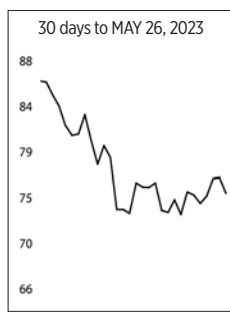


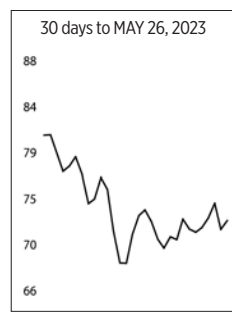
Oil prices rise after US leaders reach stopgap debt ceiling deal

SINGAPORE — Oil prices rose on Monday after US leaders reached a tentative debt ceiling deal...

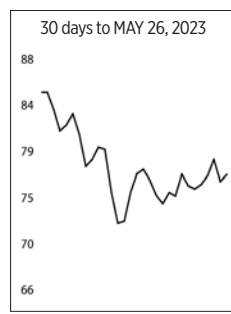
ASIA-DUBAI (MAY CONTRACT)



NEW YORK-WTI (JULY CONTRACT)



LONDON-BRENT (JULY CONTRACT)



Last week, Brent and WTI rose by more than 1%, gaining for a second week.

Prices gained as the US debt ceiling talks showed progress and after Saudi energy minister Abdulaziz bin Salman warned short-sellers betting that oil prices will fall to 'watch out' for pain.

Mr. Bin Salman's warning was seen as a signal that the Organization of Petroleum Exporting Countries (OPEC) and allies including Russia, known as OPEC+, may further cut output when they meet on June 4.

However, comments from Russian oil officials and sources, including Deputy Prime Minister Alexander Novak, indicate the world's third-largest oil producer is leaning toward leaving output unchanged. — Reuters

SPOT PRICES

Table listing various metal and grain spot prices for Friday, May 26, 2023.

LIFFE COFFEE

Table showing Liffe coffee prices for New Robusta 10 MT - \$/ton for the months of July, Sept, Nov, and Jan.

LIFFE COCOA

Table showing Liffe cocoa prices for (Ldn)-10 MT-E/ton for the months of July, Sept, Dec, and Mar.

COCONUT

Table listing coconut prices including Manila Copra, CIF NY/NOLA, Palm Oil Rail/NOLA, and Coconut Oil (Phil/IDN).

LONDON METAL EXCHANGE

Table showing LME final closing prices for Aluminum, Copper, Lead, Nickel, Tin, and Zinc.

Brent crude futures climbed 66 cents or 0.9% to \$77.61 a barrel by 0247 GMT, while US West Texas Intermediate (WTI) crude was at \$73.42 a barrel, up 75 cents or 1%.

US President Joseph Biden and House Speaker Kevin McCarthy on Saturday finalized an agreement in principle to suspend the \$31.4-trillion debt ceiling and cap government spending for the next two years.

DOLLARS PER BBL

Table with 5 columns (May, 22, 23, 24, 25, 26) and 2 rows of data for Asia-Dubai.

DOLLARS PER BBL

Table with 5 columns (May, 22, 23, 24, 25, 26) and 2 rows of data for New York-WTI.

DOLLARS PER BBL

Table with 5 columns (May, 22, 23, 24, 25, 26) and 2 rows of data for London-Brent.

Source: REUTERS

on Sunday that members of the Democratic and Republican parties will vote to support the deal.

Reaching the deal and coming closer to avoiding a default on US debt renewed investor appetite

for riskier assets such as commodities.

"The tentative debt deal offered a relief rally in risk assets, including crude oil," said Tina Teng, a CMC Markets analyst.

Asian stocks up on US debt deal, capped by China

SYDNEY — Asian shares and Wall Street futures rose on Monday as a weekend deal by US President Joseph Biden and House Speaker Kevin McCarthy to suspend the government's debt ceiling provided relief for investors.

Europe is set to open slightly higher, with pan-regional Euro Stoxx 50 futures up 0.2%. S&P 500 futures rose 0.3% while Nasdaq futures firmed 0.5%.

After weeks of negotiations, congressional Republican Mr. McCarthy and Mr. Biden agreed on Saturday to avert an economically destabilizing default by suspending the \$31.4-trillion debt ceiling until 2025.

United States runs out of money to pay its debts in early June.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.2%, with falls in Chinese and Hong Kong shares offsetting gains seen elsewhere.

Elsewhere, Tokyo's Nikkei surged 1.0% to a fresh 33-year high and Australia's resources heavy shares gained 1%.

Defying the bullish trend, China's bluechips lost 0.6% and Hong Kong's Hang Seng index dropped 0.8%, after weak profit data for China's industrial firms added to signs of flagging momentum in the world's second-biggest economy.

Cash US Treasuries were untraded in Asia on Monday, owing to the Memo-

rial Day holiday, while futures were broadly steady. Two-year yields hit a 2-1/2 month high of 4.6390% on Friday on market bets of higher US Federal Reserve rates for longer.

US shares rallied at the end of last week on hopes of a debt ceiling deal and bets on artificial intelligence firms. The Dow Jones Industrial Average ended a five-day losing streak on Friday, while the Nasdaq Composite Index and S&P 500 closed at their highest levels since August 2022.

The Fed's preferred inflation gauge — the personal consumption expenditures price index — came in stronger than expected on Friday. Taken together with strong US consumer spending,

markets are now leaning towards a quarter-point hike from the Fed next month and see rates staying there for the rest of the year.

In the week ahead, US job openings and nonfarm payrolls data could influence the Fed's thinking for the June decision. Economists polled by Reuters expect payrolls likely rose 195,000 in May, slowing from 253,000 the prior month.

In Turkey, the lira hovered at 20.05 against the dollar, just a touch above its record low of 20.06 hit on Friday, after President Tayyip Erdogan secured victory in the country's presidential election, extending his increasingly authoritarian rule into a third decade. — Reuters

Dollar elevated as sticky inflation cements Fed hike bets; debt ceiling deal lifts optimism

SINGAPORE — The dollar was firm on Monday as economic resilience in the United States raised market expectations for further rate hikes by the US Federal Reserve, while news that a debt ceiling deal had been finalized sparked some risk-on sentiment.

The greenback notched a fresh six-month high of ¥140.91 in early Asia trade and was headed for a monthly gain of more than 3% against the Japanese currency.

The yen's renewed decline has come on the back of rising US Treasury yields, as

bets grow that interest rates in the United States would stay higher for longer.

Data released on Friday showed that US consumer spending increased more than expected in April and inflation picked up, adding to signs of a still-resilient economy.

Yields on US Treasuries jumped on the back of the data, with the two-year yield, which typically reflects near-term interest rate expectations, rising more than 10 basis points (bps) to an over two-month high of 4.639% on Friday.

Cash US Treasuries were untraded in Asia on Monday, owing to the Memorial Day holiday in the United States, while futures were broadly steady. Ten-year futures' implied yield was 3.84%.

The UK market is similarly closed on Monday for a holiday.

Against the dollar, the euro fell 0.13% to \$1.0719, while sterling slipped 0.07% to \$1.2342.

"Whether the dollar sustains the rally that we're seeing, I think it'll depend on particularly the wages data, or average

earnings within Friday's payrolls report, and obviously we've got CPI before the Fed as well," said Ray Attrill, head of FX strategy at National Australia Bank (NAB).

"There's still quite a lot of data to flow under the bridge before we get to the June meeting."

Money markets are now pricing in a nearly 68% chance that the Fed will raise rates by 25 bps in June, as compared to a roughly 17% chance a week ago, according to the CME FedWatch tool.

DEBT DEAL DONE?

Risk sentiment in Asia was buoyed by news over the weekend that US President Joseph Biden had finalized a budget agreement with House Speaker Kevin McCarthy to suspend the \$31.4-trillion debt ceiling until Jan. 1, 2025.

Mr. Biden said on Sunday that the deal was ready to move to Congress for a vote.

The risk-sensitive Australian and New Zealand dollars edged slightly higher, with the Aussie rising 0.17% to \$0.6529.

The kiwi gained 0.08% to \$0.6052.

"We've got a risk-positive response so far to the debt deal news," said NAB's Mr. Attrill.

US Treasury Secretary Janet Yellen had on Friday said the government would default if Congress did not increase the \$31.4-trillion debt ceiling by June 5, having previously said a default could happen as early as June 1.

Against a basket of currencies, the US dollar rose 0.02% to 104.29. — Reuters

Debt deal could boost unloved corners of US stock market, though risks loom

GLOBAL investors are gaming out how a tentative deal to raise the United States debt ceiling could ripple through markets, as lawmakers strive to pass the agreement through Congress before a June 5 deadline.

A deal to lift the \$31.4-trillion debt limit announced by the White House and House Republicans late Saturday would avert a catastrophic US default and boost overall appetite for risk while also buoying some of the sectors that have been left behind in this year's tech-led rally.

E-mini futures for the S&P 500 were up 0.5% in Sunday evening futures trading.

But some investors are wary that proposed spending cuts could weigh on US growth. At the same time, a negotiation process that barely avoided a default threatens to undermine the US standing with credit ratings agencies.

"While the White House's debt ceiling agreement is great news, the US government still has a cash flow problem and time is of the essence to finalize the agreements," said Bob Stark, global head of market strategy at treasury and financial management firm Kyriba.

The deal suspends the debt ceiling until January 2025 in exchange for caps on spending and cuts in government programs. Narrow margins in the House and Senate mean that moderates from both sides will have to support the bill.

US Treasury Secretary Janet Yellen on Friday set a deadline for raising

the federal debt limit, saying the government would default if Congress does not increase the debt ceiling by June 5.

Since the \$24.3-trillion US Treasury market underpins the global financial system, a default — or even a close call — could trigger massive volatility across global markets.

The uncertainty periodically weighed on stock markets over the last week, although most investors and analysts said they had expected an 11th-hour agreement. Optimism that a debt ceiling deal was near and hefty gains in AI-related stocks helped the S&P 500 close at its highest level since August 2022 on Friday.

Among the market sectors that stand to benefit from a deal are defense stocks, which have lagged during the negotiations, as well as cyclical sectors of the market and energy stocks, said Quincy Krosby, chief global strategist at LPL Financial.

"The hope is that the approval of this tentative deal will help underpin the broader market and not just the handful of big tech names that have kept the market well in positive territory," she said.

Stuart Kaiser, head of equity trading strategy at Citi, said a deal could be a "modest positive" for equity markets at the index level but could provide a greater boost for sectors that have lagged this year, including shares of companies with weaker balance sheets and small-cap stocks.

But market participants are also wary of how proposed spending caps will impact specific sectors as well as the broader US economy.

"What investors will now focus on is the cost of the spending cuts to the health of the American economy," Mr. Stark said. "How much impact will these spending cuts have on GDP and economic growth?"

Meanwhile, the brinkmanship in Washington could also prompt rating agencies to downgrade US debt. Ratings agency Fitch late Wednesday put the United States on credit watch for a possible downgrade while DBRS Morningstar on Thursday placed US credit ratings under review with "negative implications."

S&P Global Ratings stripped the United States of its coveted top rating over a debt ceiling showdown in 2011, a few days after a last-minute agreement the agency at the time said did not stabilize "medium-term debt dynamics."

The downgrade contributed to a decline in US stocks that saw the S&P 500 lose some 17% between late July and mid-August of 2011.

S&P Global Ratings, Fitch, and Moody's did not immediately respond to Reuters requests for comment.

Investors are also bracing for potential volatility in US government bonds as the Treasury is expected to quickly refill its empty coffers with bond issuance once the debt ceiling is raised, potentially sucking out hundreds of billions of dollars of cash from the market.

"We will get the optimism that a deal is done and that a real crisis is averted, and the dreaded liquidity drain at the same time," said Damien Boey, macro strategist at BarrenJoey in Sydney, Australia. "I think you will find that interest rate volatility will rise, and this will cause banks and non-AI growth stocks to be laggards." — Reuters

Advertisement for AboitizPower and Universal Feed Mill donation of medical supplies and equipment to Consolacion National High School. Includes photo of donation ceremony and text describing the supplies and the school's needs.