

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.44	150.70	+0.19	+0.57
EUR	1.0832	1.0851	+0.0030	+0.0072
AUD	0.6552	0.6540	▼0.0022	+0.0000
SGD	1.3441	1.3444	+0.0013	▼0.0016
CNY	7.1982	7.1975	+0.0011	▼0.0006
INR	82.88	82.90	▼0.05	▼0.12
IDR	15637	15630	+35	+0
MYR	4.7768	4.7773	+0.0000	▼0.0097
PHP	56.09	56.09	+0.17	+0.02
THB	35.86	36.11	+0.00	+0.09

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.280%	+3.1 bp	+0.0 bp
JPY (10YR)	0.686%	▼3.4 bp	▼4.9 bp
EUR* (10YR)	2.440%	+7.7 bp	+2.9 bp
AUD (5YR)	3.754%	▼7.7 bp	▼5.1 bp
SGD (5YR)	3.028%	▼4.8 bp	+0.8 bp
CNY (5YR)	2.225%	▼3.6 bp	▼8.7 bp
INR (5YR)	7.076%	▼1.1 bp	▼1.4 bp
IDR (5YR)	6.501%	+0.5 bp	▼2.5 bp
MYR (5YR)	3.595%	▼0.4 bp	+4.2 bp
PHP (5YR)	6.095%	+0.3 bp	▼5.3 bp
THB (5YR)	2.246%	+0.0 bp	▼4.2 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,069.23	▼0.16%	+1.14%
N225 (JP)	39,233.71	+0.35%	+1.98%
STOXX 50 (EU)	4,864.29	▼0.17%	+2.13%
ASX (AU)	4,190.80	▼0.28%	▼0.55%
STI (SG)	3,171.12	▼0.43%	▼1.70%
SHCOMP (CN)	2,977.02	▼0.93%	+2.28%
SENSEX (IN)	72,790.13	▼0.48%	+0.11%
JSE (ID)	7,283.82	▼0.15%	▼0.18%
KLSE (MY)	1,547.60	▼0.10%	+0.58%
PSE (PH)	6,891.49	▼0.31%	+1.37%
SET (TH)	1,398.14	+0.00%	+0.78%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.64	+1.04%	+0.38%
COPPER (LME)	8,361.50	▲1.34%	+0.10%
IRON ORE (CN)	124.65	▲0.70%	▲3.00%
GOLD	2,031.24	▲0.20%	+0.70%
OIL (WTI)	77.58	+1.43%	▼0.70%

### Three Take-Aways:

- 1) UST yields edged up despite absence of FedSpeak, likely suggesting expectations of hot PCE print.
- 2) ECB officials dialled back hopes of aggressive rate cuts, noting some nascent growth spots.
- 3) Elevated inflation and buoyed sales on Tet may sharpen trade-offs for the SBV on second round effects.

### Positioning & Prudence

- Markets are likely priming for hot PCE data due Thursday, with UST yields edging up (2Y: +2.9bps; 10Y: +3.1bps) despite the absence of FedSpeak. Meanwhile, US equities traded lower (S&P500: -0.4%; Dow: -0.2%; Nasdaq: -0.1%) on mixed economic data. While Dallas Fed Manufacturing activity was better than expected, New Home Sales were lower-than-expected, with the prior reading revised downwards, which could point to some slowdown in US consumer exuberance.

- Cautious remarks by ECB officials also took the limelight. ECB's Stournaras called for prudence, remarking that ECB has to deal with more difficult problems than the Fed, as ECB must ensure smooth monetary policy transmission amid a fragmented Euro area banking system. While Stournaras commented that a first cut could be seen in June following more concrete wage evidence in late April, he cautioned that any monetary policy adjustment must be "gradual", dialling back hopes of steep rate cuts. This was further reinforced by ECB's Lagarde, who noted that wage pressures remain strong and economy should pick up later this year, as increasing signs of weakness bottoming out are observed.

- Bunds underperformed the USTs, with Bunds yields (2Y: +6.9bps; 10Y: +7.7bps) rising more than UST yields. EUR tested mid-1.08, supported by the higher Bund yields.

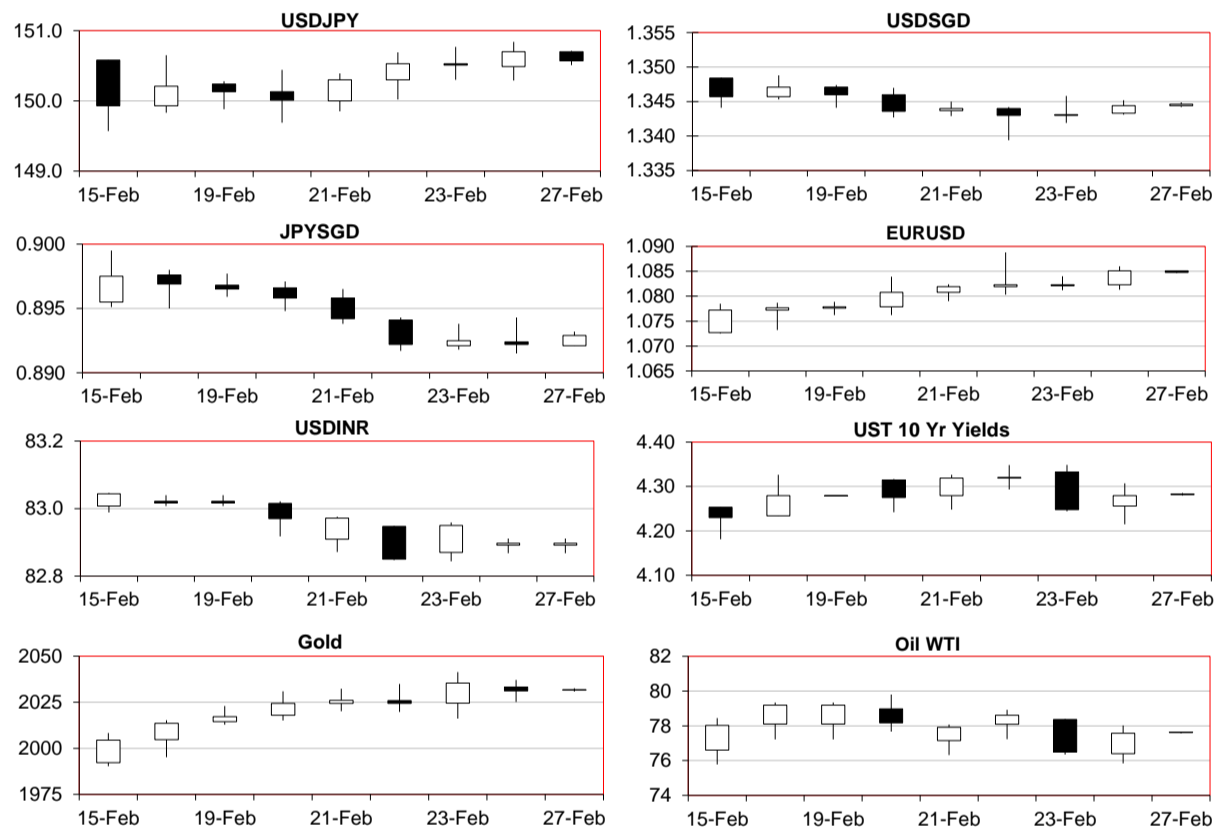
- AUD dipped below mid-65 cents amid higher UST yields as volatile Brent crude prices could not provide firm support. Brent crude prices was unable to durably recover above US\$83/barrel as escalating tensions in the Red Sea driving some additional buying from refiners in Europe and Asia while China demand post LNY tussle with actual supply threats to the safe passage of crude.

- Elsewhere, USD/SGD traded range-bound below mid-1.34 while USD/JPY broke above mid-150 on higher UST yields. This morning's Japan CPI coming in higher than expected has threatened to add potential slippage for the USD/JPY but remain insufficient for JPY bulls to head below 150.

### OVERNIGHT RESULTS

(SG) Industrial production YoY (Jan): 1.1% (Mkt: 4.3%; Dec: -2.4%) | (US) New Home Sales (Jan): 661k (Mkt: 684k; Dec: 651k) | (US) Dallas Fed Mfg Activity (Feb): -11.3 (Mkt: -14.0; Jan: -27.4)

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	150.56	EUR/USD	1.0850
USD/SGD	1.3444	USD/THB	35.94
JPY/SGD	0.8929	USD/MYR	4.778

### Forecast

USD/JPY	149.80 - 150.80
EUR/USD	1.0800 - 1.0880
AUD/USD	0.6490 - 0.6580
USD/SGD	1.3400 - 1.3470
JPY/SGD	0.8886 - 0.8992
USD/CNH	7.2000 - 7.2180
USD/INR	82.50 - 83.00
USD/IDR	15550 - 15700
USD/MYR	4.730 - 4.800
USD/PHP	55.60 - 56.50
USD/THB	35.80 - 36.50

### Today's Direction

	Bull	Bear
USD/SGD	5	1
USD/JPY	5	1

### Vietnam: Festive Buoyancy

- Vietnam's economic release (retail sales, industrial production and inflation) for February is likely to be driven by the Tet festivities with tendency to accentuate buoyant prices and sales or deceptively worsen industrial slump.

- On inflation, headline CPI growth is likely to remain elevated.

- While two-way fuel price adjustments point to slight upside in energy inflation, food inflation is likely to have persisted as demand of meat and seafood enjoy the seasonal boost on top of underlying price momentum for the likes of staples such as rice and noodles.

- As for core inflation, even services demand and associated prices may enjoy an uptick as domestic travel increases during the holidays.

- While these drivers may be admittedly one-off and push headline inflation higher than the 3.4% recorded in January, the impulse may invite inconvenient second round effects and sharpen policy trade-offs for the SBV.

- That said, the SBV will be hoping that the retail sales boost from Tet demand may create virtuous growth cycle to alleviate pressures to ease monetary policy to support growth.

- On that note, a slight slowdown of February manufacturing activity is not unexpected given the reduced workforce and hours due to the festivities.

- Nonetheless, given the strong uptick in electronics exports demand, industrial production growth might even enjoy favourable tailwinds to bring more relief.

### FX Daily Outlook

- EUR/USD: Rallies above mid-1.08 lose momentum on FedSpeak and positioning for US data.

- USD/JPY: Stronger CPI print implies weak rallies towards 151.

- USD/SGD: Rangebound trading around mid-1.34 levels as ECB/Fed competitive pushback tussle.

- AUD/USD: Slippery oil prices add further pressures to restrain recovery above 66 cents.

### TODAY'S EVENTS

(JP) Natl CPI/Ex Fresh Food, Energy YoY (Jan): 2.2%/3.5% (Mkt: 1.9%/3.3%; Dec: 2.6%/3.7%) | (TW) BoP Current Account Balance (4Q): (3Q: \$27,220m) | (KR) Retail Sales YoY (Jan): (Dec: 7.5%) | (US) Conf. Board Consumer Confidence (Feb): (Mkt: 115.0; Jan: 114.8) | (US) Durable Goods Orders/Nondef Ex Air (Jan P): (Mkt: -5.0%/0.1%; Dec: 0.0%/0.2%) | (US) Richmond Fed Mfg Index (Feb): (Mkt: -9.0; Jan: -15.0)

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