

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	149.99	150.02	▼0.19	+0.67
EUR	1.0783	1.0788	+0.0011	+0.0016
AUD	0.6542	0.6543	+0.0012	+0.0012
SGD	1.3453	1.3448	▼0.0023	+0.0001
CNY	7.1977	7.1936	+0.0000	+0.0000
INR	83.02	83.02	+0.00	+0.01
IDR	15624	15620	+0	+25
MYR	4.7848	4.7750	▼0.0043	+0.0100
PHP	56.07	55.97	+0.00	▼0.06
THB	35.96	36.02	+0.00	+0.14

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.279%	+0.0 bp	+10.0 bp
JPY (10YR)	0.734%	▼0.1 bp	+0.8 bp
EUR* (10YR)	2.402%	+0.0 bp	+4.0 bp
AUD (5YR)	3.827%	+0.3 bp	+3.0 bp
SGD (5YR)	3.015%	+0.0 bp	+13.0 bp
CNY (5YR)	2.311%	+0.0 bp	+0.0 bp
INR (5YR)	7.090%	+0.0 bp	▼0.1 bp
IDR (5YR)	6.528%	+0.0 bp	▼0.3 bp
MYR (5YR)	3.544%	+0.0 bp	+1.2 bp
PHP (5YR)	6.006%	+0.0 bp	▼1.3 bp
THB (5YR)	2.292%	+0.0 bp	+1.9 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,627.99	+0.00%	▼0.44%
N225 (JP)	38,465.62	▼0.06%	+4.25%
STOXX 50 (EU)	4,765.65	+0.00%	+0.41%
ASX (AU)	4,205.25	+0.00%	+1.53%
STI (SG)	3,221.94	+0.00%	+2.67%
SHCOMP (CN)	2,865.90	+0.00%	+0.00%
SENSEX (IN)	72,426.64	+0.00%	+1.91%
JSE (ID)	7,335.55	+0.00%	+0.52%
KLSE (MY)	1,533.55	+0.00%	+1.41%
PSE (PH)	6,873.23	+0.00%	+0.96%
SET (TH)	1,386.27	+0.00%	▼0.22%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	272.59	+0.00%	▲0.26%
COPPER (LME)	8,409.16	+0.00%	+3.45%
IRON ORE (CN)	130.20	▲0.12%	+1.12%
GOLD	2,016.66	+0.15%	▲0.17%
OIL (WTI)	79.03	▼0.20%	+2.74%

**Three Take-Aways:**

- 1) Renewed red sea attacks underscore unresolved shipping woes and backstops energy prices.
- 2) CNH pressures remain a prominent bugbear as PBoC contemplates policy rate cuts.
- 3) RBA minutes has hawkish tendencies dented by soft employment and AUD relief may elude.

**Rough Seas**

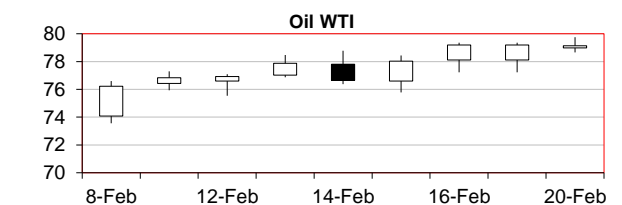
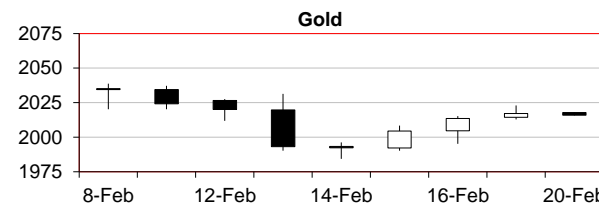
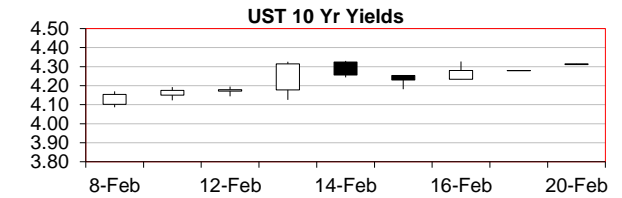
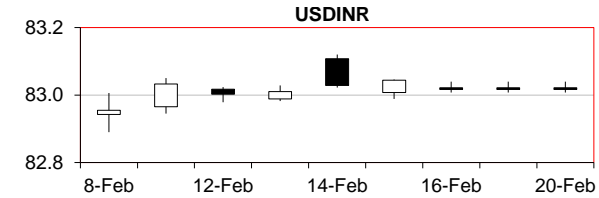
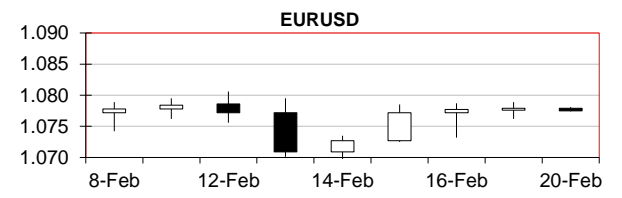
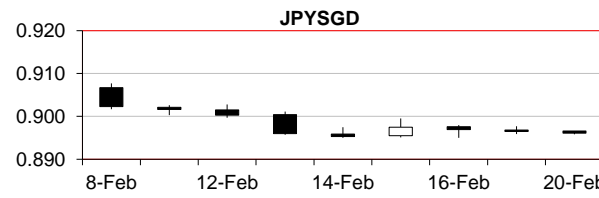
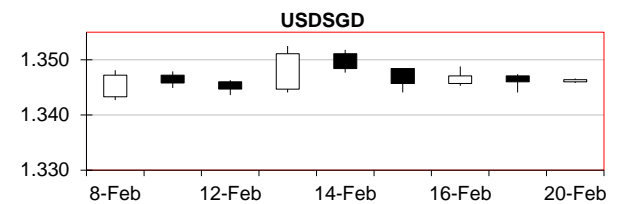
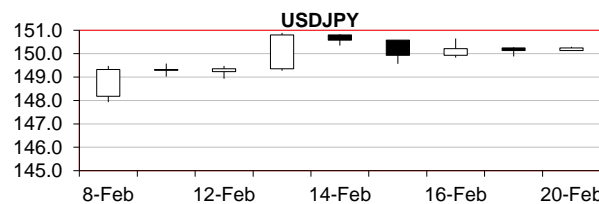
- While US markets are on holidays, **geo-political undercurrents are far from calm**.
- Reports of crew **abandoning ship** in the Red Sea after strikes by the Houthi underscores that **global shipping woes have barely diminished** despite the US led airstrikes.
- In addition to these supply woes, the post LNY cheer from China consumption has also helped Brent crude prices remain **elevated above US\$83/barrel**.
- In FX, EUR traded sideways as it was unable to test 1.08. In EM-Asia, USD/SGD is hovering above mid-1.34. The USD/THB has risen to above 36 after dismal Q4 GDP outturn gave rise to yet another episode of **Government-BoT dissonance** with the PM calling for **unscheduled** rate cuts by the BoT.

**The PBoC's LPR Conundrum**

- The innate policy conundrum that confronts Beijing is that **a policy rate (LPR) cut, meant to stimulate the economy, may not be unambiguously positive**. Admittedly, the **growth-inflation balance of risks provides a very wide berth for rate cuts**, given stumbling growth and deflation.
- But **sharp macro-/currency stability trade-offs are imposing; potentially overwhelming**.
- Point being, while in theory the LPR cut ought to alleviate property sector stress, the **effective relief may be subdued**. Especially **insofar** that the **underlying, chronic confidence deficit remains unresolved** and a convincing recovery plan for developers eludes.
- Whereas the backdrop of elevated global rates conspiring with Fed-led pushback on imminent pivot accentuates CNH downside volatility risks from PBoC rate cuts. The upshot is that the **PBoC faces binding policy constraints entailing potentially prohibitive costs to conventional** (rate-cut or credit-driven) **stimulus**. Consequently, for Beijing to spur fresh and durable optimism, **strong fiscal impulse led by the central government must feature alongside business-friendly guarantees**.
- **Until then**, the prospects of, and hopes for, **monetary stimulus remains a double-edged sword**.

**OVERNIGHT RESULTS**

(TH) GDP YoY (4Q): 1.7% (Mkt: 2.6%; 3Q: 1.5%)

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

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

USD/JPY	150.27	EUR/USD	1.0775
USD/SGD	1.3464	USD/THB	36.11
JPY/SGD	0.8960	USD/MYR	4.787

**Forecast**

USD/JPY	149.90 - 150.60
EUR/USD	1.0700 - 1.0810
AUD/USD	0.6450 - 0.6550
USD/SGD	1.3430 - 1.3510
JPY/SGD	0.8918 - 0.9013
USD/CNH	7.2000 - 7.2300
USD/INR	82.90 - 83.20
USD/IDR	15550 - 15680
USD/MYR	4.770 - 4.792
USD/PHP	55.90 - 56.30
USD/THB	35.90 - 36.25

**Today's Direction**

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

- And **latent CNH pressures remain a prominent**, accompanying **bugbear**.

**RBA Minutes: False Choices**

- Given the hawkish insertions in their policy statement, focus on the RBA minutes released today will be on the **parameters on which the discussion for a further hike took place**. Nonetheless, Governor Bullock has **already balanced the view by adding that "we haven't rule anything in"**.
- Furthermore, any **hawkish tendencies would have further dented** by the subsequent labour market outturns released where **employment essentially stayed flat** (+0.5k) in January and **unemployment rate ticked up to 4.1%**. As such, our reading is that the **policy options for the RBA while being present in the minutes are likely to represent false choices**.
- In short, the **bar to hike** given the **softer employment** has now been raised significantly higher.
- As such, it **is unlikely that RBA Minutes will sufficiently clarify** a position to **tighten without hurting the economy**. And so the **AUD will at best get a reprieve** not an invocation of rallies.
- Essentially, the RBA is biding time by keeping hawkish options open to backstop the AUD to dampen imported inflation. Admittedly, AUD has regained some semblance of traction at mid-0.65 (from lows testing mid-0.64). This was partly motivated by USD coming off the peak and reinforced by a firmer CNH post-LNY. But **these factors may be losing steam** as Fed speak leans towards pivot postponed, keeping USD firm. As for **rate cuts** down the line, the RBA will probably not lag the Fed by **too much** in timing of cuts. All in, we expect AUD to cautiously consolidate sub-0.65 to 0.66 as FOMC-RBA Minutes are digested.

**FX Daily Outlook**

- EUR/USD: Geo-political woes will continue to threaten as growth concerns mount to dent rallies.
- USD/JPY: China focus imply inability to durably head back below 150.
- USD/SGD: Continuation of mid-1.34 consolidation as China policy may be found wanting.
- AUD/USD: RBA minutes unlikely to inspire above mid-65 cents.

**TODAY'S EVENTS**

(MY) Exports/Imports YoY (Jan): (Mkt: -3.0%/8.0%; Dec: -10.0%/2.9%) | (US) Leading Index (Jan): (Mkt: -0.3%; Dec: -0.1%)

**Central Bank Policy Decisions: PBoC 1Y/5Y Loan Prime Rate; RBA Feb Policy Meeting Minutes**

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