

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	146.63	146.32	▼0.11	▼1.83
EUR	1.0881	1.0878	+0.0006	+0.0025
AUD	0.6591	0.6582	+0.0010	+0.0007
SGD	1.3359	1.3362	▼0.0004	▼0.0049
CNY	7.1799	7.1805	+0.0000	+0.0031
INR	82.87	82.98	+0.00	▼0.14
IDR	15659	15765	+0	▼55
MYR	4.7228	4.7240	▼0.0090	▼0.0060
PHP	55.92	56.12	+0.00	▼0.20
THB	35.30	35.38	▼0.08	▼0.25

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.877%	▼0.4 bp	▼26.1 bp
JPY (10YR)	0.681%	▼2.4 bp	▼3.6 bp
EUR* (10YR)	2.149%	+0.0 bp	▼15.0 bp
AUD (5YR)	3.583%	▼3.0 bp	▼26.8 bp
SGD (5YR)	2.825%	+0.0 bp	▼5.0 bp
CNY (5YR)	2.315%	+0.8 bp	▼4.3 bp
INR (5YR)	7.034%	+0.0 bp	▼5.2 bp
IDR (5YR)	6.456%	+0.0 bp	▼10.3 bp
MYR (5YR)	3.540%	+0.0 bp	▼1.1 bp
PHP (5YR)	5.987%	+0.0 bp	▼1.3 bp
THB (5YR)	2.372%	+0.0 bp	▼2.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,519.84	+0.00%	+1.08%
N225 (JP)	36,134.10	+0.34%	+1.07%
STOXX 50 (EU)	4,638.60	+0.00%	+0.07%
ASX (AU)	4,161.89	+0.00%	▼0.31%
STI (SG)	3,143.06	+0.00%	▼0.52%
SHCOMP (CN)	2,770.74	+0.00%	▼4.79%
SENSEX (IN)	71,645.30	+0.00%	+1.34%
JSE (ID)	7,201.70	+0.00%	+0.91%
KLSE (MY)	1,512.98	+0.00%	+0.44%
PSE (PH)	6,623.01	+0.00%	▼0.94%
SET (TH)	1,367.96	+0.00%	▼0.01%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	269.71	+0.00%	▲1.41%
COPPER (LME)	8,425.50	+0.00%	▲0.27%
IRON ORE (CN)	130.60	▲1.34%	▲3.48%
GOLD	2,056.08	+0.05%	+1.86%
OIL (WTI)	74.21	+0.53%	▼4.87%

Three Take-aways:

- 1) NFP outperformance on both hiring and wages led pushback on March cut and sent UST yields soaring.
- 2) Greenback also reigned. Red sea tensions abound with US strikes on Houthi in Yemen on Sunday.
- 3) Indonesia GDP to remain stable amid resilient consumption and export volumes supported by lower prices

Not Rolling Over

- **UST bears and the Greenback do not look to be rolling over without a fight** as UST yields surged last Friday to strengthen the USD as the DXY rose towards 140. Specifically, 2Y UST yields soared 16.1 while 10Y UST yields rose 14bps, heading above 4.35% and 4.0% respectively.

- The **USD reigned against all G10 peers**. The USD/JPY soared above 148. The EUR plunged back below 1.08. USD/SGD rose above 1.34 while the AUD has dropped to hover around 65 cents.

- The underlying lying driver was an **upside surprise from the US non-farm payrolls as 353k of hiring far exceeded expectations** which was for a smaller gain 180k relative to December's 216k.

- These gains were led by **health and social sector** and is unlikely to have reflected the job cuts announced this earnings seasons. Notably, **wage growth also turned out stronger** than expected as average hourly earnings rose 0.6% MoM exceeding expectations of 0.3% MoM and December's 0.4% MoM pace. It appears that the **fears of wage led price spiral will not roll over with a fight**.

- Nonetheless, US equities soared across the board (Nasdaq: +1.7%; S&P 500: +1.1%; Dow: +0.4%) on an apparent selective focus on US exceptionalism.

- On fights, US airstrikes over the weekend on Houthi group in Yemen triggered the Houthi's response that there is now an "open war". While the gap in relative military capabilities is apparent, the case for diminished ability to disrupt Red Sea threat remains to be seen.

- Though it is not always the case that **seeing is believing, it is hard to believe without seeing. That remains the case for stimulus plans in China**. On Sunday, the China Securities Regulatory Commission vowed to **prevent abnormal fluctuations**. That said, abnormality of asset market performance is hard to disentangle and distinguish given the dismal macroeconomic backdrop.

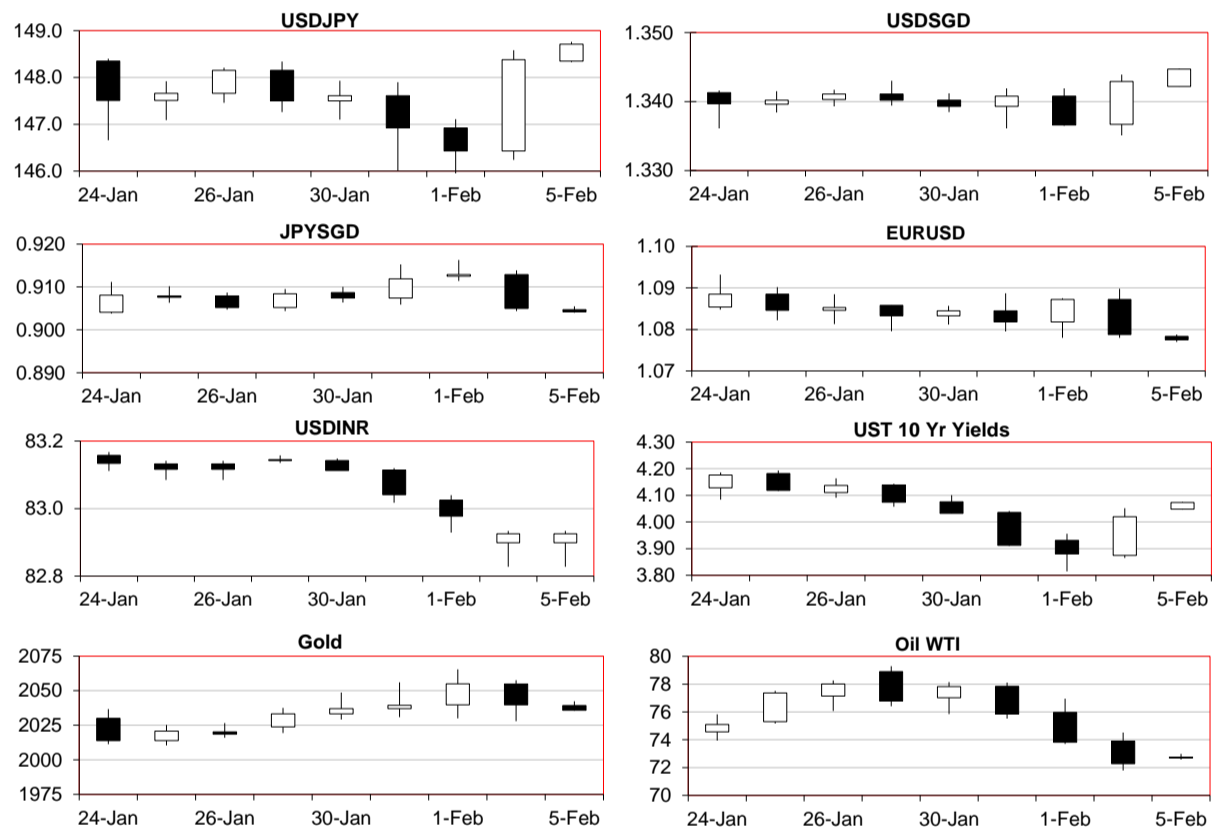
OVERNIGHT RESULTS

(SG) Purchasing Managers/Electronics Index (Jan): (Dec: 50.5/50.2) | (US) Unemployment Rate (Jan): (Mkt: 3.8%; Dec: 3.7%) |

(US) Durable Goods Orders/Non Def Ex-Air (Dec F): 0.0%/0.2% (Prelim: 0.0%/0.3%) |

(US) Change in Non Farm Payrolls (Jan): 353k (Mkt: 180k; Dec: 216k)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	148.51	EUR/USD	1.0780
USD/SGD	1.3436	USD/THB	35.59
JPY/SGD	0.9048	USD/MYR	4.739

Forecast

USD/JPY	147.50 - 149.00
EUR/USD	1.0750 - 1.0860
AUD/USD	0.6450 - 0.6550
USD/SGD	1.3400 - 1.3480
JPY/SGD	0.8993 - 0.9139
USD/CNH	7.2000 - 7.2300
USD/INR	82.78 - 83.15
USD/IDR	15700 - 15780
USD/MYR	4.730 - 4.750
USD/PHP	56.00 - 56.40
USD/THB	35.50 - 35.70

Today's Direction

	Bull	Bear
USD/SGD	2	1
USD/JPY	2	1

- While they have alluded to "guiding" medium and long term funds into the market, it is an uphill battle to restore confidence into the Lunar New Year without more detailed measures.

- Mid-week CPI (8 Feb) in China may tell us if the festive mood is able to aid some bidding up in prices especially for the likes of items such as pork.

- Externally, US-China trade relations face the **non-trivial threat of Trump 2.0** as he touted prospects of flat 60% tariffs on imports from China. Risks are certainly not rolling over.

Indonesia Q4 GDP: Stable

- We expect Indonesia GDP to print at 5.2% YoY (Q3: 4.9%), bringing overall 2023 growth to 5.1%.

- For the primary sector (-20% of GDP), **mining industry is expected to improve** in the upcoming print, on **faster growth in mineral product and base metal export volumes** (as prices plummet).

- Meanwhile, the manufacturing sector (Q3: 5.2% YoY) which accounts for -20% of GDP, is expected to remain stable on acceleration in investments and rebound in export volumes.

- Within the tertiary sector (-52% of GDP), **wholesale and retail trade should hold up** (Q3: 5.1% YoY), as retail sales in Q4'23 remain resilient. This portends continued growth in private consumption (Q3: 5.1% YoY). The **construction sector** should grow at a faster pace with acceleration in cement consumption indicating robust activity.

- In 2024, **Indonesia should continue to grow at around 5%**. Even as private consumption growth moderates, renewed acceleration of foreign investments inflows post-elections and government's continued infrastructure drive is likely to drive growth in the coming quarters.

FX Daily Outlook

- EUR/USD: USD surge on UST yields will restrain durable recovery above mid 1.08.

- USD/JPY: Intervention risks rises into 149 amid opportunistic JPY bulls.

- USD/SGD: China woes and UST yields aid buoyancy above 1.34.

- AUD/USD: Weakness to persist with consolidation around 65 cents as base case

TODAY'S EVENTS

(ID) GDP YoY (Q4): (Mkt: 5.0% Q3: 4.9%) | (TH) CPI/Core YoY(Jan): (Mkt: -0.9%/0.6%;Dec: -0.8%/0.6%)

(EZ) PPI YoY (Dec): (Nov: -8.8%)

(US) ISM Services Index/Prices Paid (Jan): (Mkt: 51.7/-; Dec: 50.6/57.4)

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