

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.25	150.21	+0.28	+0.92
EUR	1.0761	1.0777	+0.0005	▼0.0007
AUD	0.6523	0.6531	+0.0006	+0.0007
SGD	1.3463	1.3471	+0.0014	+0.0013
CNY	7.1936	7.1936	+0.0000	+0.0000
INR	83.03	83.02	▼0.03	▼0.02
IDR	15626	15620	+0	▼15
MYR	4.7770	4.7793	▼0.0032	+0.0143
PHP	55.96	55.97	▼0.07	+0.05
THB	36.05	36.02	▼0.15	+0.11

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.279%	+4.9 bp	+10.4 bp
JPY (10YR)	0.735%	+0.4 bp	+0.9 bp
EUR* (10YR)	2.402%	+4.3 bp	+2.0 bp
AUD (5YR)	3.824%	+5.4 bp	+8.1 bp
SGD (5YR)	3.015%	+2.7 bp	+13.0 bp
CNY (5YR)	2.311%	+0.0 bp	+0.0 bp
INR (5YR)	7.090%	+0.1 bp	▼0.9 bp
IDR (5YR)	6.528%	+0.1 bp	+0.8 bp
MYR (5YR)	3.544%	▼0.4 bp	+1.2 bp
PHP (5YR)	6.006%	▼0.8 bp	▼1.2 bp
THB (5YR)	2.292%	+1.3 bp	+2.3 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,627.99	▼0.37%	▼0.11%
N225 (JP)	38,487.24	+0.86%	+4.31%
STOXX 50 (EU)	4,765.65	+0.47%	+1.06%
ASX (AU)	4,205.25	+1.33%	+1.66%
STI (SG)	3,221.94	+1.42%	+2.67%
SHCOMP (CN)	2,865.90	+0.00%	+0.00%
SENSEX (IN)	72,426.64	+0.52%	+1.16%
JSE (ID)	7,335.55	+0.44%	+1.39%
KLSE (MY)	1,533.55	+0.34%	+1.41%
PSE (PH)	6,873.23	▼0.13%	+0.34%
SET (TH)	1,386.27	▼0.07%	▼0.15%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	272.59	+0.48%	▲0.64%
COPPER (LME)	8,409.16	+2.26%	+4.27%
IRON ORE (CN)	130.36	+0.52%	+1.83%
GOLD	2,013.59	+0.46%	▲0.53%
OIL (WTI)	79.19	+1.49%	+3.06%

Three Take-Aways:

- Hotter than expected US PPI alongside variants of Fed pushback assisted UST yields higher.
- USD slippage was mild as ECB push back on cuts weaken EUR recovery.
- Thailand Q4 growth higher on base effects is a worry as manufacturing and external demand struggles.

Summer

- **Hotter than expected PPI** sent UST yields soaring (2Y: +6.8bp; 10Y: +4.9bp) alongside the year ahead inflation expectations from Uni. of Michigan survey nudging higher. US equities also felt the heat as Nasdaq dropped 0.8% with the S&P 500 and Dow down 0.5 and 0.4% respectively.

- The push back from Fed speak continued with Atlanta Fed president Bostic approaching rate cuts from a more specific timing angle. His "hawkish" case was deftly built by framing that he expects 2 cuts in Q4 as his base case but could see a total of 3 cuts starting in the summer time (June-September). In short, the FOMC dot plot median was somewhat his optimistic case.

- Richmond Fed President Barkin pointed to very narrow goods dis-inflation coupled with higher services prices as not conducive to having a settled inflation.

- Meanwhile, San Francisco Fed President Daly has stated that 3 rate cuts is reasonable but highlighted the risk from labour market deterioration. Specifically, even if the labour market is tight now, given the speed at which labour market pivots historically occur, it is a risk we must keep in mind.

- At this point, Fed funds futures are pricing in 97% odds of a 25bp cut in June with a total of 88bps of cuts in 2024, a marked shift from the 112bps of cuts with 50% of a cut in May just a week ago.

- Amid this backdrop, USD bears could not make much headway. The EUR buoyed above mid-1.07 but could not test 1.08 as ECB's Schnabel warns against cutting rates too early. Amid elevated oil prices, AUD rose higher but remains just shy of testing mid-150.

- USD/JPY was allowed to hover around 150 despite higher UST yields as BoJ Governor Ueda during Parliament took a holistic longer term approach on wages and inflation and in turn toned down the impact of the Q4 technical recession print on policy.

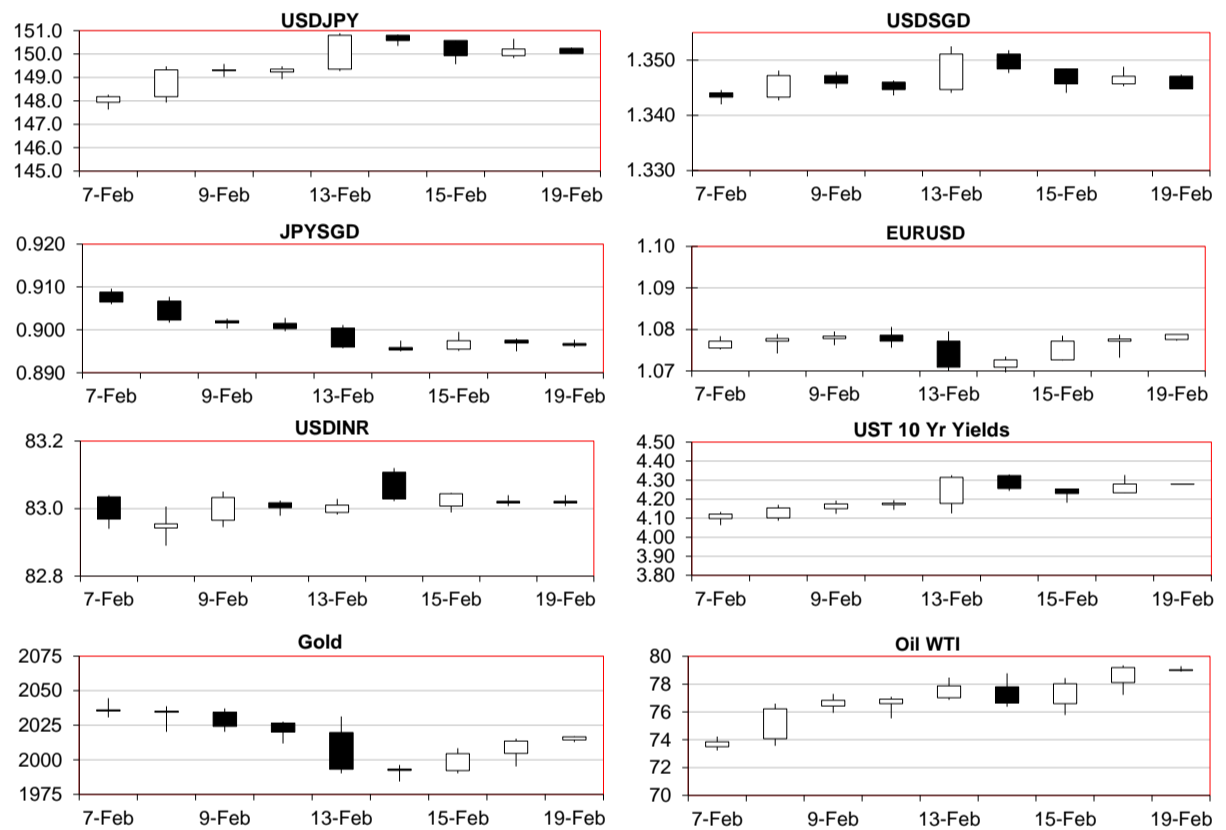
OVERNIGHT RESULTS

(SG) NODX/Electronics YoY (Jan): 16.8%/0.7% (Mkt: 4.3%/--; Dec: -1.5%/-11.7%) | (MY) GDP YoY (4Q F): 3.0% (Mkt: 3.4%; Prelim: 3.4%)

(US) PPI Final Demand/Ex Food and Energy MoM (Jan): 0.3%/0.5% (Mkt: 0.1%/0.1%; -0.2%/-0.1%)

(US) Housing Starts/Building Permits (Jan): 1331k/1470k (Mkt: 1458k/1514k; Dec: 1460k/1495k) |

(US) Uni of Mich. Sentiment/1yr/5-10Yr inflation expectations (Feb P): 79.6/3.0%/2.9% (Mkt: 80.0/2.9%/2.8%; Jan: 79.0/2.9%/2.9%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.13	EUR/USD	1.0785
USD/SGD	1.3454	USD/THB	35.96
JPY/SGD	0.8962	USD/MYR	4.774

Forecast

USD/JPY	149.30 - 150.60
EUR/USD	1.0700 - 1.0810
AUD/USD	0.6450 - 0.6550
USD/SGD	1.3430 - 1.3510
JPY/SGD	0.8918 - 0.9049
USD/CNH	7.2000 - 7.2300
USD/INR	82.90 - 83.20
USD/IDR	15550 - 15680
USD/MYR	4.750 - 4.780
USD/PHP	55.90 - 56.30
USD/THB	35.90 - 36.25

Today's Direction

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

- In EM-Asia, while China ushered in Spring with upbeat data on rail travel and box office takings during the festive season, tough economic realities may soon dawn. Case in point was Malaysia's Q4 GDP being revised lower on weaker external demand and saw a Q4 QoQ contraction.

Thailand Q4 GDP: Struggles

- Thailand's Q4 GDP looks set to improve from the 1.5% YoY print in Q3 but is likely to struggle to hit the 3% mark despite favourable base effects. Reflecting so, the sequential QoQ pace on a seasonally adjusted basis is expected to slow from the 0.8% QoQ SA in Q3. With nominal exports revenue only expanding 0.3% QoQ on NSA terms, the weak external demand saw value added production contract 4.3% QoQ SA in Q4. As such, manufacturing sector is likely to post another dismal performance as firms continue to remain cautious and draw down on inventories.

- On the services front, tourism related sectors will enjoy an end of year pick up in activity from strong tourist arrivals as occupancy rates soared alongside room rates.

- Domestically, private consumption remain tepid as expenditure levels (proxied by the monthly indicators) edged lower sequentially despite the 6.8%YoY growth which serves as a key support to overall GDP growth. Unfortunately, government capital expenditures plunging in Q4 as a result of budget delays due to the election last year adds more drag to Q4 GDP growth.

- All in, 2023 growth is likely to have slowed to about 2.3% from the already lacklustre growth from 2.6% in 2022. Looking ahead, 2024 growth will likely pick up amid firmer global growth but may fall shy of its historical growth pace.

FX Daily Outlook

- EUR/USD: ECB pushback implies tough recovery above 1.08.

- USD/JPY: CNH allows sub-150 slippage but UST yields dent follow through to 149.

- USD/SGD: Consolidate at around mid-1.34 on CNH spring board but sub-1.34 lacking.

- AUD/USD: Mid-65 cents to be tested but lack of a strong, sustained CNH may impact durability.

TODAY'S EVENTS

(JP) Core Machine orders MoM (Dec): (Mkt: 2.8% Nov: -4.9%)

(TH) GDP YoY (4Q F): (Mkt: 3.4%; Prelim: 3.4%)

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