

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	156.03	155.59	▼1.45	▼2.76
EUR	1.0877	1.0854	▼0.0037	▼0.0045
AUD	0.6624	0.6615	▼0.0028	▼0.0119
SGD	1.3452	1.3456	▼0.0004	+0.0014
CNY	7.2744	7.2748	+0.0010	+0.0063
INR	83.69	83.69	+0.03	+0.10
IDR	16214	16210	▼10	+30
MYR	4.6727	4.6733	▼0.0087	▼0.0035
PHP	58.44	58.44	+0.05	+0.05
THB	36.25	36.21	▼0.07	+0.11

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.251%	▼0.2 bp	+9.3 bp
JPY (10YR)	1.065%	+1.0 bp	+3.6 bp
EUR* (10YR)	2.439%	▼5.6 bp	+1.2 bp
AUD (5YR)	4.063%	+4.2 bp	+8.5 bp
SGD (5YR)	3.048%	▼0.7 bp	+8.3 bp
CNY (5YR)	1.889%	▼3.0 bp	▼8.6 bp
INR (5YR)	6.923%	▼1.0 bp	▼0.5 bp
IDR (5YR)	6.872%	▼2.8 bp	+2.2 bp
MYR (5YR)	3.600%	+0.3 bp	▼1.8 bp
PHP (5YR)	6.138%	▼0.6 bp	+6.4 bp
THB (5YR)	2.380%	+0.3 bp	+0.2 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	40,358.09	▼0.14%	▼1.46%
N225 (JP)	39,594.39	▼0.01%	▼4.07%
STOXX 50 (EU)	4,916.80	+0.40%	▼0.63%
ASX (AU)	4,479.49	▼0.36%	▼0.07%
STI (SG)	3,461.16	+0.70%	▼0.77%
SHCOMP (CN)	2,915.37	▼1.65%	▼2.05%
SENSEX (IN)	80,429.04	▼0.09%	▼0.36%
JSE (ID)	7,313.86	▼0.11%	+1.24%
KLSE (MY)	1,629.68	+0.47%	+0.23%
PSE (PH)	6,753.12	+0.61%	+1.29%
SET (TH)	1,301.54	▼1.18%	▼1.50%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	280.44	▲0.94%	▲1.87%
COPPER (LME)	9,046.71	▲0.48%	▲4.82%
IRON ORE (CN)	105.93	▲0.81%	▲2.57%
GOLD	2,409.64	+0.54%	▲2.41%
OIL (WTI)	76.96	▼3.53%	▼4.71%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	155.77	EUR/USD	1.0850
USD/SGD	1.3458	USD/THB	36.15
JPY/SGD	0.8640	USD/MYR	4.674

Forecast

USD/JPY	153.00 - 158.00
EUR/USD	1.0800 - 1.0920
AUD/USD	0.6570 - 0.6700
USD/SGD	1.3420 - 1.3510
JPY/SGD	0.8494 - 0.8830
USD/CNH	7.2700 - 7.3100
USD/INR	83.55 - 83.90
USD/IDR	16100 - 16350
USD/MYR	4.640 - 4.690
USD/PHP	58.20 - 58.60
USD/THB	36.00 - 36.70

Today's Direction

	Bull	Bear
USD/SGD	1	4
USD/JPY	3	2

Three Take-Aways:

1. US equities slipped; UST yields fell as rate cut expectations piled on.
2. JPY gained, likely on higher expectations of BoJ tightening next week; two-way risks heightened.
3. Korea GDP supported as manufacturing, services and real estate sectors hold up.

At the Margin

- US equities slipped marginally (S&P: -0.2%; Dow/Nasdaq: -0.1%), as energy counters underperformed amid a decline in oil prices on concerns of weak demand from China, while exuberance on the "Magnificent 7" faded with Alphabet signalling patience to see concrete results from AI-investments and Tesla delaying its Robotaxi event.

- Meanwhile, UST yields fell (2Y: -2.6bps; 10Y: -0.2bp) as rate cut expectations piled on, following from weaker existing home sales and Richmond Fed Mfg Index.

- DXY was marginally higher, with AUD trading below mid-66 cents while EUR moved lower to mid-1.08 levels. JPY outperformed G10 peers, with USD/JPY dipping below 156 (from around 157 levels) in anticipation of the extent to which BoJ reduces its monthly bond purchases next week. JPY's gains could also underscore higher bets for a hike as Bloomberg survey indicated that 30% of BoJ watchers were expecting a hike, with 90% flagging such a risk. This could forewarn two-way volatility into the meeting next week. Point being, even as wages increases could make a case for a hike, whether this would result in the wage-price spiral BoJ is looking for remains a question while soft consumer spending create complications.

- INR slipped a little even as India's budget broadly demonstrated Modi 3.0 administration's commitment towards fiscal consolidation. India's budget deficit of 4.9% of GDP narrowed from the preliminary, pre-elections target of 5.1% and the revised number likely took into account the RBI dividend windfall of INR2.11tn (-0.4% of GDP). Alongside accompanying scraps in import duties to support mining industries, the Budget featured spending geared towards employment and jobs.

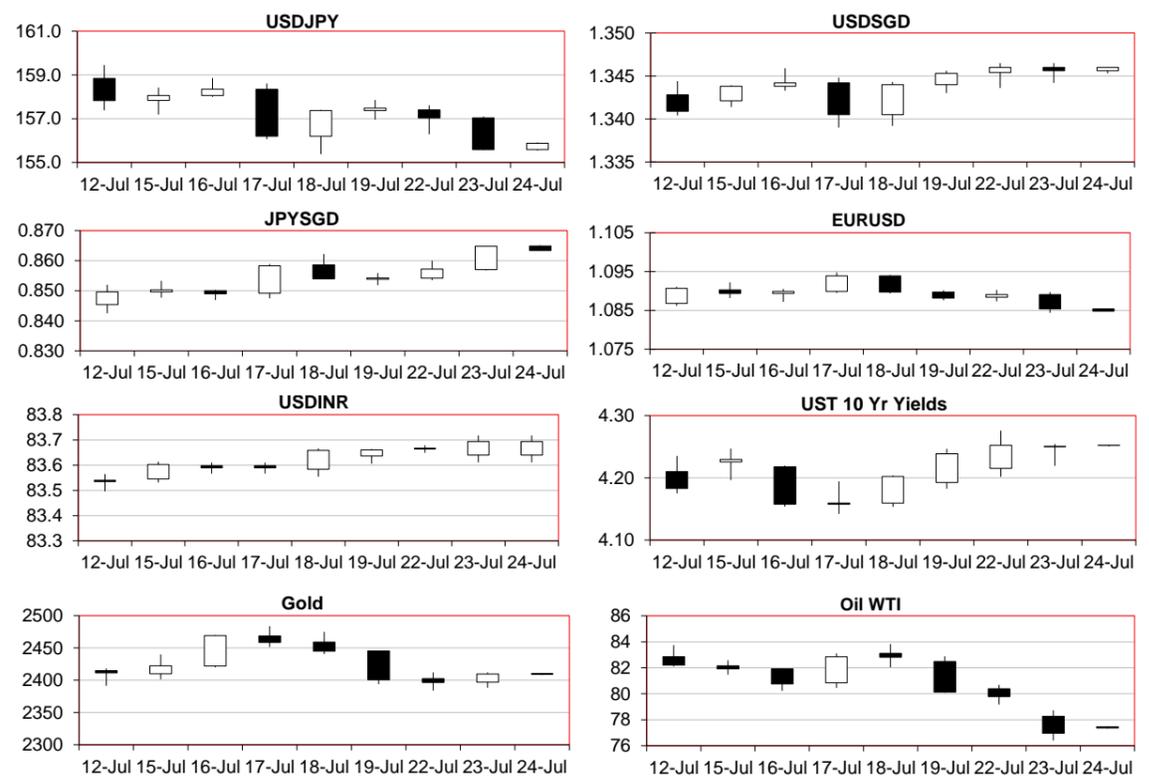
Korea Q2 GDP: At The Top, Not Leading The Way

- We expect Korea's Q2 GDP growth to remain firm and edge up to 3.4% YoY (consensus: 2.5%) from Q1's 3.3% outrun, but would be a moderation on a NSA QoQ basis.

OVERNIGHT RESULTS

(KR) PPI YoY (Jun): 2.5% (May: 2.3%) | (SG) CPI/Core YoY (Jun): 2.4%/2.9% (Mkt: 2.7%/3.0%; May: 3.1%/3.1%) | (TW) Industrial Product YoY (Jun): 13.2% (Mkt: 17.0%; May: 15.7%) | (US) Existing Home Sales (Jun): 3.89m (Mkt: 3.99m; May: 4.11m) | (US) Richmond Fed Mfg Index (Jul): -17 (Mkt: -6; Jun: -10) | (EZ) Consumer Confidence (Jul F): -13.0 (Mkt: -13.5; Jun: -14.0) | (JP) Machine Tool Orders YoY (Jun F): 9.7% (prelim: 9.7%)

Past Two Weeks Movement



- Specifically, given the already elevated manufacturing output, further acceleration is likely limited, with semiconductors production also remaining rather compared to Q1. Net exports will continue to be a key contributor to growth though the real impact is slightly less buoyed than the current account surplus which is accentuated by the rise in export prices.

- Despite the semiconductor upturn, investments is likely to have remained patchy in Q2 with spending on equipment still lower than a year in April and May. Looking ahead, facilities investment may see a pick up given the support from measures such as the loan support package for the semiconductor industry as well as initiatives such as the Opportunity Development Zones.

- Meanwhile, services index showed robust growth of 2.3% YoY over April and May on resilient demand for financial insurance activities as well as information communication services, which should offset contracting wholesale & retail trade. The latter could suggest stretched consumer budgets, and possibly point to slowing private consumption growth.

- In the real estate services sector, activity appears robust as housing transactions up 7% YoY over April and May. The same though does not apply to the construction sector where output is likely to remain dismal with construction work completed was flat on a YoY basis and a 27% YoY contraction in housing permit issuance over April and May point to a bleak outlook.

- All in, the growth print is likely to tilt marginally towards the BoK's tendencies to hold but unlikely to be uniformly convincing in its underlying details to lead monetary policy direction especially amid ongoing dis-inflation.

FX Daily Outlook

- EUR/USD: ECB's non-committal stance on Sep meeting could see declines towards 1.08 levels.
- USD/JPY: Two-way volatility persists ahead of BoJ meeting.
- USD/SGD: Still weak China sentiments and lower EUR could see ascend towards 1.35 levels.
- AUD/USD: Eyes on CPI next week should still temper declines below 66 cents.

TODAY EVENTS

(JP) PMI Mfg/Services (Jul P): 49.2/53.9 (May: 50.0/49.4) | (AU) Judo Bank Australia PMI Mfg/Services (Jul P): (Jun: 47.2/51.2) | (MY) CPI YoY (Jun): (Mkt: 2.2%; May: 2.0%) | (PH) Budget Balance PHP (Jun): (May: -174.9b) | (US) New Home Sales (Jun): (Mkt: 640k; May: 619k) | (US) PMI Mfg/Services (Jul P): (Mkt: 51.6/54.9; May: 51.6/55.3) | (EZ) PMI Mfg/Services (Jul P): (Mkt: 46.1/52.9; May: 45.8/52.8) | (US) Wholesale Inventories MoM (Jun P): (May: 0.6%)

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