

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.81	148.16	+0.00	+2.87
EUR	1.0888	1.0876	▼0.0007	▼0.0096
AUD	0.6558	0.6573	+0.0021	▼0.0115
SGD	1.3436	1.3441	▼0.0006	+0.0133
CNY	7.1964	7.1963	+0.0000	+0.0296
INR	83.15	83.12	▼0.02	+0.09
IDR	15631	15620	▼20	+71
MYR	4.7169	4.7190	+0.0018	+0.0750
PHP	55.83	55.84	▼0.09	▼0.14
THB	35.59	35.60	+0.10	+0.55

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.142%	+4.0 bp	+17.6 bp
JPY (10YR)	0.651%	+3.4 bp	+4.8 bp
EUR* (10YR)	2.349%	+3.3 bp	+11.3 bp
AUD (5YR)	3.891%	+5.4 bp	+11.3 bp
SGD (5YR)	2.785%	+2.6 bp	+9.6 bp
CNY (5YR)	2.402%	▼0.7 bp	+0.3 bp
INR (5YR)	7.093%	+0.6 bp	+0.3 bp
IDR (5YR)	6.502%	▼3.5 bp	▼5.6 bp
MYR (5YR)	3.597%	+0.3 bp	+2.9 bp
PHP (5YR)	5.897%	▼0.3 bp	▼3.1 bp
THB (5YR)	2.446%	+2.1 bp	+3.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	37,468.61	+0.54%	▼0.64%
N225 (JP)	35,466.17	▼0.03%	+1.19%
STOXX 50 (EU)	4,453.05	+1.13%	+0.24%
ASX (AU)	4,080.28	+0.20%	▼1.46%
STI (SG)	3,139.78	▼0.08%	▼1.93%
SHCOMP (CN)	2,845.78	+0.43%	▼1.42%
SENSEX (IN)	71,186.86	▼0.44%	▼0.74%
JSE (ID)	7,252.97	+0.73%	+0.46%
KLSE (MY)	1,479.18	▼0.81%	▼0.26%
PSE (PH)	6,510.87	▼0.94%	▼1.56%
SET (TH)	1,377.93	▼0.20%	▼2.15%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	265.46	+0.92%	+0.52%
COPPER (LME)	8,223.80	+0.61%	▲0.46%
IRON ORE (CN)	133.63	+1.24%	▲2.47%
GOLD	2,023.34	+0.85%	▲0.27%
OIL (WTI)	74.08	+2.09%	+2.86%

### Three Take-aways:

- Equities rallied as data gave meat to US exceptionalism story; but caution warranted.
- Escalating geopolitical tensions see Brent and Gold rally; no evident spillovers to broad risk sentiments.
- Malaysia 4Q growth a sequential slowdown (on SA basis) on still-weak manufacturing sector.

### Undercurrents

- The story of US exceptionalism was again at play with data underscoring labour-market strength and better-than-expected housing starts. US equities rebounded (S&P: +0.9%; Dow: +0.8%; Nasdaq: +1.4%), with the tech sector leading the gains.

- But the gains is not entirely an all-out rally, with utilities and real estate components closing lower, suggesting lingering concerns on US growth. Especially so as Atlanta Fed President Bostic urged caution, remarking that the Fed needs to be "absolutely certain" of the disinflation process before moving "too dramatically". Even while he expects cuts in Q3, it would be "unwise to lock in an emphatic approach to monetary policy" in such an unpredictable environment. In Bostic's words, the "worst outcome would be to cut rates then have to raise". Notably, 2Y UST yields only moved 0.8bp lower while 10Y UST yield edged up 4bps.

- Across the Atlantic, yields of 2Y Bunds edged 1.4bp lower after ECB Lagarde described the prospect of a June rate cut as "likely" while caveating the higher uncertainty.

- Meanwhile, geopolitics undercurrents simmered in the background. Houthi chief said attacks on ships linked to Israel will continue following strikes by US and UK, while Biden remarked that US will continue Houthi strikes. Brent crude rose 1.4% and tested \$79/bbl levels while Gold rose 0.8%.

- In FX, the USD traded mixed against the G10. The relatively flat UST yields allowed USD/JPY to persist around 148 and EUR to hove above mid-1.08. AUD remain buoyed above mid-65 cents though weak labour returns puts RBA hawkishness and further rallies in doubt. Meanwhile, USD/SGD traded mostly range-bound around mid-1.34 levels

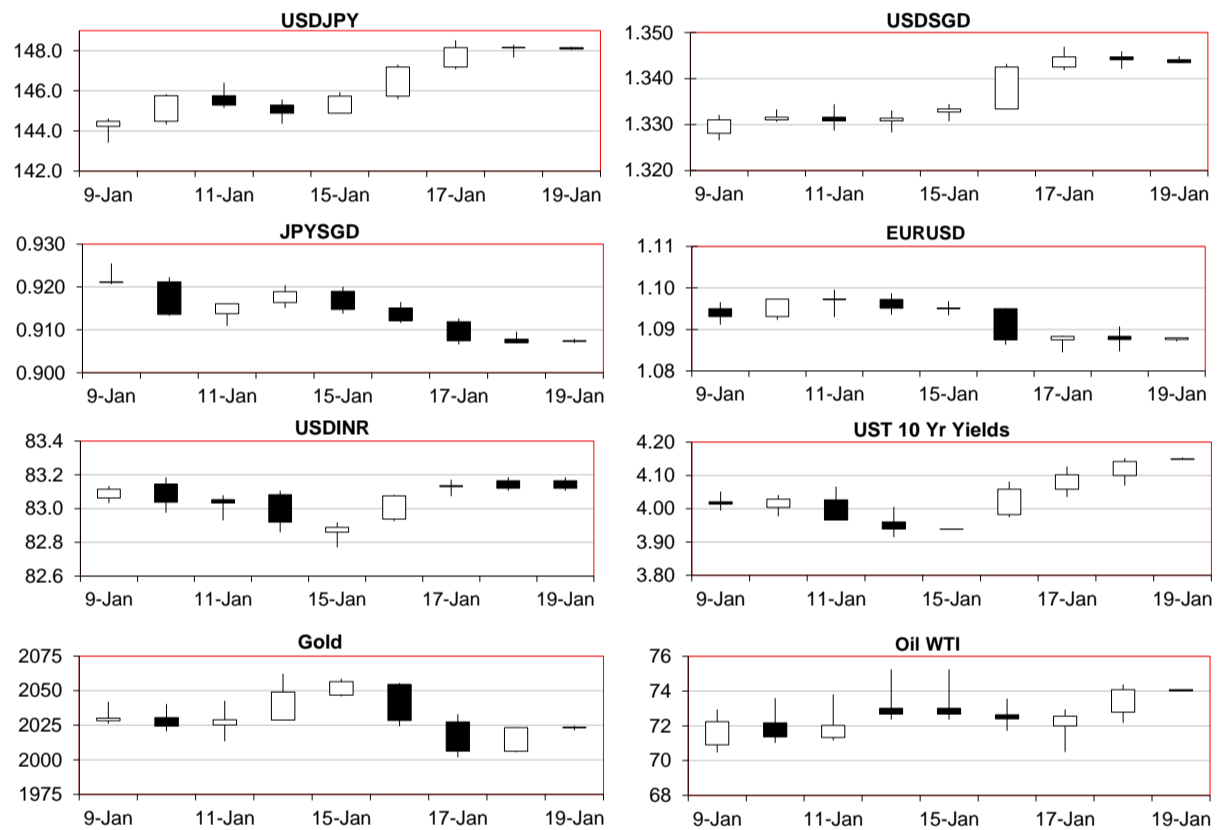
### Malaysia Q4 GDP: Modest Growth

- Malaysia's Q4 GDP is expected to expand 4.1% YoY. While an acceleration from 3.3% in Q3, this will still be a sequential slowdown in growth momentum on a seasonally adjusted basis.

### OVERNIGHT RESULTS

(JP) Industrial Production YoY (Nov F): -1.4% (Prelim: -1.4%) | (US) Housing Starts (Dec): 1460k (Mkt: 1425k; Nov: 1525k) | (US) Initial Jobless (Continuing Claims): 187k/1806k (Mkt: 205k/1840k; Prev: 203k/1832k)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	148.14	EUR/USD	1.0879
USD/SGD	1.3438	USD/THB	35.54
JPY/SGD	0.9071	USD/MYR	4.718

### Forecast

USD/JPY	147.20 - 148.90
EUR/USD	1.0780 - 1.0960
AUD/USD	0.6520 - 0.6620
USD/SGD	1.3390 - 1.3490
JPY/SGD	0.8993 - 0.9164
USD/CNH	7.2000 - 7.2400
USD/INR	83.00 - 83.40
USD/IDR	15600 - 15750
USD/MYR	4.710 - 4.740
USD/PHP	55.40 - 56.10
USD/THB	35.40 - 35.90

### Today's Direction

	Bull	Bear
USD/SGD	4	0
USD/JPY	3	1

- The services sector would remain the biggest contributor to growth on the back of continued tourism inflows and still strong wholesale and retail sales growth. While arrivals and receipts recovery (YTD as of Sep) recovery to about 72% and 68% of 2019 Jan-Sep respectively imply further room for growth, the pace of expansion is expected to slow from previous quarters.

- The manufacturing sector may see a modest YoY expansion in Q4 after the 0.1% YoY contraction in Q3. To be sure, there are budding signs of bottoming external demand, as seen from the acceleration of export volumes of manufactured goods over Oct-Nov period from a year-ago. That said, these could have been fulfilled by inventory drawn down. After all, manufacturing production (+1.5% YoY in Oct-Nov) was led by domestic-oriented industries (+6.2% YoY). Our restraint also stems from still poor terms of trade as unit value of exported manufactured goods continue to post declines (-0.8% YoY in Nov). Furthermore, manufacturing sales remain in contraction territory (-2.6% YoY in Nov) since Jun'23.

- Agriculture growth could also take a lift from improved palm oil exports given that export volume of Animal & Vegetable Oil & Fats saw 12.8% YoY growth over Oct-Nov period. Meanwhile, continued large on-going infrastructure projects could see construction sector activity expand by the fastest rate (on a year ago basis) across industries. Monthly production indicators on crude petroleum and natural gas point to growth in the mining & quarrying sector activity.

- All in, Q4 GDP growth is supported by a modest uptick in Malaysia's manufacturing sector, while broad trends in other sectors remain; and overall 2023 growth would be a sharp moderation from 2022 growth (8.7% YoY).

### FX Daily Outlook

- EUR/USD: Pressured below 1.09 as expectations of June rate cuts grow.
- USD/JPY: Consolidation around 148 levels with CPI print mostly within expectations.
- USD/SGD: Buoyed above 1.34 on China woes while MAS decision will begin gathering attention.
- AUD/USD: Oil prices impart weak tests of 66 cents at best as employment struggles.

### TODAY'S EVENTS

(JP) Natl CPI/Ex Fresh Food, Energy YoY (Dec): 2.6%/3.7% (Mkt: 2.5%/3.7%; Nov: 2.8%/3.8%) | (MY) GDP YoY (4Q A): (Mkt: 4.1%; 3Q: 3.3%) | (MY) Exports/Imports YoY (Dec): (Mkt: -5.0%/4.2%; Nov: -5.9%/1.7%) | (US) U. of Mich. Sentiment/Expectations (Jan P): (Mkt: 70.0/67.0; Dec: 69.7/67.4) | (US) U. of Mich. 1Y/5-10Y Inflation (Jan P): (Mkt: 3.1%/3.0%; Dec: 3.1%/2.9%)

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