

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.81	147.50	▼0.65	▼0.60
EUR	1.0837	1.0833	▼0.0020	▼0.0050
AUD	0.6599	0.6611	+0.0036	+0.0041
SGD	1.3410	1.3402	▼0.0009	▼0.0017
CNY	7.1798	7.1804	+0.0030	▼0.0105
INR	83.15	83.14	+0.03	+0.08
IDR	15814	15810	▼10	+175
MYR	4.7351	4.7335	+0.0035	+0.0027
PHP	56.29	56.29	▼0.03	▼0.00
THB	35.55	35.58	▼0.05	▼0.10

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.074%	▼6.3 bp	▼3.1 bp
JPY (10YR)	0.723%	+0.6 bp	+6.5 bp
EUR* (10YR)	2.235%	▼6.4 bp	▼5.5 bp
AUD (5YR)	3.805%	▼4.6 bp	▼7.2 bp
SGD (5YR)	2.868%	▼0.7 bp	▼0.7 bp
CNY (5YR)	2.332%	▼2.6 bp	▼5.5 bp
INR (5YR)	7.083%	▼0.3 bp	▼1.5 bp
IDR (5YR)	6.556%	▼0.3 bp	+10.2 bp
MYR (5YR)	3.546%	▼0.5 bp	▼1.4 bp
PHP (5YR)	5.998%	▼0.2 bp	▼2.4 bp
THB (5YR)	2.374%	▼2.2 bp	▼5.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,333.45	+0.59%	+0.87%
N225 (JP)	36,026.94	+0.77%	▼1.42%
STOXX 50 (EU)	4,639.36	+0.08%	+3.55%
ASX (AU)	4,172.58	▼0.06%	+1.81%
STI (SG)	3,140.31	▼0.61%	▼0.28%
SHCOMP (CN)	2,883.36	▼0.92%	+4.61%
SENSEX (IN)	71,941.57	+1.76%	+0.73%
JSE (ID)	7,157.18	+0.28%	▼1.25%
KLSE (MY)	1,515.39	+0.60%	+1.62%
PSE (PH)	6,630.68	▼0.83%	+0.72%
SET (TH)	1,376.28	+0.59%	+0.46%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	270.88	▲0.98%	+1.47%
COPPER (LME)	8,455.00	+0.08%	+2.43%
IRON ORE (CN)	135.55	+0.18%	+1.44%
GOLD	2,033.23	+0.73%	+0.57%
OIL (WTI)	76.78	▼1.58%	+2.11%

### Three Take-aways:

- 1) USTs and equities rallied on lower US borrowings and hopes of a sanguine FOMC meeting.
- 2) Philippines GDP undershoot 2023 target; stretched households add gloom to weak external sector.
- 3) Taiwan 4Q GDP to surge on base effects alongside modest semiconductor turnaround.

### Taking Comfort?

- Markets appear to be comfortable with the view that Fed might not be too hawkish come Wednesday night FOMC meeting. USTs were edging higher even before US Treasury's announced its lower Q1 quarterly borrowing estimate at \$760bn (prev: \$816bn), leading to a UST rally that saw 2Y UST yield fell -3bps while 10Y yield fell -6bps.

- Amid taking comfort on soft landing hopes, US equities took cue from the lower yields to close higher (S&P: +0.8%; Dow: +0.6%; Nasdaq: +1.1%) even when manufacturing activity continued to disappoint and ahead of earning reports from 5 of the Magnificent 7 this week.

- Meanwhile, Brent crude prices fell 1.4% as shipments suggested that OPEC+ output cuts are slow to materialise, outweighing potential military escalation in the Middle East.

- In FX, USD was broadly weaker on lower yields. AUD pushed through 66 cents while USD/JPY dipped below mid-147 and USD/SGD edged under 1.34. EUR briefly tested 1.08 as ECB speakers delivered rather mixed messages. ECB Kazimir's urge for patience and remarks that a cut would be more likely in June (than April) contrasted with Villeroy's comments on being "open" at every meeting and Centeno stating that there is no need to wait for May wage data to obtain inflation trajectory.

### Philippines 2023 GDP: Below Target

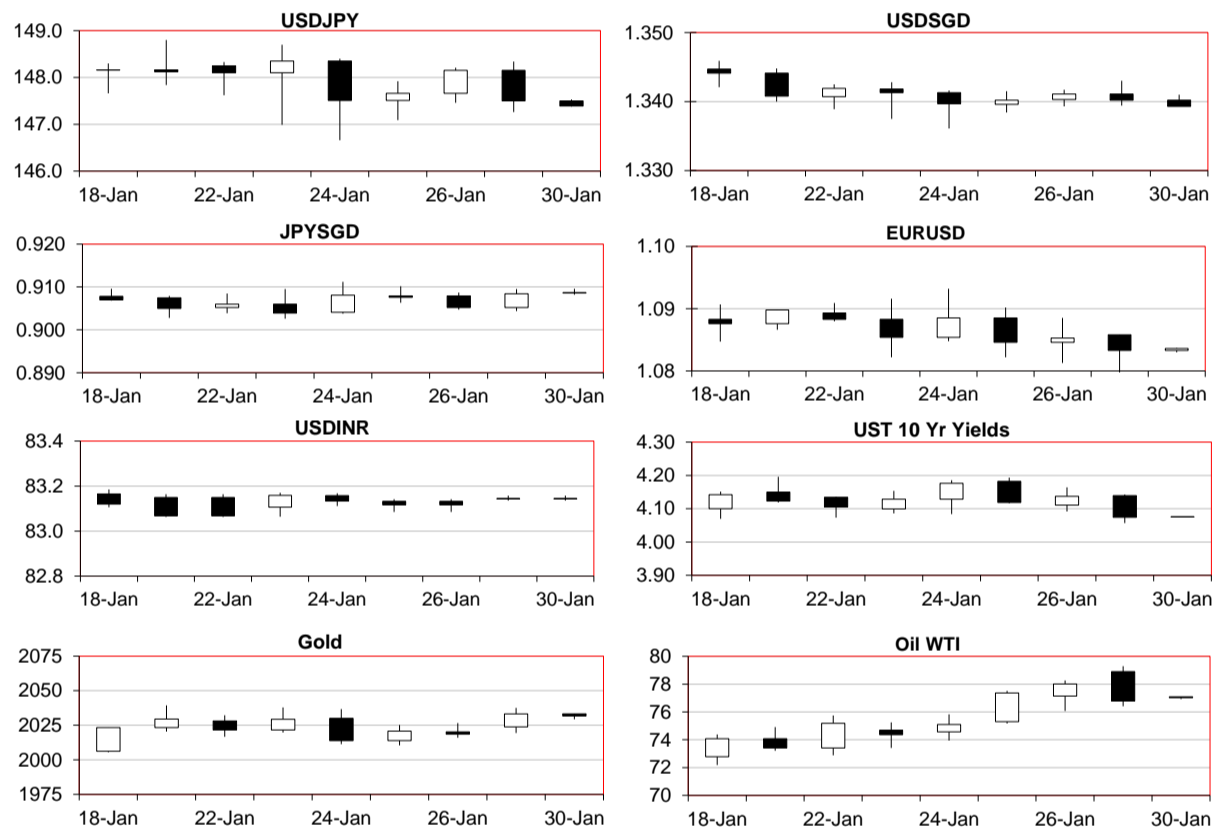
- Philippines 4Q GDP growth is expected to slow to 5.7% YoY (Q3: 5.9%), bringing overall growth in 2023 to 5.6%, shy of the official 6-7% target. Household consumption is likely to moderate from Q3 (5.0% YoY) as contracting net sales suggest increasingly stretched households.

- Lower government expenditures could correspond to lower growth in government spending while gross fixed capital formation should hold up on large infrastructure projects. Growth in net exports would likely moderate from Q3 on slower exports growth. In particular, exports of electronic products contracted sharply in Oct-Nov YoY, after past two quarters of mild expansion.

### OVERNIGHT RESULTS

(VN) Industrial Production YoY (Jan): 18.3% (Dec: 3.6%) | (VN) Retail Sales (Jan): (Dec: 9.3%) | (VN) CPI YoY (Jan): 3.4% (Mkt: 3.5%; Dec: 3.6%) | (VN) Trade Balance (Jan): \$2920m (Dec: \$2280m) | (US) Dallas Fed Manf. Activity (Jan): -27.4 (Mkt: -11.0; Dec: -10.4)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	147.49	EUR/USD	1.0834
USD/SGD	1.3397	USD/THB	35.44
JPY/SGD	0.9084	USD/MYR	4.730

### Forecast

USD/JPY	146.50 - 148.40
EUR/USD	1.0760 - 1.0900
AUD/USD	0.6540 - 0.6670
USD/SGD	1.3340 - 1.3430
JPY/SGD	0.8989 - 0.9167
USD/CNH	7.1700 - 7.2100
USD/INR	83.00 - 83.30
USD/IDR	15760 - 15870
USD/MYR	4.720 - 4.750
USD/PHP	55.80 - 56.60
USD/THB	35.00 - 35.70

### Today's Direction

	Bull	Bear
USD/SGD	0	6
USD/JPY	0	6

- For 2024, high prices and the high interest rate environment present downside risks to domestic consumption, the key driver of growth in recent quarters. Lagged data (till Sep) show signs of accelerating (unsecured) credit card loans, and increase in proportion of non-performing credit card loans. The external sector recovery is also likely to be modest amid the global risk overhang; and so 2024 growth may undershoot the official 6.5-7.5% target to be around 5-6%.

### Taiwan Q4 GDP: Of Bottoms & Base

- Taiwan Q4 2023 GDP is likely to surge above 3% YoY (Q3: 2.3%), flattered by the statistical low base effect last year on Q4'22 -0.7% contractions. This would likely mean a slowdown from 1.9% QoQ in Q3 on a sequential basis, but still above the historical 0.7% QoQ pace recorded in the decade pre-Covid given this phase of semiconductor recovery after the bottoming in H1'23.

- Industrial production levels improved in Q4 and portends further recovery in the manufacturing sector. Nonetheless, given that wafer production pickup appears to have been led by prices rather than volumes, a substantial real GDP boost may have yet to come to fruition in Q4 2023. Meanwhile, services sector growth will remain supportive but a slower pace of expansion is on the cards. Slowing growth in retail trade and Food and beverage services sector is likely to outweigh the mild expansion in wholesale trade; and tourism related sectors ought to enjoy robust activity given the 17% increase in average monthly arrivals during the Nov-Oct period over Q3. All in, Taiwan's 2023 annual growth is likely to be at 1.1%. Given the low base, growth in 2024 is likely to print at 3-4% as they revert to their potential growth pace.

### FX Daily Outlook

- EUR/USD: Re-test of 1.09 unlikely on likely weak EZ growth.
- USD/JPY: Stay below 148 on lower UST yields.
- USD/SGD: Momentum below 1.34 tempered by weak EZ growth and China woes.
- AUD/USD: Lower Brent could see reversion back to 66 cents.

### TODAY'S EVENTS

(AU) Retail Sales MoM (Dec): -2.7% (Mkt: -1.7%; Nov: 1.6%) | (JP) Jobless Rate/Job-to-Applicant Ratio (Dec): 2.4%/1.3 (Mkt: 2.5%/1.3; Nov: 2.5%/1.3) | (US) JOLTS Job Openings (Dec): (Mkt: 8750k; Nov: 8790k) | (US) Conf. Board Consumer Confidence (Jan): (Mkt: 114.5; Dec: 110.7) | (EZ) GDP SA YoY (4Q A): (Mkt: 0.1%; 3Q: 0.0%)

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