

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	159.28	157.83	▼1.01	▼2.92
EUR	1.0875	1.0907	+0.0039	+0.0067
AUD	0.6769	0.6784	+0.0025	+0.0035
SGD	1.3437	1.3409	▼0.0019	▼0.0077
CNY	7.2617	7.2504	▼0.0075	▼0.0179
INR	83.54	83.54	▼0.03	+0.04
IDR	16137	16138	▼57	▼140
MYR	4.6699	4.6715	▼0.0160	▼0.0372
PHP	58.39	58.39	+0.08	▼0.14
THB	36.19	36.19	▼0.08	▼0.39

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.183%	▼2.7 bp	▼9.6 bp
JPY (10YR)	1.065%	▼2.5 bp	▼1.4 bp
EUR* (10YR)	2.496%	+3.3 bp	▼6.0 bp
AUD (5YR)	4.058%	▼5.4 bp	▼10.1 bp
SGD (5YR)	3.096%	▼9.4 bp	▼11.0 bp
CNY (5YR)	1.990%	▼0.5 bp	▼0.1 bp
INR (5YR)	6.978%	▼0.7 bp	▼1.6 bp
IDR (5YR)	6.850%	▼4.4 bp	▼9.8 bp
MYR (5YR)	3.621%	▼1.5 bp	▼2.7 bp
PHP (5YR)	6.063%	▼6.2 bp	▼16.4 bp
THB (5YR)	2.368%	▼1.6 bp	▼8.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	40,000.90	+0.62%	+1.59%
N225 (JP)	41,190.68	▼2.45%	+0.68%
STOXX 50 (EU)	5,043.02	+1.34%	+1.28%
ASX (AU)	4,522.75	+0.31%	+0.82%
STI (SG)	3,497.78	+0.65%	+2.55%
SHCOMP (CN)	2,971.30	+0.03%	+0.72%
SENSEX (IN)	80,519.34	+0.78%	+0.65%
JSE (ID)	7,327.58	+0.37%	+1.02%
KLSE (MY)	1,619.06	▼0.25%	+0.50%
PSE (PH)	6,648.23	+0.59%	+2.39%
SET (TH)	1,332.04	+0.20%	+1.53%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	290.44	+0.01%	▲1.02%
COPPER (LME)	9,726.88	+1.03%	▲0.70%
IRON ORE (CN)	109.05	+0.13%	▲1.75%
GOLD	2,411.43	▲0.17%	+0.81%
OIL (WTI)	82.21	▼0.50%	▼1.14%

Three Take-Aways:

1. Caution on getting carried away with rate cut bets as PPI print could mean 'bumpy' dis-inflation.
2. SEK, NOK softer on cooler inflation; GBP gained on optimism around Labour's win and growth.
3. China's growth expected to moderate; easing by PBoC unlikely, focus on local governments instead.

Carried Away?

- UST yields continued to decline (2Y: -6.2bps; 10Y: -2.7bps) as softer-than-expected inflation continued to buoy rate cut bets. But caution on getting too carried away, as while the dis-inflation trajectory remains largely intact (with UoM 5-10Y inflation expectations edging down), a higher PPI print for final demand and core prices, which could plausibly mean some bumpiness to PCE dis-inflation progress (the Fed's preferred inflation measure). US equities rose (S&P/Dow/Nasdaq: +0.6%). The USD was weaker against the majors on a decline in UST yields, with DXY moving down towards the 104 handle.

- SEK bucked the trend, leading losses as underlying inflation slowed more than expected, supported the case that Riksbank could cut its benchmark rate two or three times in 2H 2024 should "inflation prospects remain the same".

- NOK similarly underperformed as markets continued to contemplate whether cooler-CPI would see Norges Bank change its position on holding rates for the rest of year.

- In contrast, GBP outperformed on optimism surrounding Labour's win, and indications of improving economic growth pushing back rate cut bets, especially following earlier comments last week that the case for a rate cut remains an "open possibility".

- USD/JPY held on to the Thursday's gains and further dipped below 158 levels. BoJ accounts suggested sizeable interventions (estimated at JPY3.5tn or \$22bn) on Thursday.

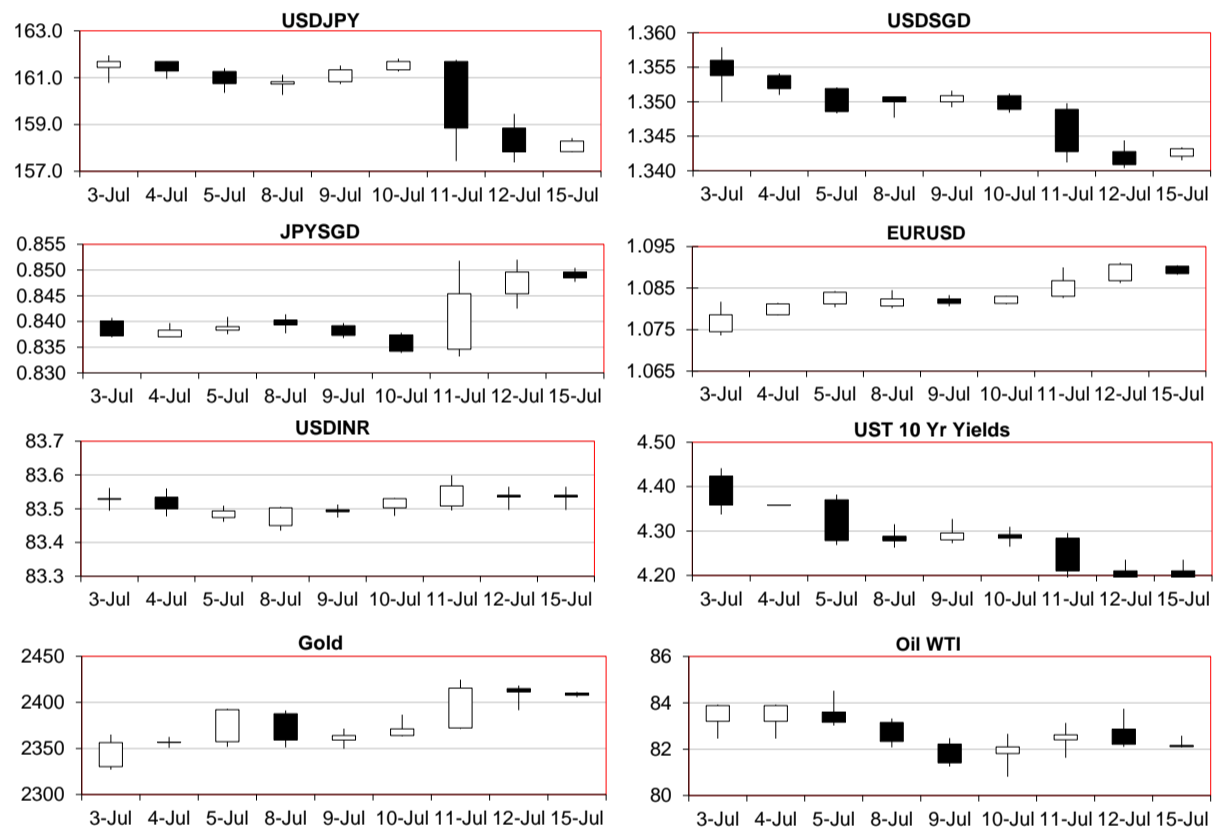
- EUR moved above 1.09 as GBP gains spillovered while AUD was buoyant above mid-67 cents.

- Elsewhere, USD/SGD retained traction below mid-1.34 levels.

OVERNIGHT RESULTS

(SG) GDP YoY (2Q A): 2.9% (Mkt: 2.7%; 1Q: 3.0%) | (CH) Exports/Imports YoY (Jun): 8.6%/-2.3% (Mkt: 8.0%/2.5%; Apr: 7.6%/1.8%) | (IN) Industrial Production YoY (May): 5.9% (Mkt: 4.9%; Apr: 5.0%) | (IN) CPI YoY (Jun): 5.1% (Mkt: 4.8%; May: 4.8%) | (MY) Industrial Production YoY (May): 2.4% (Mkt: 3.8%; Apr: 6.1%) | (US) UoM Sentiment/Expectations (Jul P): 66.0/67.2 (Mkt: 68.5/69.3; Jun: 68.2/69.6) | (US) UoM 1Y/5-10Y Inflation (Jul P): 2.9%/2.9% (Mkt: 2.9%/3.0%; Jun: 3.0%/3.0%) | (US) PPI Final Demand/Ex Food, Energy YoY (Jun): 2.6%/3.0% (Mkt: 2.3%/2.5%; May: 2.4%/2.6%) | (JP) Industrial Production YoY (May F): 1.1% (prelim: 0.3%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	158.32	EUR/USD	1.0886
USD/SGD	1.3431	USD/THB	36.19
JPY/SGD	0.8484	USD/MYR	4.673

Forecast

USD/JPY	155.00 - 160.00
EUR/USD	1.0820 - 1.0940
AUD/USD	0.6740 - 0.6830
USD/SGD	1.3380 - 1.3480
JPY/SGD	0.8363 - 0.8697
USD/CNH	7.2500 - 7.2950
USD/INR	83.40 - 83.80
USD/IDR	16000 - 16300
USD/MYR	4.630 - 4.700
USD/PHP	58.00 - 58.80
USD/THB	35.90 - 36.40

Today's Direction

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

China: Slower Growth Amid Dwindling Monetary Support

- China's economic activity is expected to moderate further in June, with a continued slowdown in credit growth. Although the official manufacturing PMI held steady in June, there was a decline in both production and new orders. Notably, the textile, petroleum and coal industries also showed signs of weakness. Moreover, the construction PMI showed a significant slowdown in June due to heavy rainfalls.

- Services PMI slowed due to lacklustre performance in the financial market and real estate sector. Although daily property sales in major Chinese cities picked up at the end of June, caution remains as it is too early to declare a recovery in the property market.

- Meanwhile, external demand remains firm amid improving export revenue.

- Given still weak consumer sentiments as reflected by a subdued CPI print for June, we also expect YoY growth in retail sales to moderate in June weighed down also by the recent deterioration in sales of passenger vehicles.

- All in, even if Q2 growth may meet the 5% mark, China's full year growth is expected to miss the official target of 5% with a growth moderation in the second half of the year with ongoing property market weakness and declining local fiscal revenue.

- Nonetheless, the PBoC is expected to avoid significant easing measures in the coming months, the focus turns to local governments who are likely to accelerate their property support following the roadmap outlined by China's recent property stimulus package.

FX Daily Outlook

- EUR/USD: GBP spillovers should temper declines below mid-1.08 levels.
- USD/JPY: Could continue holding on the gains amid decline in UST yields.
- USD/SGD: Mild risk-off mood could see rebound back above mid-1.35 levels.
- AUD/USD: RBA wariness on inflation progress backstops declines at 67 cents.

TODAY EVENTS

(CH) Industrial Production YoY (Jun): (Mkt: 5.0%; May: 5.6%) | (CH) GDP YoY/SA QoQ (2Q): (Mkt: 5.0%/1.5%; 1Q: 5.3%/1.65%) | (CH) FAI/Property Investment YTD YoY (Jun): (Mkt: 3.8%/-10.3%; May: 4.0%/-10.1%) | (CH) Retail Sales YoY (Jun): (Mkt: 3.3%; May: 3.7%) | (ID) Exports/Imports YoY (Jun): (May: 2.9%/-8.8%) | (IN) Exports/Imports YoY (Jun): (May: 9.1%/7.7%) | (IN) Wholesale Prices YoY (Jun): (Mkt: 3.6%; May: 2.6%) (PH) Overseas Cash Remittances YoY (May): (Mkt: 2.9%; Apr: 3.1%) | (US) Empire Manufacturing (Jul): (Jun: -6.0) | (EZ) Industrial Production WDA YoY (May): (Apr: -3.0%)

Central Bank Policy Decisions: PBoC 1Y Medium-Term Lending Facility Rate

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