

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.56	150.51	▼0.02	+0.30
EUR	1.0829	1.0821	▼0.0002	+0.0044
AUD	0.6575	0.6562	+0.0005	+0.0031
SGD	1.3437	1.3431	+0.0001	▼0.0040
CNY	7.1979	7.1964	+0.0025	+0.0028
INR	82.89	82.95	+0.10	▼0.07
IDR	15595	15595	+5	▼25
MYR	4.7807	4.7773	+0.0018	▼0.0020
PHP	55.93	55.92	+0.19	▼0.05
THB	36.02	36.11	+0.28	+0.09

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.248%	▼7.3 bp	▼3.1 bp
JPY (10YR)	0.720%	+0.0 bp	▼1.5 bp
EUR* (10YR)	2.363%	▼7.7 bp	▼3.9 bp
AUD (5YR)	3.831%	+4.9 bp	+0.7 bp
SGD (5YR)	3.076%	+3.4 bp	+6.1 bp
CNY (5YR)	2.261%	+0.9 bp	▼5.0 bp
INR (5YR)	7.087%	+1.0 bp	▼0.3 bp
IDR (5YR)	6.496%	+0.0 bp	▼3.2 bp
MYR (5YR)	3.599%	+0.6 bp	+5.5 bp
PHP (5YR)	6.092%	+0.3 bp	+8.6 bp
THB (5YR)	2.246%	▼0.3 bp	▼4.6 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,131.53	+0.16%	+1.30%
N225 (JP)	39,098.68	+0.00%	+1.59%
STOXX 50 (EU)	4,872.57	+0.35%	+2.24%
ASX (AU)	4,202.76	+0.18%	▼0.06%
STI (SG)	3,184.91	▼1.18%	▼1.15%
SHCOMP (CN)	3,004.88	+0.55%	+4.85%
SENSEX (IN)	73,142.80	▼0.02%	+0.99%
JSE (ID)	7,295.10	▼0.61%	▼0.55%
KLSE (MY)	1,549.11	+0.23%	+1.01%
PSE (PH)	6,913.21	+0.15%	+0.58%
SET (TH)	1,398.14	▼0.31%	+0.86%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	270.82	▲1.20%	▲0.65%
COPPER (LME)	8,475.00	▲0.29%	+0.78%
IRON ORE (CN)	125.53	+0.12%	▲3.71%
GOLD	2,035.40	+0.54%	+1.08%
OIL (WTI)	76.49	▼2.70%	▼3.41%

Three Take-Aways:

- 1) Amid lower oil prices, yields decline led by the longer end as markets focus on cuts down the road.
- 2) AUD and SGD pressured by weaker CNH, as Chinese measures become more forceful.
- 3) Continued hold by RBA supported as upcoming CPI to reveal a tough last-mile disinflation process.

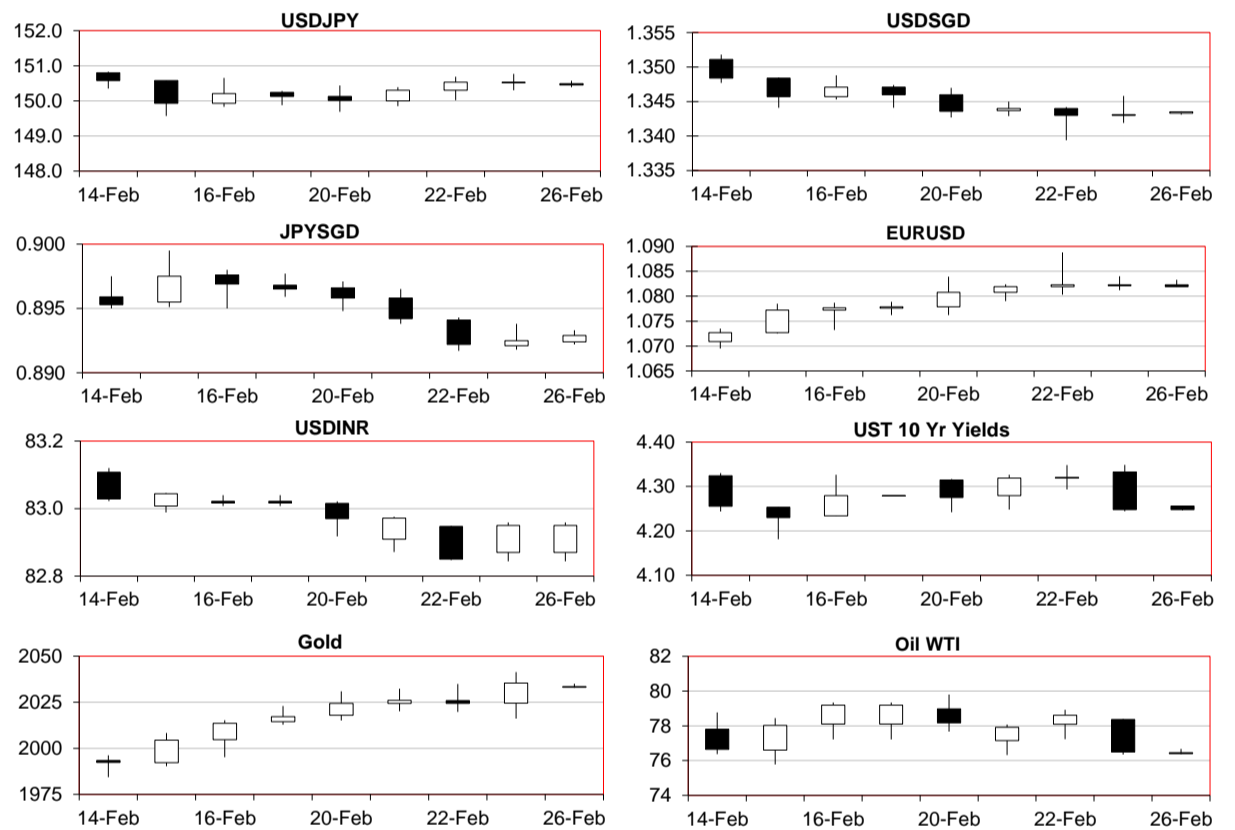
Quiet Contemplation

- Amid a quiet data calendar in the US and lower oil prices with Brent crude prices slipping 2.5%, UST yields moved lower led by the long end (2Y: -2.2bps; 10Y: -7.3bps).
 - While New York Fed President Williams acknowledged that it will likely be "appropriate" to ease later this year, signs that dis-inflation is still continuing and towards 2% were required.
 - Williams also alluded to some undercurrents beneath the US exceptionalism story, as he noted that the recent spike in auto and credit card delinquencies could slow spending growth this year. Consequently, the longer term policy focus and growth warnings invite long end haven UST demand.
 - US equities traded mixed (S&P: +0.0%; Dow: +0.2%; Nasdaq: -0.3%) as momentum on AI-optimism subsided. AI-sensitive counters broadly fell, likely on profit taking but perhaps also on ponderance on whether the "tipping point" on broad-based adoption by corporates would result in productivity gains.
 - Across the Atlantic, the ECB mostly stuck to the line that rate cuts will come, just not yet. But some mixed tones probably led a deeper fall in Bund yields (2Y: -5.0bps; 10Y: -7.8bps) vs USTs.
 - ECB Centeno noted that inflation may temporarily be under 2% this year and ECB must be open for rate cuts in March, while a chorus of other ECB officials pushed back. ECB Muller called for patience, noting that wage growth remained higher compared to what ECB would like to see. In his view, it would be a mistake to act too soon and have to correct. Meanwhile, ECB Schnabel remarked that r* may rise in coming decades, which could suggest ECB requires fewer cuts than anticipated. ECB Lagarde and Nagel again emphasised the data dependency on the timing of cuts. Both officials also remarked that ECB moves would be independent of moves at other central banks.
 - EUR traded within a narrow band above 1.08 amid the lack of policy directions.
 - In Asia, a weaker CNH pressured the SGD and AUD as Chinese authorities increasingly heavy-handed approach appeared to incite some fears on continued investments in the economy.

OVERNIGHT RESULTS

(SG) CPI/Core YoY (Jan): 2.9%/3.1% (Mkt:3.8%/3.6%; Dec: 3.7%/3.3%) | (MY) CPI YoY (Jan): 1.5% (Mkt: 1.6%; Dec: 1.5%) | (GE) IFO Business Climate/Expectations (Feb): 85.6/84.1 (Mkt: 85.5/83.9; Jan: 85.2/83.5)

Past Two Weeks Movement



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	150.50	EUR/USD	1.0819
USD/SGD	1.3435	USD/THB	35.97
JPY/SGD	0.8927	USD/MYR	4.771

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	3	:	3
USD/JPY	3	:	3

- USD/SGD briefly rose above mid-1.34 while AUD pared gains and moved closer to mid-65 cents before retracing some losses. Elsewhere, USD/JPY dipped below mid-150 on lower UST yields.

Australia: Tough Last Mile

- Upcoming January inflation (28 Feb) and retail sales print (29 Feb) in Australia may unfortunately bring little clarity on the RBA's policy trajectory to underscore the challenges of last mile dis-inflation.

- Specifically, strong wage growth in Q4 at 4.2% which was a marginal upside surprise may unfortunately underpin price pressures despite softer employment conditions.

- Furthermore, as the high base effects which assisted in the 3.4% December headline CPI print fade, January's inflation outturn is inevitably expected to rise, though this increase remains well within the RBA's expectations and policy calculus.

- Given that household also continue to feel the sting from eroded savings buffers, a flat retail sales growth performance in January is our baseline as labour income flows provide the offsetting support.

- Looking ahead, inflation risks remain skewed to the upside especially as the services sector enjoy the Taylor Swift boost this month and consequent already sticky services inflation may in fact re-accelerate. Last mile dis-inflation may be anything but swift.

- That said, the RBA will not be swift to raise rates as employment concerns had already featured in their considerations as indicated in the last RBA minutes which saw them hold rates.

FX Daily Outlook

- EUR/USD: Dips back below 1.08 possible as competitive pushback play outs.

- USD/JPY: Rallies above mid-150 restrained amid lower UST yields and intervention risks.

- USD/SGD: Consolidation around both sides of mid-1.34 levels with volatility on CNH spillovers.

- AUD/USD: Dips below mid-65 cents plausible on lower oil and China woes.

TODAY'S EVENTS

(SG) Industrial production YoY (Jan): (Mkt: 4.3%; Dec: -2.5%) | (US) New Home Sales (Jan): (Mkt: 684k; Dec: 664k) | (US) Dallas Fed Mfg Activity (Feb): (Mkt: -14.0; Jan: -27.4)

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