

### Three Take-Aways

1) **Lofty expectations and valuation concerns led to decline in US equities while USD remain buoyant.**

2) **Asia's risk mood got a reality check from Korea Exchange's investment caution**

3) **Indonesia Q3 GDP may remain resilient though it is no backstop for the IDR faced with fiscal woes and impaired monetary policy transmission.**

### MACRO THEME: Great Expectations

- **US equities took a plunge** led by tech stocks with the Nasdaq sinking 2%. The decline was largely on the back of **heightened anticipation of earnings** alongside **AI valuations concerns** from hedge fund manager Burry.

- To clear, this 2% decline is far from bringing comfort with various metrics being retained at historically elevated levels. Furthermore, large issuances by the likes of Alphabet and Meta in recent days may have drawn attention to the capex spending on AI.

- Admittedly, large balance sheets and strong cash flows of these tech giants imply that most of the worries still linger around valuation discomforts rather than systemic risks, at least for now.

- The risk off mood also certainly evident in the cryptocurrency space as Bitcoin fell the US\$100k mark yesterday.

- The risk-off mood also saw UST yields slipped across the curve and even more notably, despite **lower UST yields, the USD gained across the G10 space** providing a reminder that haven aspects of the Greenback should not be faded.

### Asia's Optimism Dented?

- That said, USD strength should not unexpected given that **the risk-off mood had already been brewing in Asia**. Specifically, Korea Exchange issued an investment caution on SK Hynix to caution investors amid a substantial run-up. Subsequently, their share price dropped 7%. As a result, **KRW also fell sharply** despite yields rising on the back of higher than expected CPI raising the possibility of a prolong pause by the BoK.

- Amid the risk off mood, the **CBC in Taiwan has also stepped in to warn against FX speculation** as the TAIEX dropped 0.8% yesterday.

- **FX stresses was also evident in India** as the RBI intervened to keep the INR away from breaking another record low.

### RBA: Holding the Line For Now

- RBA held rates as widely expected in an **unanimous decision** as they alluded to a pick-up in inflation which has led to inflation **being above 3% in coming quarters** before settling at 2.6% in 2027. Nonetheless, they alluded to the fact that some of the increase is due to temporary factors.

- On the whole, Governor Bullock displayed an abundance of optionality but the bar to move remains high given that **they did not consider a rate cut at all at this meeting**.

### DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(US) JOLTS Job Openings (Sep)	Delayed	7130k	7227k
<b>RBA Cash Rate Target</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>
(KR) CPI YoY (Oct)	2.4%	2.2%	2.1%


Today	Actual	Exp.	Prior
(EZ) PPI YoY (Sep)		-0.2%	-0.6%
(US) ADP Employment Change (Oct)		40k	-32k
(US) ISM Services Index (Oct)		50.7	50.0
(PH) CPI YoY (Oct)		1.80%	1.70%
(TH) CPI/Core YoY (Oct)		-0.7%/0.7%	-0.7%/0.7%
(ID) GDP YoY (3Q)		5.0%	5.1%

- Their caution must certainly be warranted as they look across at the RBNZ which may be looking to cut rates further as this morning's **jobs report say a continued rise to a nine year high of 5.3% in New Zealand**.

**Yields (2Y: -2.9bps; 10Y: -2.5bp; 30Y: -2.6bp)**

- Haven demand saw UST yields decline across the curve.

**Equities (Nasdaq: -2.0%; S&P 500: -1.2%; Dow: -0.5%)**

- US equities slumped led by the tech sell-off.

**FX (DXY: +0.4%)**

- USD gained against most G10 peers. Amid the decline in UST yields and risk off mood, the JPY gained as USD/JPY dropped to mid-153.

- EUR slipped below 1.15 while AUD also dived below 65 cents.

- USD/SGD has now risen to the upper half of mid-1.30. EM-Asia FX looks to face further headwinds today.

### China: Maintaining Liquidity

- It was revealed that the PBoC resumed bond buying at small amounts of 20bn yuan in October, which is much smaller than the 300bn net purchase in December last year.

- As such, the resumption is likely **aimed at maintaining relatively ample liquidity and we expect such purchases to persist towards the year end**.

### Indonesia Q3 GDP: Growth Holds, Policy Trade-offs Emerge

- In our view, Indonesia's **Q3 GDP is expected to hold steady at 5.1% YoY**, matching Q2, supported by resilient domestic demand. Retail sales rose 4.7% YoY, with strong food and fuel consumption.

- While Q3 investment showed a mild rebound, 2025 trends point to broad-based moderation, with foreign investment weakening and domestic share rising to 18% (from 11% in 2024). Looking ahead, the September fiscal package reinforces a pro-growth stance, though its impact may be limited given its small size (0.02% of GDP). US\$9.6b trade surplus (Jul-Aug) highlights solid external demand as well to support the case for our slight upside bias relative to consensus

**Monetary Policy & Transmission Challenges:** The projected 2026 deficit of 2.68% signals continued expansion, but fiscal slippage risks remain amid political and policy uncertainty.

Bank Indonesia's October hold reflects a clear priority on IDR stability. Despite 125bps of rate cuts, lending rates have only eased 23bps, pointing to impaired transmission. Caution around NPLs and elevated deposit rates are key constraints. BI may need to focus on repairing transmission channels rather than further easing.

**IDR Outlook:** IDR remains vulnerable to depreciation risks (potentially testing 17,000), driven by concerns over fiscal dominance, governance issues, and long-end bond sell-offs. Even with a softer USD expected in 2026, IDR upside may be capped by domestic policy trade-offs and crowding-out risks.

### FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast	
USDJPY	153.67	153.56	▼0.36%	152.00	- 155.00
EURUSD	1.1482	1.1485	▼0.33%	1.1480	- 1.1600
GBPUSD	1.3021	1.3022	▼0.91%	1.3100	- 1.3300
AUDUSD	0.6490	0.6485	▼0.72%	0.6500	- 0.6620
DXY	100.2	--	+0.35%	98.5	- 100.5
USDCNY	7.1295	--	+0.12%	7.0900	- 7.1500
USDCNH	7.1349	7.1349	+0.12%	7.0900	- 7.1700
USDHKD	7.7744	7.7744	+0.03%	7.7600	- 7.8200
USDSGD	1.3079	1.3077	+0.25%	1.2950	- 1.3100
USDKRW	1444	1440	+0.00%	1420	- 1440
USDTWD	30.90	--	+0.21%	30.60	- 31.10
USDINR	88.66	--	▼0.14%	87.50	- 89.50
USDIDR	16700	--	+0.26%	16500	- 16800
USDMYR	4.197	4.198	▼0.06%	4.180	- 4.250
USDPHP	58.53	--	▼0.46%	58.20	- 59.30
USDTHB	32.55	32.58	+0.27%	32.2	- 33.0
USDVND	26319	26319	+0.03%	26250	- 26600

\*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.577	4.086	-2.9	-2.5
JGB (JP)	0.936	1.664	1.7	0.1
Bunds (GE)	1.994	2.653	0.0	-1.3
Gilts (UK)	3.778	4.424	-1.2	-1.0
AGB (AU)	3.616	4.350	2.5	1.4
SGS (SG)	1.360	1.853	-0.7	-0.6
CGB (CN)	1.424	1.793	1.3	0.2
KGB (KR)	2.670	3.088	-0.9	0.9
SDL (IN)	5.781	6.528	-2.3	-0.6

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6771.55	-80.42	▼1.17%
Nasdaq (US)	23348.64	-486.08	▼2.04%
DJIA (US)	47085.24	-251.44	▼0.53%
N225 (JP)	51497.2	-914.14	▼1.74%
STOXX50 (EU)	5660.2	-19.05	▼0.34%

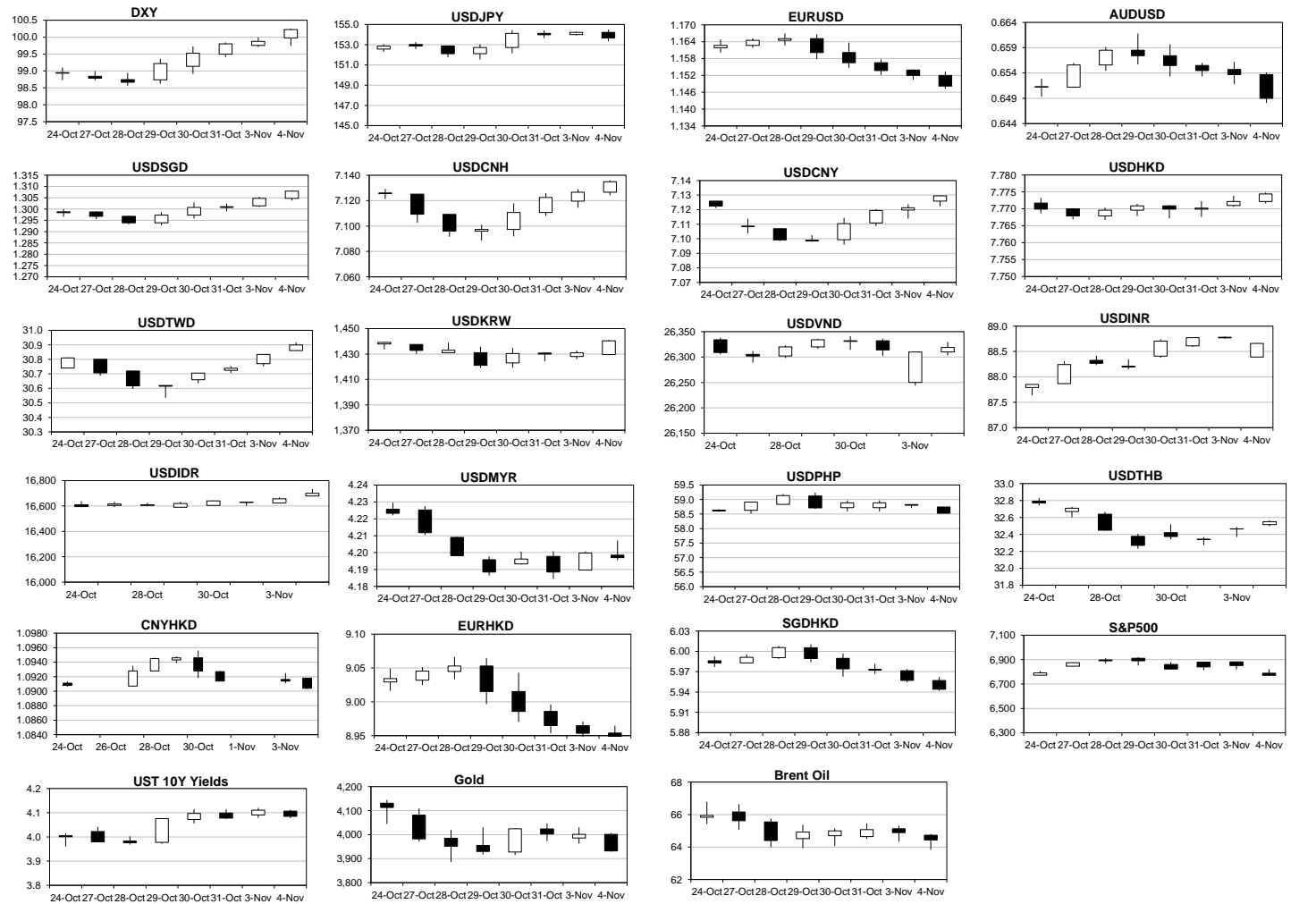
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	10,633.05	-196.25	▼1.81%
IRON ORE (CN)	104.16	-1.59	▼1.41%
GOLD	3,932.09	-69.33	▼1.73%
SILVER	47.16	0.08	+1.80%
OIL (BRENT)	64.44	-0.45	▼0.69%
OIL (WTI)	60.56	-0.49	▼0.80%
NATURAL GAS	4.34	-0.92	▼1.91%

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	176.44	176.36	▼0.69%
GBP/JPY	200.086	199.952	▼1.26%
JPY/SGD (100yen)	0.8512	0.8516	+0.60%
JPY/HKD (100yen)	5.0594	5.0629	+0.38%
CNH/JPY	21.54	21.538	▼0.50%
CNH/HKD	1.0904	1.0905	▼0.09%
EUR/GBP	0.88181	0.882	+0.58%
AUD/NZD	1.1497	1.1494	+0.37%
EUR/CNH	8.1924	8.1944	▼0.21%
GBP/CNH	9.2905	9.2907	▼0.77%
CNY/HKD	1.0904	1.0905	▼0.09%
EUR/HKD	8.9267	8.9289	▼0.30%
SGD/HKD	5.9441	5.9451	▼0.22%

\*Open is as at 8am HKT/SGT.

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5233.82	2.81	+0.05%
STI (SG)	4422.72	-21.61	▼0.49%
SHCOMP (CN)	3960.186	-16.34	▼0.41%
SZCOMP (CN)	2486.784	-33.84	▼1.34%
HSI (HK)	25952.4	-205.96	▼0.79%
SENSEX (IN)	83459.15	-519.34	▼0.62%
JSE (ID)	8241.911	-33.17	▼0.40%
KLSE (MY)	1623.5	1.08	+0.07%
PSE (PH)	5867.04	38.98	+0.67%
SET (TH)	1298.6	-10.26	▼0.78%
VNINDEX (VN)	1651.98	0.02	+2.16%

CHARTS



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