

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.13	150.53	+0.23	+0.60
EUR	1.0853	1.0823	+0.0004	+0.0051
AUD	0.6589	0.6557	+0.0006	+0.0032
SGD	1.3412	1.3430	▼0.0010	▼0.0027
CNY	7.1897	7.1939	+0.0027	+0.0003
INR	82.90	82.85	▼0.12	▼0.19
IDR	15608	15590	▼45	▼30
MYR	4.7736	4.7755	▼0.0188	▼0.0070
PHP	55.74	55.72	▼0.24	▼0.31
THB	35.75	35.84	▼0.02	▼0.34

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.321%	+0.2 bp	+9.1 bp
JPY (10YR)	0.720%	▼0.6 bp	▼1.1 bp
EUR* (10YR)	2.440%	▼1.0 bp	+8.1 bp
AUD (5YR)	3.782%	+0.2 bp	+1.2 bp
SGD (5YR)	3.042%	+2.4 bp	+5.4 bp
CNY (5YR)	2.252%	▼3.1 bp	▼5.9 bp
INR (5YR)	7.077%	+1.5 bp	▼1.2 bp
IDR (5YR)	6.496%	▼1.6 bp	▼3.1 bp
MYR (5YR)	3.593%	+3.3 bp	+4.5 bp
PHP (5YR)	6.089%	+0.6 bp	+7.5 bp
THB (5YR)	2.249%	▼0.5 bp	▼3.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,069.11	+1.18%	+0.76%
N225 (JP)	39,098.68	+2.19%	+2.47%
STOXX 50 (EU)	4,855.36	+1.68%	+2.37%
ASX (AU)	4,195.17	+0.36%	+1.09%
STI (SG)	3,222.94	+0.18%	+1.46%
SHCOMP (CN)	2,988.36	+1.27%	+4.27%
SENSEX (IN)	73,158.24	+0.74%	+1.54%
JSE (ID)	7,339.64	▼0.13%	+0.50%
KLSE (MY)	1,545.49	▼0.45%	+1.12%
PSE (PH)	6,903.15	+0.08%	+0.31%
SET (TH)	1,402.47	+0.64%	+1.10%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	274.11	+0.04%	+1.04%
COPPER (LME)	8,499.50	+0.51%	+3.36%
IRON ORE (CN)	125.38	+0.09%	▲3.32%
GOLD	2,024.39	▲0.08%	+1.00%
OIL (WTI)	78.61	+0.90%	+0.74%

Three Take-Aways:

- Equities benchmarks hit record highs while Fed and ECB continued to pushback on pre-mature cuts.
- US equities rally despite concerns on rich valuations hints at AI-hype and/or buttered up by "Greed".
- Chinese equities rise on "fears" of further regulatory clamp-down.

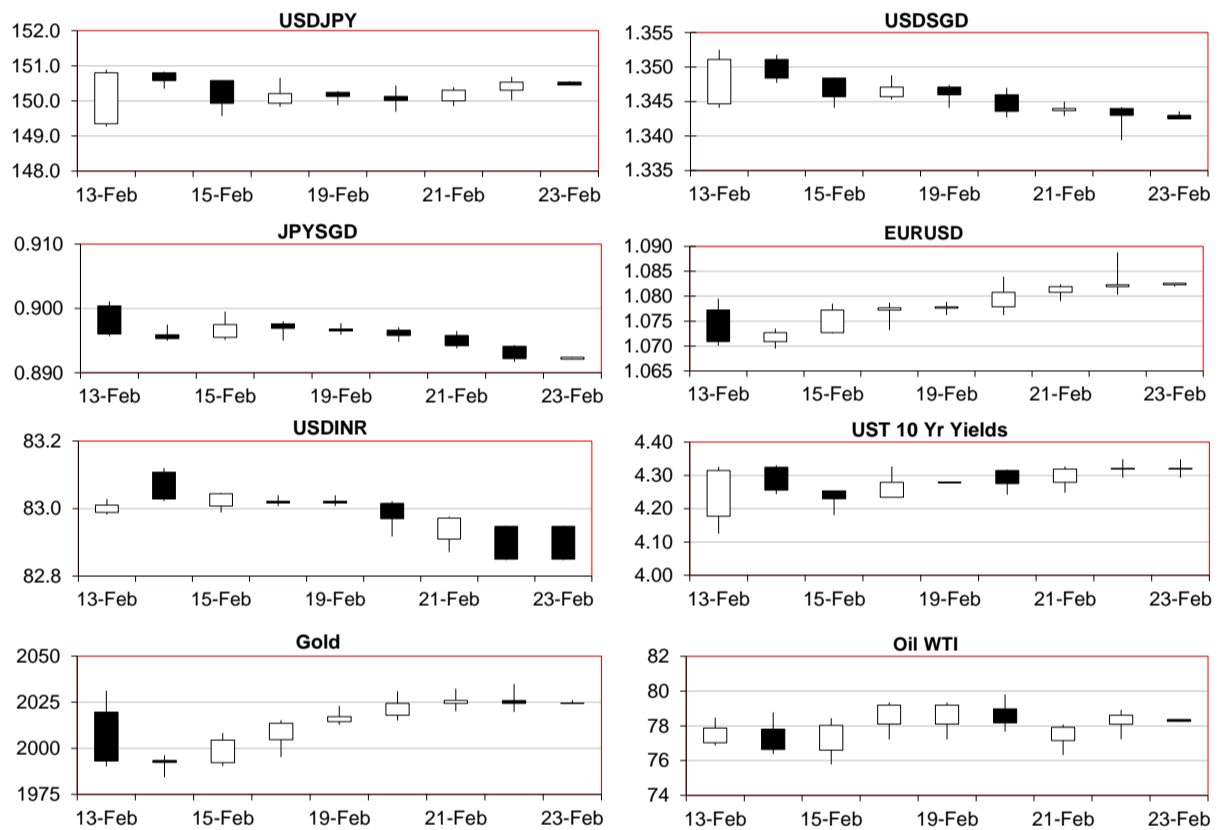
Pushing Higher and Further

- With **equity benchmarks in US, Japan and Europe hitting new record highs**, economic optimism appears much in abundance even as profit expansion is **uneven both across and within sectors**.
- Amid US jobless claims coming in lower than expected alongside still resilient PMI prints, Fed speakers **continued their rhetoric to push back the market's timeline on rate cuts further**.
- Fed Vice Chair Jefferson highlighted **dangers of easing too early**, while Philadelphia Fed President Harker warned against unwinding progress made on inflation by cutting too soon, noting that **any change to a tightening bias following the Fed's easing risk creating uncertainties** for households and businesses to make economic decisions.
- 2Y UST yields closed 4.6bps higher while 10Y UST yield was little changed at 4.3%.
- Meanwhile, **ECB minutes** showed officials deemed the **disinflationary process as fragile**, noting limited indications of easing wage growth.
- Despite commenting that March inflation projections for 2024 was likely to be lowered, there was **broad consensus that it was premature to discuss cuts**.
- The **EUR was unable to sustain gains above mid-1.08** as **PMI outperformance in France was quickly overshadowed by a sharp plunge in Germany's PMI print**.
- In Asia, USD/JPY briefly dipped below 150 on policy normalisation hopes following BoJ Ueda's comments that he expects **virtuous economic cycle** in which **inflation rises gradually with an increases in wages and employment to strengthen**, but pared its gains to end weaker against the USD at around mid-150 levels following FedSpeak and release of ECB minutes.
- Meanwhile, USD/SGD traded below mid-1.34 while AUD missed 66 cents.

OVERNIGHT RESULTS

(ID) Current Account Balance (4Q): -\$1290 (Mkt: -\$200m; 3Q: -\$1039m) | (EZ) CPI/Core YoY (Jan F): 2.8%/3.3% (Mkt: 2.8%/3.3%; Prelim: 2.8%/3.3%) | (US) Chicago National Fed Activity Index (Jan): -0.30 (Mkt: -0.21; Dec: 0.02) | (US) Initial Jobless/Continuing Claims: 201k/1862k (Mkt: 216k/1884k; Prev: 213k/1889k)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	150.48	EUR/USD	1.0825
USD/SGD	1.3428	USD/THB	35.93
JPY/SGD	0.8924	USD/MYR	4.777

Forecast

USD/JPY	149.80 - 150.80
EUR/USD	1.0750 - 1.0880
AUD/USD	0.6500 - 0.6600
USD/SGD	1.3390 - 1.3460
JPY/SGD	0.8879 - 0.8985
USD/CNH	7.1800 - 7.2180
USD/INR	82.40 - 83.00
USD/IDR	15540 - 15680
USD/MYR	4.750 - 4.800
USD/PHP	55.00 - 56.05
USD/THB	35.50 - 36.10

Today's Direction

	Bull	Bear
USD/SGD	0	3
USD/JPY	3	0

Greed & Fear

- The "Greed & Fear" reference is often alluded to as short form for book (Bull) and bust (Bear) tendencies for extended positioning in markets that inadvertently unwind in a more disorderly fashion equity. But notably, **both "greed and fear" have fed into the rallies this week**.
- Greed was on full display as Nvidia's earnings eclipsing even lofty expectations saw **"greed"** (in Wall St speak) **shoving concerns about rich valuations aside** to fire up rallies in excess of 2%.
- That a rally of this magnitude was less broad-based than it otherwise would have expected to be was probably buried in the AI-hype or buttered up by "greed".
- Whereas, the **rallies in Chinese stocks with Hang Seng spill-over** have arguably been at least partly instigated by **"Fear" of further regulatory clamp-down on short positions**.
- Crushing short punts perversely leads to a frenzy to cover, which manifests as buying.
- Perversely at some point "Greed" could kick in, if only for opportunistic gains from cheap valuations. Although forced cover is a long way off bona fide confidence.
- Apart from the exceptional ability to exploit both "greed and fear" in this instance, bulls are ostensibly not deterred by the Fed pushing back on imminent and significant rate cuts. And one reason is that the **Fed has not canned cuts, but merely kicked the rate cut can a few months down the road**. So fear is managed. Meanwhile greed on AI-powered gains will coincide with a "Goldilocks" soft landing that spurs a quicker rate cut path may still be on the table.
- In which case, the strong run of manufacturing PMI, housing and jobs data (claims), is feeding US exceptionalism greed without stoking Fed policy restraint fear.

FX Daily Outlook

- EUR/USD: Competitive pushback see constrained rallies above mid-1.08.
- USD/JPY: Consolidation above 150 levels as intervention risks and higher UST yields tussles.
- USD/SGD: Buoyancy above 1.34 as stronger CNH and competitive pushback by ECB/Fed plays out.
- AUD/USD: Likely to hold gains above 65 cents on buoyant oil and stronger CNH.

TODAY'S EVENTS

(SG) CPI/Core YoY (Jan): (Mkt: 3.8%/3.6%; Dec: 3.7%/3.3%) | (MY) CPI YoY (Jan): (Mkt: 1.6%; Dec: 1.5%) | (GE) IFO Business Climate/Expectations (Feb): (Mkt: 85.5/83.9; Jan: 85.2/83.5)

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