

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.44	150.58	▼0.22	+2.40
EUR	1.0709	1.0727	+0.0018	▼0.0045
AUD	0.6477	0.6491	+0.0038	▼0.0029
SGD	1.3497	1.3484	▼0.0027	+0.0051
CNY	7.1936	7.1936	+0.0000	▼0.0013
INR	83.07	83.03	+0.02	+0.06
IDR	15602	15595	+0	▼40
MYR	4.7838	4.7865	+0.0232	+0.0258
PHP	56.10	56.11	+0.16	+0.15
THB	36.11	36.13	+0.42	+0.54

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.255%	▼5.9 bp	+13.4 bp
JPY (10YR)	0.753%	+2.5 bp	+3.5 bp
EUR* (10YR)	2.337%	▼5.6 bp	+2.1 bp
AUD (5YR)	3.902%	+9.4 bp	+20.4 bp
SGD (5YR)	3.056%	+13.3 bp	+17.9 bp
CNY (5YR)	2.311%	+0.0 bp	+0.3 bp
INR (5YR)	7.111%	+1.8 bp	+6.7 bp
IDR (5YR)	6.518%	+0.0 bp	▼0.2 bp
MYR (5YR)	3.556%	+2.0 bp	+2.1 bp
PHP (5YR)	6.017%	▼0.3 bp	▼0.2 bp
THB (5YR)	2.294%	+3.4 bp	▼5.7 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,424.27	+0.40%	▼0.65%
N225 (JP)	37,703.32	▼0.69%	+4.38%
STOXX 50 (EU)	4,709.22	+0.43%	+0.65%
ASX (AU)	4,132.87	+0.68%	▼0.74%
STI (SG)	3,139.07	▼0.09%	▼0.54%
SHCOMP (CN)	2,865.90	+0.00%	+1.28%
SENSEX (IN)	71,822.83	+0.37%	▼0.46%
JSE (ID)	7,209.74	+0.00%	▼0.35%
KLSE (MY)	1,529.33	▼0.13%	+1.07%
PSE (PH)	6,854.53	+0.39%	+0.36%
SET (TH)	1,385.11	▼0.48%	▼1.06%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	270.19	▲1.05%	▲0.06%
COPPER (LME)	8,155.50	+0.00%	▲0.53%
IRON ORE (CN)	129.54	+0.32%	+2.48%
GOLD	1,992.33	▲0.04%	▲2.11%
OIL (WTI)	76.64	▼1.58%	+3.76%

**Three Take-Aways:**

- 1) Underscoring inflation challenges, UST staged an incomplete recovery despite dovish Fed speak.
- 2) Prabowo-Gibran pair looks set to win Presidential seats outright allowing some IDR relief.
- 3) BSP will need hawkish talk despite January dis-inflation which reduced need for immediate hike.

**Divergent Recoveries and Paths**

- After the painful sell-off, **opportunistic markets embarked on divergent recovery paths** on Valentine's Day. US equities (Nasdaq: +1.3%; S&P 500: +1.0%; Dow: +0.4%) managed a rather decent recovery to claw back a significant portion of earlier loss.

- Underscoring the challenges of last mile disinflation, the relative **recovery in USTs led by the front end was far more incomplete** with 2Y UST yields dropping 8bps and 10Y yields declining 5.9bp.

- A key driver of the the front end yield decline was rather **dovish Fed speak** from Chicago Fed President Goolsbee as he remarked that **even if inflation comes in abit higher for a few months, it would still be consistent with our path back to target**. He also added that more data as observed in the past six months would support confidence on their path but **that's probably too stringent**.

- While the **Greenback has indeed ceded ground against G10 peers** amid lower UST yields, the mild softening appear to cast doubt on Goolsbee's path alignment with fellow FOMC members. Notably, the exception was a weaker GBP as weaker than expected UK CPI prints contrasted with the hot US CPI.

- EUR recovery stalled below mid-1.07. USD/JPY remains buoyed around mid-150. AUD is still cautious of durably retaking 65 cents. Elsewhere, USD/SGD slippage below 1.35 has slowed.

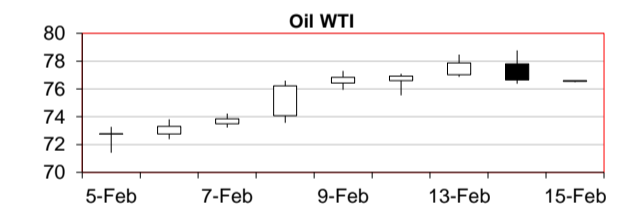
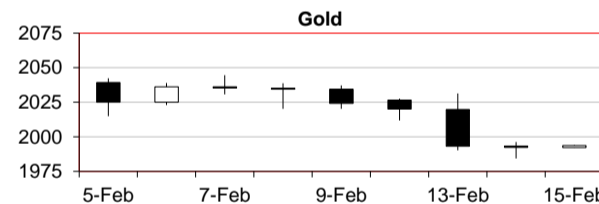
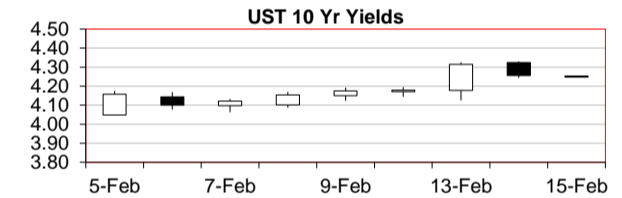
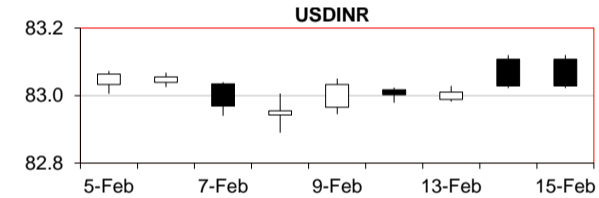
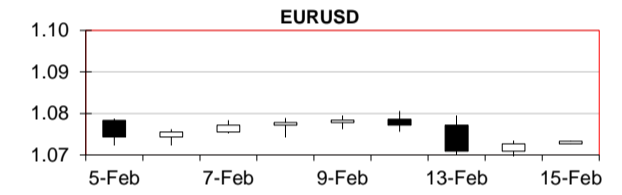
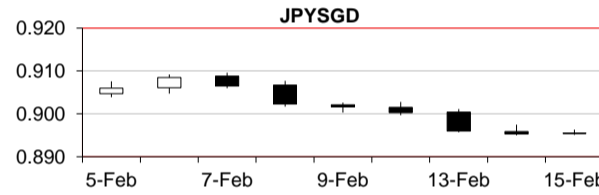
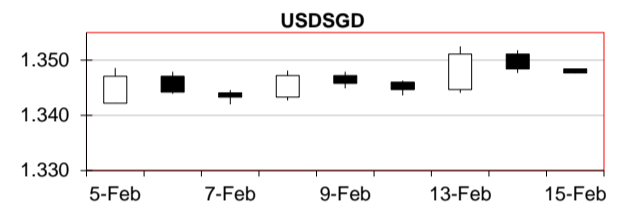
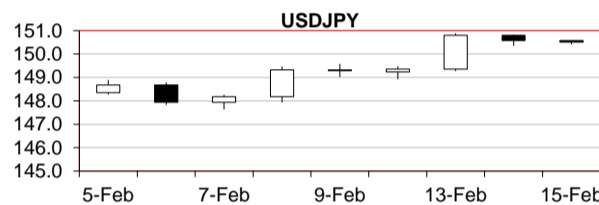
**Indonesia Elections: One Round Knock-Out?**

- Indonesia went to the polls on 14 Feb. The **post election quick count** (which has been historically accurate) showed the **Prabowo-Gibran pair leading with around 58% of the votes**. With this **outright majority, they will secure the Presidency** without the need for second round elections in June. Prabowo Subianto (current Defence Minister) and Gibran Rakabuming (eldest son of President Jokowi) looks set to become Indonesia's next President and Vice President respectively.

- While Prabowo has signalled economic policy continuity from President Jokowi's policies, it remains to be seen if he is able to deftly marshal various political fractions to push forth these policies.

**OVERNIGHT RESULTS**

(EZ) GDP SA QoQ (4Q P): 0.0% (Mkt: 0.0%; Prev: 0.0%) | (EZ) Industrial Production WDA YoY (Dec): 1.2% (Mkt: -4.0%; Nov: -6.8%)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	150.56	EUR/USD	1.0732
USD/SGD	1.3478	USD/THB	36.10
JPY/SGD	0.8952	USD/MYR	4.775

**Forecast**

USD/JPY	149.00 - 151.00
EUR/USD	1.0680 - 1.0790
AUD/USD	0.6400 - 0.6530
USD/SGD	1.3430 - 1.3510
JPY/SGD	0.8894 - 0.9067
USD/CNH	7.2200 - 7.2500
USD/INR	82.90 - 83.15
USD/IDR	15500 - 15650
USD/MYR	4.750 - 4.790
USD/PHP	55.80 - 56.30
USD/THB	35.80 - 36.20

**Today's Direction**

	Bull	Bear
USD/SGD	2	2
USD/JPY	1	3

- Nonetheless, some political overhang on the IDR ought to be lifted. That said, the softer FDI realisation heading into end 2023 may only see a stronger return on **more concrete policy directions and a stable cabinet formation**.

**BSP: Hawkish Talk, Not Walk**

- We expect the **BSP to stand pat** at their policy meeting this afternoon. To be clear, **BSP was been arguably hawkish** in its rhetoric in late January, when BSP Governor Remolona remarked that BSP was open to the possibility of another hike as sufficiently strong 4Q growth provide policy and the central bank remains **"ready to adjust policy to anchor inflation expectations."**

- However, **this may be all talk, and fall short of action**. Afterall, **the worst of inflationary pressures could be over for the Philippines**. Inflation looks to be within the BSP 3±1% target band on high base effects in Q1, after finally printing 3.9% YoY in Dec 23 followed by 2.8% in Jan 24.

- Furthermore, while Q4 growth (5.7% YoY) beat consensus, overall 2023 growth at 5.6% remains lower than the official 6-7% target and headwinds persist for the year ahead.

- **Sticking to a hawkish stance would arguably provide more dovish scope in the future**. Point being, BSP would be wary of being front-run by the markets on any rate cut expectations, and a consequently weaker PHP could impart price pressures via the import channel.

- Nonetheless, another hike remains on the table should inflation pick up in coming months, but **there is little impetus to make the move now**, as **policy trade-offs of derailing growth further would restrain the BSP from hiking to pre-empt any inflation pressures at this juncture**.

**FX Daily Outlook**

- EUR/USD: Stagnating EZ growth amid geo-political woes restrain 1.08 recovery.
- USD/JPY: Dismal GDP print push back BoJ adjustment bets to keep 149 buoyancy.
- USD/SGD: Slippage looks to slow and consolidate at around mid-1.34.
- AUD/USD: Mid-65 cents remain a high bar unless jobs market outperforms significantly.

**TODAY'S EVENTS**

(JP) GDP Annualized SA QoQ (4Q P): -0.4% (Mkt: 1.1%; 3Q: -3.3%)

(AU) Employment Change/Unemployment Rate (Jan): (Mkt: 25.0k/4.0%; Dec: -65.1k/3.9%)

(ID) Trade Balance (Jan): (Mkt: \$2823m; \$3307m) | (SG) GDP YoY (4Q F): 2.2% (Mkt: 2.5%; Prelim: 2.8%)

(US) Retail Sales Adv MoM (Jan): (Mkt: -0.2%; Dec: 0.6%) | (US) Empire Manufacturing (Feb): (Mkt: -12.5; Jan: -43.7)

**BSP Monetary Policy Meeting**

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