

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	138.28	138.95	▼0.24	▼3.19
EUR	1.0378	1.0340	▼0.0055	+0.0098
AUD	0.6684	0.6650	▼0.0101	+0.0045
SGD	1.3773	1.3793	+0.0025	▼0.0024
CNY	7.1991	7.2069	+0.0419	+0.0416
INR	81.73	81.67	▼0.02	▼0.18
IDR	15724	15723	+50	+10
MYR	4.4838	4.4838	+0.0000	▼0.0962
PHP	56.67	56.66	▼0.03	▼0.70
THB	35.74	35.58	▼0.24	▼0.65

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.681%	+0.4 bp	▼14.6 bp
JPY (10YR)	0.253%	▼0.1 bp	+0.6 bp
EUR* (10YR)	1.992%	+1.8 bp	▼0.2 bp
AUD (5YR)	3.305%	▼6.4 bp	▼4.0 bp
SGD (5YR)	2.870%	▼1.1 bp	▼7.4 bp
CNY (5YR)	2.643%	+3.7 bp	+2.9 bp
INR (5YR)	7.124%	▼3.2 bp	▼6.2 bp
IDR (5YR)	6.451%	▼4.6 bp	▼40.2 bp
MYR (5YR)	3.984%	+0.0 bp	▼25.8 bp
PHP (5YR)	6.497%	+0.1 bp	▼27.5 bp
THB (5YR)	2.225%	▼11.6 bp	▼21.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,849.46	▼1.45%	+0.44%
N225 (JP)	28,162.83	▼0.42%	+0.78%
STOXX 50 (EU)	3,935.51	▼0.68%	+0.67%
ASX (AU)	4,098.49	▼0.34%	+1.02%
STI (SG)	3,240.06	▼0.14%	▼0.32%
SHCOMP (CN)	3,078.55	▼0.75%	▼0.21%
SENSEX (IN)	62,504.80	+0.34%	+2.22%
JSE (ID)	7,017.36	▼0.51%	▼0.65%
KLSE (MY)	1,486.54	+0.00%	+2.66%
PSE (PH)	6,681.47	+1.13%	+4.35%
SET (TH)	1,616.91	▼0.24%	▼0.12%

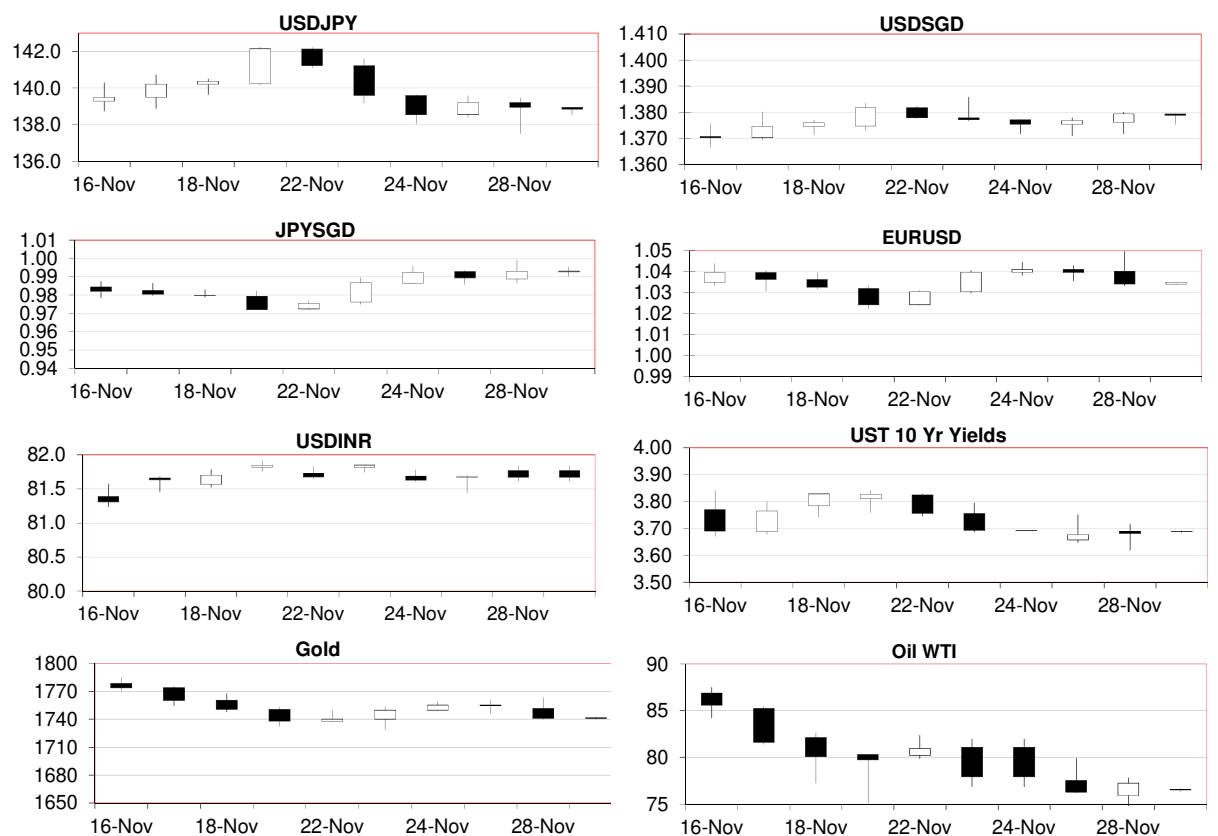
Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	272.92	▲0.12%	▲1.30%
COPPER (LME)	7,935.25	▲0.50%	+1.21%
IRON ORE (CN)	93.01	▲0.05%	+0.27%
GOLD	1,741.36	▲0.77%	+0.19%
OIL (WTI)	77.24	+1.26%	▼3.12%

Caught On China

- Sentiment soured on account of street protests in China stemming from stringent COVID restrictions.
- US equities fell on Monday (S&P: -1.54%; NASDAQ: -1.58%; Dow: -1.45%), with Apple Inc. taking a big hit as worries around iPhone production topped investor concerns; Amazon shares, however, rose as Cyber Monday sales were strong.
- Hawkish Fed speak did the market few favours. James Bullard, St. Louis Fed President, stated that the US Fed needed to raise interest rates further and hold them at these elevated rates through 2023 and into 2024 in order to bring inflation back to 2%.
- The US dollar bounced back on the hawkish speak and broader safe haven demand, underscored by a higher DXY index.
- Apart from USD/JPY which closed modestly lower at 138.8 levels reflecting relatively range bound trading in UST yields, most other G10 currencies were dented by USD demand.
- EUR/USD was not taken by ECB President Christine Lagarde implying higher rate hikes were still on the cards by stating that inflation in the Eurozone has not peaked. The pair fell to 1.0338 levels.
- AUD/USD was hit by a triple whammy of a hawkish Fed, weak retail sales and tensions in China. The pair dropped more than 1.6% to 0.664.
- For EM Asia, concerns around China will remain top of mind.
- As expected, KRW was hurt the most losing over 1% of value to USD on Monday, followed by TWD, IDR and SGD.
- THB was surprisingly resilient ahead of Bank of Thailand's meeting on Wednesday.
- Speaking of resilience, global oil prices seemed to shake off the unrest in China and associated weaker demand ahead of the 4 December OPEC+ meeting, where the cartel may cut production levels (for a second consecutive month) to keep prices supported.
- Brent prices settled at USD83.19/barrel while WTI prices closed 1.3% higher at USD77.24/barrel.

OVERNIGHT RESULTS

(US) Dallas Fed Manf. Activity (Nov): (Mkt: -22.0; Oct: -19.4) | (AU) Retail Sales MoM (Oct): (Mkt: 0.5%; Sep: 0.6%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	138.76	EUR/USD	1.0344
USD/SGD	1.3792	USD/THB	35.81
JPY/SGD	0.9940	USD/MYR	4.484

Forecast

USD/JPY	138.00 - 141.50
EUR/USD	1.0300 - 1.0465
AUD/USD	0.6600 - 0.6750
USD/SGD	1.3690 - 1.3820
JPY/SGD	0.9675 - 1.0014
USD/CNH	7.1800 - 7.2700
USD/INR	81.20 - 82.00
USD/IDR	15620 - 15750
USD/MYR	4.450 - 4.580
USD/PHP	56.20 - 57.30
USD/THB	35.00 - 36.10

Today's Direction

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

India GDP: Base Effects Wear Off

- **Headline GDP growth for CY Q3 '22 is set to slow to 6% YoY from 13.5% in Q2 (data out on 30 November);** much of this is due to a normalisation of base effects as the impact of COVID-19 restrictions ease.
- **Notwithstanding the low base effect, activity data has held up reasonably well.** In particular, there are signs that rural demand is picking up underscored by two-wheeler sales.
- **Autosales, more broadly, rebounded in Q3** as social and travel restrictions were removed; **credit growth picked up** as did consumer and investment confidence indices.
- **External demand, however, showed clearer signs of slowing.** Export growth slowed to 7.9% YoY in Q3 from 26.7% in Q2 while the slowdown in import growth was more gradual to 29.5% YoY from 49.1% in Q2, implying that the drag from net exports will be larger in Q3 versus Q2.
- **On the supply side, the picture for Q3 will likely be mixed.** Slower IP growth of 1.5% YoY in Q3 from 12.8% in Q2 points to weaker manufacturing sector growth while services sector growth is likely to remain resilient.
- **From a monetary policy perspective, slower growth will not be a surprise to RBI.** Indeed, its now casting models peg GDP growth at 6.1-6.3%, FY22-23 growth at 7%.
- **Price pressures will remain the priority for RBI.** With 140bps of rate hikes (including inter-meeting) since April, the RBI may dial back on pace of rate hikes; but at least another 60bp of tightening by early-2023 is required.

FX Daily Outlook

- EUR/USD: Despite hawkish rhetoric from Lagarde, the pair was trading more to USD cues.
- USD/JPY: Range-bound trading in UST yields allowed the pair to settle lower.
- USD/SGD: Tensions in China and USD haven demand will continue to exert pressure on SGD.
- AUD/USD: Linkages to China and commodities with weaker domestic data to keep pair capped.

TODAY'S EVENTS

(US) Conf. Board Consumer Confidence (Nov): (Mkt: 100.0; Oct: 102.5) | (EZ) Consumer Confidence (Nov F): (Prelim: -23.9) | (JP) Retail Sales YoY (Oct): (Mkt: 5.0%; Sep: 4.8%) | (JP) Jobless Rate/Job to Applicant Ratio (Oct): (Mkt: 2.5%/1.35; Sep: 2.6%/1.34)

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