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MIZUHO

DAILY MARKET REPORT

25-Nov-2022 **Friday**

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	138.94	138.54	▼1.06	▼1.66
EUR	*1.0418*	1.0410	+0.0013	+0.0048
AUD	*0.6747*	0.6764	+0.0031	+0.0079
SGD	*1.3753*	1.3754	▼0.0017	+0.0009
CNY	*7.1486*	7.1520	▼0.0085	▼0.0058
INR	*81.73*	81.63	▼0.22	▼0.01
IDR	*15664*	15664	▼24	+1
MYR	*4.4843*	4.4935	▼0.0818	▼0.0627
PHP	*56.78*	56.79	▼0.18	▼0.58
THB	*35.87*	35.77	▼0.49	▼0.12

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.693%	+0.0 bp	▼7.3 bp
JPY (10YR)	0.248%	▼0.1 bp	+0.2 bp
EUR* (10YR)	1.850%	▼8.0 bp	▼17.0 bp
AUD (5YR)	3.342%	▼4.0 bp	▼0.2 bp
SGD (5YR)	2.870%	▼5.4 bp	▼11.0 bp
CNY (5YR)	2.575%	+0.4 bp	▼7.5 bp
INR (5YR)	7.110%	▼6.6 bp	▼3.1 bp
IDR (5YR)	6.481%	▼15.2 bp	▼35.2 bp
MYR (5YR)	4.021%	▼18.3 bp	▼17.8 bp
PHP (5YR)	6.461%	▼8.6 bp	▼31.7 bp
THB (5YR)	2.391%	▼2.9 bp	▼0.7 bp

** German bunds*

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,194.06	+0.00%	+1.93%
N225 (JP)	28,383.09	+0.95%	+1.62%
STOXX 50 (EU)	3,961.99	+0.39%	+2.15%
ASX (AU)	4,102.66	+0.05%	+1.70%
STI (SG)	3,252.88	▼0.10%	▼1.01%
SHCOMP (CN)	3,089.31	▼0.25%	▼0.84%
SENSEX (IN)	62,272.68	+1.24%	+0.85%
JSE (ID)	7,080.52	+0.37%	+0.50%
KLSE (MY)	1,501.88	+4.04%	+3.63%
PSE (PH)	6,530.51	+0.31%	+1.98%
SET (TH)	1,624.96	+0.03%	+0.62%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	276.87	+0.00%	▲0.26%
COPPER (LME)	7,962.25	+0.00%	▲1.36%
IRON ORE (CN)	92.51	+0.09%	▲0.81%
GOLD	1,755.24	+0.32%	▲0.30%
OIL (WTI)	77.94	+0.00%	▼4.53%

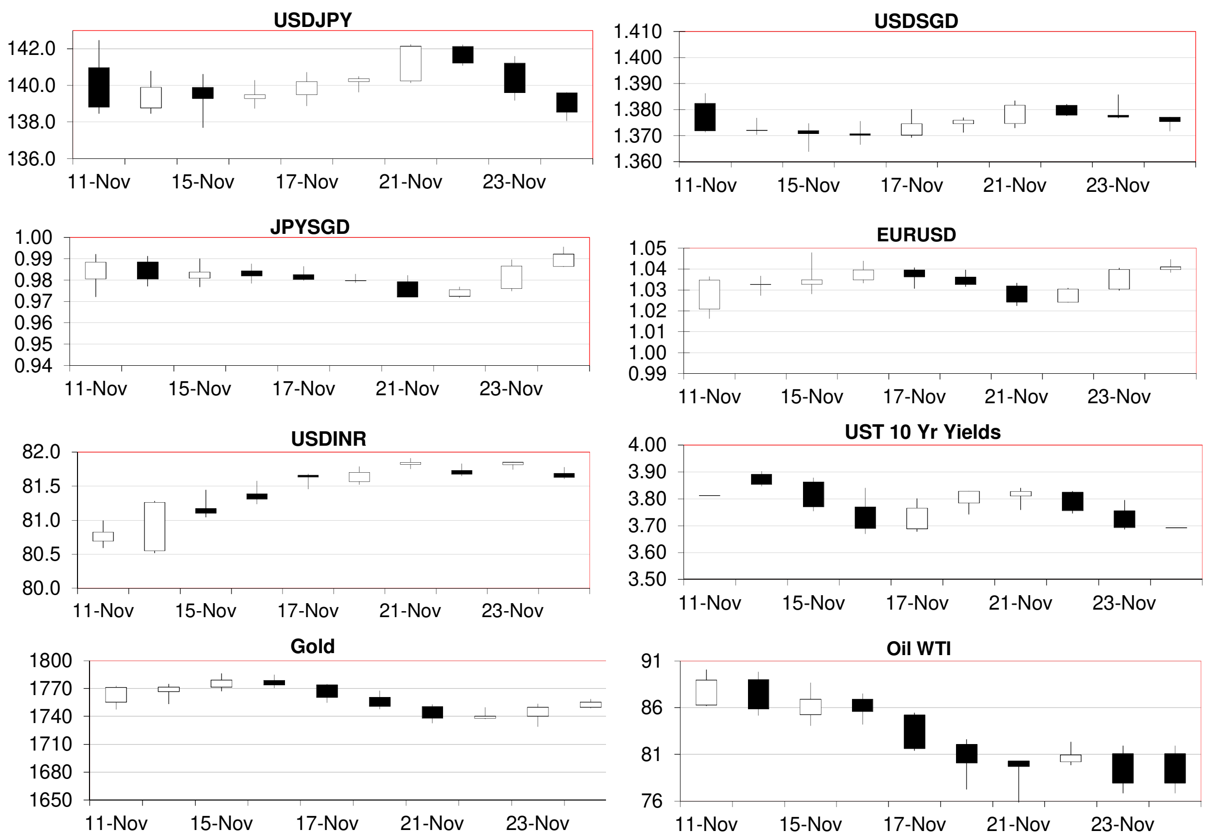
Slower Markets

- With the US on Thanksgiving holiday, global markets took cues from Europe and Asia.
- Equity indices in both regions largely closed higher on Thursday, carrying forward the equity rebound subsequent to the release of the US Fed Minutes; the minutes showed a substantial majority of FOMC members willing to dial back the magnitude of rate hikes going forward.
- Bond yields across the EU fell on Thursday led by Italian and followed by Greek bonds.
- Trading is set to be mixed on Friday as the Minutes of ECB's October meeting suggested that a dial back to 50bp in rate hikes is a possibility while some ECB officials are still more clearly inclined towards larger magnitude hikes.
- For instance, ECB Executive Board Member Isabel Schnabel said it may be premature to signal a scale back in the rate hikes as incoming data showed limited room for such a move.
- To put the concern in context, EU energy ministers are still in discussions around a broader set of tools to prevent an energy crisis heading into the winter.
- Discussions around a gas price cap are making limited progress even as the 5 December deadline for additional sanctions looms.
- Separately, European officials are still in discussion about the stringency of the proposed 'oil price cap' on Russian oil. The idea is to fix the price at a level where it will hurt Russian revenues without stifling global oil market supplies.
- Prospects of Russian supply remaining in the market pushed oil prices lower; WTI prices traded below USD78/barrel but bounced back.
- Even then the softer US dollar bias, underscored by a third consecutive day decline in the DXY index, buoyed EUR/USD at 1.04 levels. EUR, however, underperformed regional G10 peers.
- JPY led G10 gains with USD/JPY is trading below 139 levels; while GBP/USD pushed higher towards 1.21 levels. AUD/USD was supported at 0.6758 levels.
- Within EM Asia, MYR gained the most versus USD as the appointment of Anwar Ibrahim as PM partially settled the dust on the political uncertainty that followed the 19 November elections.

OVERNIGHT RESULTS

(JP) Machine Tool Orders YoY (Oct F): -5.5% (Prelim: -5.4%) | (GE) IFO Current Assessment (Nov): 93.1 (Mkt: 93.9; Oct: 94.2) | **Central Banks: BoK Monetary Policy Decision | ECB Account of Policy Meeting**

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	139.27	EUR/USD	1.0417
USD/SGD	1.3764	USD/THB	35.98
JPY/SGD	0.9883	USD/MYR	4.478

Forecast

USD/JPY	138.00	-	141.50
EUR/USD	1.0300	-	1.0465
AUD/USD	0.6620	-	0.6800
USD/SGD	1.3700	-	1.3820
JPY/SGD	0.9682	-	1.0014
USD/CNH	7.1200	-	7.1900
USD/INR	81.40	-	82.30
USD/IDR	15620	-	15750
USD/MYR	4.450	-	4.580
USD/PHP	56.20	-	57.30
USD/THB	35.00	-	36.00

Today's Direction

	Bull		Bear
USD/SGD	2	:	4
USD/JPY	2	:	4

Indonesia: Minimum Wage Hike To Add to Inflationary Pressures

-Indonesian authorities agreed on a country average minimum wage increase of 9.2% for 2023 after heated debate between involved parties.
- For Jakarta and adjoining regions, the increase was 10%. The lowest increase was on the island of West Papua, which got only a 2.6% increase in minimum wages for 2023.
- The government did not strictly adhere to the new formula for calculating minimum wages it has introduced via the 2020 Job Creation Law, as it has originally intended;
- Instead, it used a combination of tools to determine the final increase including continuous dialogue with employers and labour unions.
- Ultimately, it stands to bear that no party is entirely taken by the final number.
- However, since 2021, minimum wage growth has been lower than labour productivity growth which allows the authorities some wiggle room in terms of a higher minimum wage increment for next year.
- Even so, the higher increase will exacerbate already elevated inflationary pressures and bear down on producer costs, which have already increased significantly in 2022.
- This implies that Bank Indonesia (BI) will have to remain vigilant of inflationary pressures; we expect another 25bp hike from BI at its 22 December meeting.
- Our current base case is that BI refrains from further hikes in 2023. The risk, however, is that BI may hike by an additional 25-50bp next year.

FX Daily Outlook

- EUR/USD: Hawkish ECB speakers will help support the currency above 1.04 levels.
- USD/JPY: Some moderation in UST yields could help support pair at mid-138 to mid-139 levels.
- USD/SGD: Elevated core CPI supports a tighter monetary policy stance; range bound at 1.37-1.38
- AUD/USD: Easing USD bias and a tighter range for iron ore prices keeping pair buoyed at mid-0.67.

TODAY'S EVENTS

(JP) Tokyo CPI/Ex-fresh food & energy (Nov): 3.8%/2.5% (Mkt: 3.6%/2.3%; Oct: 3.5%/2.2%) | (JP) PPI Services YoY (Oct): 1.8% (Mkt: 2.1%; Sep: 2.1%)**| (MY) CPI YoY (Oct): (Mkt: 3.9%; Sep: 4.5%) | (SG) Industrial Production YoY (Oct): -1.6% (Mkt: ; Sep: 0.9%)**