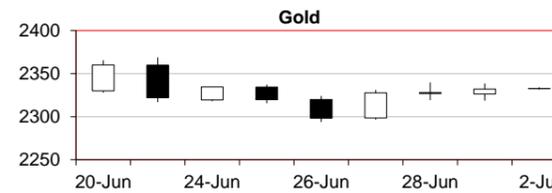
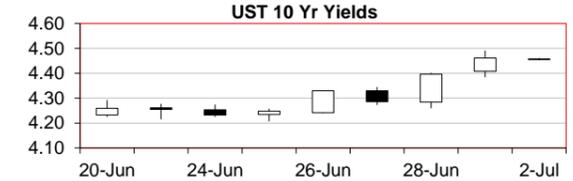
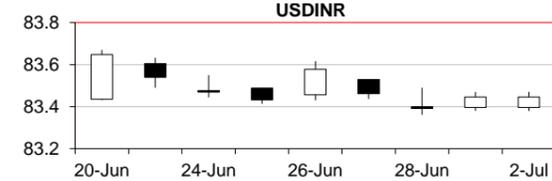
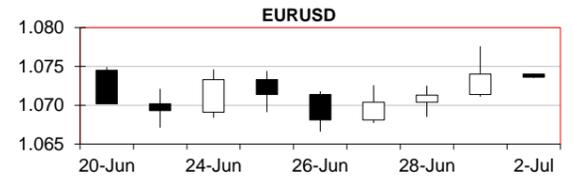
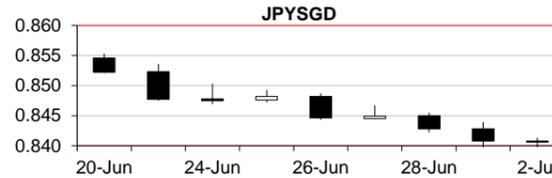
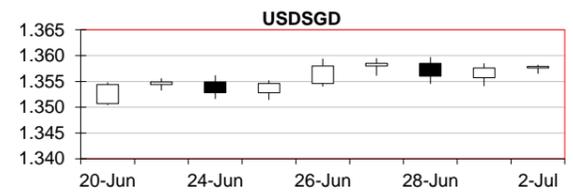
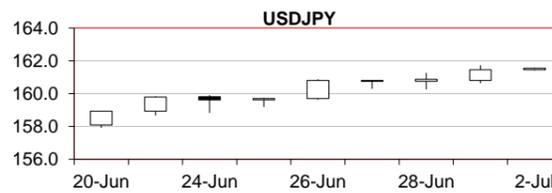
- In Vietnam, **Q2 GDP growth outperformed expectations surge to 6.9% YoY** as both manufacturing and services sector contributed more.

**OVERNIGHT RESULTS**

(KR) Exports/Imports YoY (Jun): 5.1%/-7.5% (Mkt: 4.4%/-4.7%; May: 11.5%/-2.0%) | (JP) Tankan Large Mfg Index (Q2):13 (Mkt: 11; Q1: 11)

(ID) CPI/Core YoY (Jun): (Mkt: 2.7%/1.9%; May: 2.8%/1.9%) | (CH) Caixin PMI Mfg(Jun): (Mkt: 51.1; May: 51.7)

(US) ISM Manufacturing/Price Paid (Jun): 48.5/52.1 (Mkt: 49.1/55.8; May: 48.7/57.0)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	161.51	EUR/USD	1.0737
USD/SGD	1.3580	USD/THB	36.76
JPY/SGD	0.8408	USD/MYR	4.714

**Forecast**

USD/JPY	160.50 - 162.00
EUR/USD	1.0690 - 1.0790
AUD/USD	0.6590 - 0.6700
USD/SGD	1.3510 - 1.3610
JPY/SGD	0.8340 - 0.8480
USD/CNH	7.2800 - 7.3150
USD/INR	83.10 - 83.70
USD/IDR	16300 - 16500
USD/MYR	4.710 - 4.735
USD/PHP	58.50 - 59.10
USD/THB	36.60 - 37.20

**Today's Direction**

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

- The former was driven by the surge in electronics components and communication equipment demand on the positive spillover from the current semiconductor upturn. **June's strong PMI also signal resiliency in manufacturing output in the months ahead.**

- On the services front, all sub-sectors aside from accommodation and foods services rose on a QoQ basis aside from accommodation and services due to a seasonal decrease in tourist arrivals in Q2. Finance, banking, insurance services as well as the troubled real estate services sector also saw robust activity growing 5.7% and 3.1% respectively. Nonetheless, construction sector growth slowed from 7.7% YoY in Q1 to 7.1% in Q2 to dampen optimism. All in, we revised our estimates for Vietnam's 2024 growth forecast upwards to 6.1% to fall within the government's target range of 6.0%-6.5%. Despite the robust growth outturns, headline inflation moderated to 4.3% on substantial downward adjustments on fuel prices for the first half of June. Despite still contained inflation and economic recovery, VND remain pressured as the **USD/VND is at the top of the SBV's trading range**. Admittedly, among regional peers, the VND remains in the middle of the pack, outperforming the likes of the PHP, IDR and THB on a YTD basis.

- Nonetheless, depreciation against the USD is a key concern, the SBV has been **reducing terms of their bills** from 28 days to 14 days in June and also raising the rates in late June to prop up shorter end VND interest rates which had been falling and lean against VND depreciation pressures. Should depreciation pressures persist, adjusting the policy related re-financing and re-discount rates remain very much on the table.

**FX Daily Outlook**

- EUR/USD: Sideways trading as ECB's refrain from more than 2 cuts buoy above 1.07.
- USD/JPY: Job openings may invite lower front end UST yields to see mild slippage below 161.
- USD/SGD: CNH woes and Trump 2.0 may allow cautious ventures towards 1.36.
- AUD/USD: RBA Minutes to invite brief rallies towards 67 cents but durability doubted.

**TODAY EVENTS**

(KR) CPI/Core YoY (Jun): 2.4%/2.2% (Mkt: 2.6%/2.2%; May: 2.7%/2.2%)

(SG) Purchasing Managers Index (Jun): (May: 50.6)

(EZ) CPI/Core YoY (Jun P): (Mkt: 2.5%/2.8%; May: 5.6%/2.9%) | (EZ) Unemployment Rate (May): (Mkt: 6.4%; Apr: 6.4%)

(US) JOLTS Job Openings (May): (Mkt: 7950k; Apr: 8059k)

ECB Forum in Sintra: Lagarde Speaks, Powell Speaks.

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