

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.21	147.61	+0.11	▼0.74
EUR	1.0823	1.0845	+0.0012	▼0.0009
AUD	0.6614	0.6602	▼0.0009	+0.0022
SGD	1.3392	1.3393	▼0.0009	▼0.0020
CNY	7.1771	7.1778	▼0.0026	+0.0060
INR	83.12	83.11	▼0.03	▼0.05
IDR	15780	15780	▼30	+150
MYR	4.7270	4.7273	▼0.0062	▼0.0004
PHP	56.41	56.41	+0.12	+0.25
THB	35.30	35.37	▼0.21	▼0.32

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.032%	▼4.2 bp	▼9.6 bp
JPY (10YR)	0.717%	▼0.6 bp	+4.6 bp
EUR* (10YR)	2.268%	+3.3 bp	▼8.4 bp
AUD (5YR)	3.754%	▼5.1 bp	▼7.2 bp
SGD (5YR)	2.846%	▼2.2 bp	▼2.2 bp
CNY (5YR)	2.289%	▼4.3 bp	▼10.6 bp
INR (5YR)	7.085%	+0.2 bp	▼1.8 bp
IDR (5YR)	6.524%	▼3.2 bp	+5.6 bp
MYR (5YR)	3.542%	▼0.4 bp	▼1.9 bp
PHP (5YR)	5.994%	▼0.4 bp	▼2.4 bp
THB (5YR)	2.352%	▼2.2 bp	▼7.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,467.31	+0.35%	+1.48%
N225 (JP)	36,065.86	+0.11%	▼1.24%
STOXX 50 (EU)	4,662.70	+0.50%	+4.41%
ASX (AU)	4,189.31	+0.40%	+2.30%
STI (SG)	3,150.04	+0.31%	+0.47%
SHCOMP (CN)	2,830.53	▼1.83%	+2.15%
SENSEX (IN)	71,139.90	▼1.11%	+1.09%
JSE (ID)	7,192.22	+0.49%	▼0.88%
KLSE (MY)	1,512.75	▼0.17%	+1.11%
PSE (PH)	6,622.01	▼0.13%	+0.00%
SET (TH)	1,373.14	▼0.23%	+1.22%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	274.00	+1.15%	+2.16%
COPPER (LME)	8,511.75	+0.67%	+2.40%
IRON ORE (CN)	135.27	▲0.21%	+0.54%
GOLD	2,037.01	+0.19%	+0.38%
OIL (WTI)	77.82	+1.35%	+4.64%

### Three Take-aways:

- Higher jobs openings buoyed 2Y UST yields. Dismal corporate earnings and job cuts dull sentiments.
- Fed Chair Powell's assertions on "last mile" dis-inflation tonight will trigger UST volatility.
- Fragmented EZ growth amid clouded rate cut timings point to uninspired EUR.

### Clouded Landings

- Ahead of FOMC meeting tonight, the data prints yet again raises **questions on how the Fed can end up landing on the same spot as markets betting on deep rate cuts. US job openings came in higher than expected** which sent 2Y UST yields edging higher by 1.6bp. This came alongside higher consumer confidence outturns and an upgrade in global growth estimate in the IMF's latest economic outlook.
- Despite these rather optimistic data, **US equities look shaky** after reaching record highs in the recent rally, with only the Dow closing 0.4% higher while the S&P500 and Nasdaq ended 0.1% and 0.8% lower respectively. On the latter, it should be noted that the dismal earnings from Alphabet's search advertising and disappointing cloud growth from Microsoft has **yet to be accounted for**.
- With reported job cuts by UPS (12k) and Paypal (2.5k), the **"softness" of this landing is a real concern and far from just being dominated by nominal earnings effect**.
- Ahead of FOMC, the **Greenback remains resilient** with DXY crawling sideways between 103-104 for the past two weeks. EUR remains pressured below mid-1.08 as fragmented EZ growth (better performance in Spain and Italy offset Germany's economic contraction) was unable to inspire.
- USD/JPY remains buoyed above 147. In EM-Asia, USD/SGD is hovering above 1.34. Down Under, AUD may be backstopped by CPI later but not an impetuous for rallies above mid-66 cents.

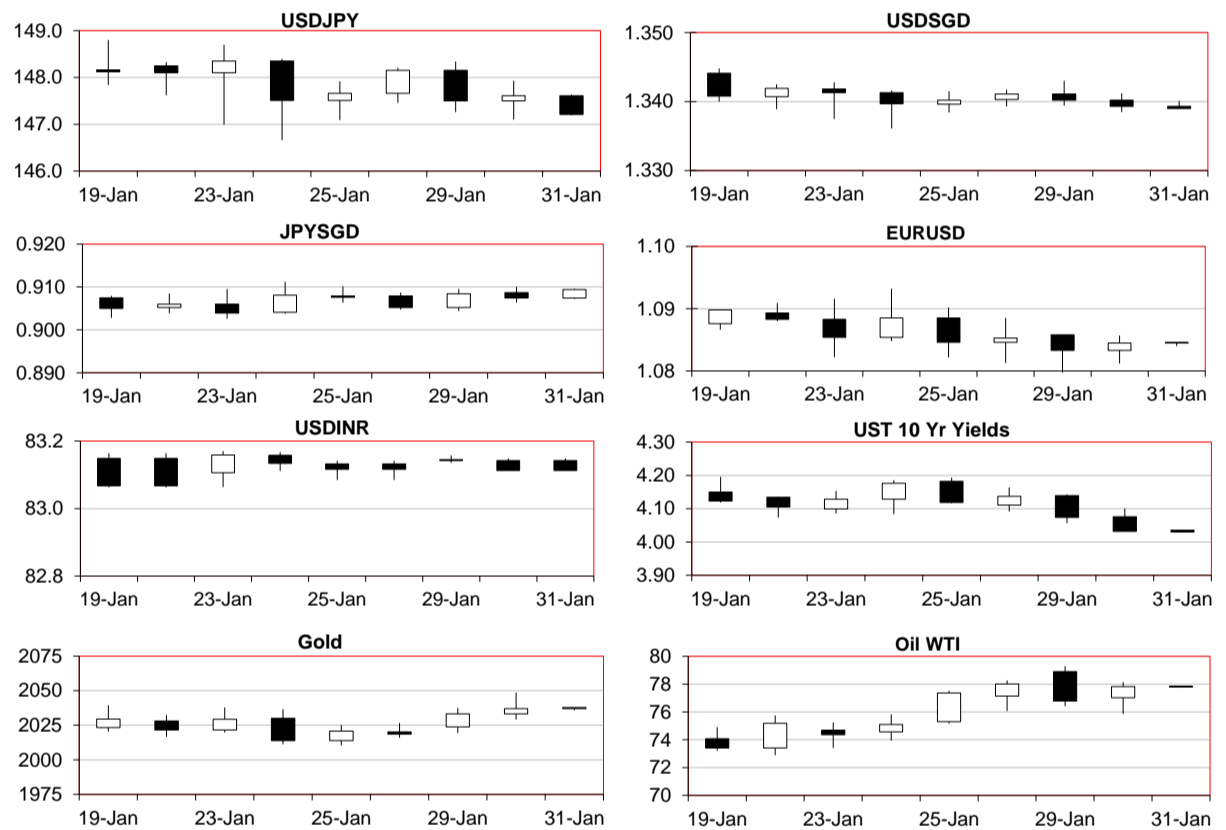
### FOMC - Short Action & Long Re-Action?

- There is expected to **be absolutely no action at the Jan FOMC; with another rate hold**.
- Point being, **in-coming economic evidence** suggest that the underlying delicate balance of risks strongly favour purposeful inaction and patient surveillance. Fact is, **dis-inflation** has been **sufficiently encouraging to underpin** peak rates at 5.25-5.50%.
- Yet not conclusive and substantial enough to initiate unencumbered rate cuts.**

### OVERNIGHT RESULTS

(US) JOLTS Job Openings (Dec): 9026k (Mkt: 8750k; Nov: 8790k) | (US) Conf. Board Consumer Confidence (Jan):114.8 (Mkt: 114.8; Dec: 110.7) | (EZ) GDP SA YoY (4Q A): 0.1% (Mkt: 0.1%; 3Q: 0.0%)

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	147.37	EUR/USD	1.0843
USD/SGD	1.3394	USD/THB	35.39
JPY/SGD	0.9089	USD/MYR	4.727

### Forecast

USD/JPY	146.50 - 148.10
EUR/USD	1.0780 - 1.0900
AUD/USD	0.6540 - 0.6650
USD/SGD	1.3360 - 1.3430
JPY/SGD	0.9021 - 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	56.20 - 56.60
USD/THB	35.20 - 35.70

### Today's Direction

	Bull	Bear
USD/SGD	5	0
USD/JPY	5	0

- Especially given **robust consumer sentiments** (latest iteration in UoM sentiments rebound) matched by spending (retail sales). The upshot is that, as reiterated by quite a few Fed speakers, it remains **"premature" for policy inflection**, and more data is awaited.

- **Scripted guidance could also be limited**, as we expect very nuanced shifts in the statement, while there are **no fresh economic projections (SOMP) and "Dot Plot"** until March.

- But **despite being short on action** (and guidance), the FOMC may be **long on reaction**.

- In particular, markets may overlook the pause and paucity in fresh guidance, the **press conference could be fertile grounds to elicit a significant reaction** one way or another.

- Specifically, there could be further **"tyre-kicking" of the Fed's view on "last mile dis-inflation"**.

- Especially in the context of perceptions from the December FOMC that Fed Chair Powell watered down risks of final stretch of dis-inflation being more difficult; presumably no longer requiring **"higher for longer"** rates to be maintained despite softer inflation.

- In turn this **may prompt faster and deeper cuts being priced in tandem with dis-inflation** trajectory. The **assessment of "last mile" risks** in the context of; i) **consumer-driven US exceptionalism** being underpinned by recent data, and; ii) contrast against ECB view of not considering cuts till H2. **Reactions to Fed Chair Powell's assertions on "last mile" dis-inflation** and the **inferred scope/appetite for cuts** will likely **heighten volatility in UST yields** (more pronounced at the front-end) and **USD**; although the ECB's softened view on wage inflation risks will mute EUR/USD upside.

### FX Daily Outlook

- EUR/USD: FOMC volatility may aid mild slippage towards 1.08 as Lagarde pushes back.
- USD/JPY: With Fed cuts in focus, 148 test remain weak as slippage below 147 in sight.
- USD/SGD: Consolidation around both sides 1.34 amid volatility.
- AUD/USD: CPI print may attempt to retain traction above 66 cents.

### TODAY'S EVENTS

(JP) Retail Sales YoY (Dec): 2.1% (Mkt: 5.1%; Nov: 5.4%) | (JP) Industrial Production MoM (Dec P): -0.7% (Mkt: 0.1%; Nov: -1.4%) | (KR) Industrial Production YoY (Dec): 6.2% (Mkt: 5.3%; Nov: 5.3%) | (AU) CPI YoY (4Q): (Mkt:4.3%; 3Q: 5.4%) | (AU) CPI YoY (Dec): (Mkt: 3.7%; Nov: 4.3%) | (TH) Current Account Balance(Dec): (Mkt: \$1061m; Nov: -\$1244m) | (PH) GDP YoY (4Q): (Mkt: 5.2%; 3Q: 5.9%) | (TW) GDP YoY (4Q): (Mkt: 4.2%; 2.3%) | (US) ADP Employment Change (Jan): (Mkt: 150k 164k) | (US) MNI Chicago PMI (Jan): (Mkt: 48.0 Dec: 47.2) | **Central Banks: FOMC Meeting**

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