

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.35	150.57	▼0.13	+0.56
EUR	1.0857	1.0848	▼0.0003	+0.0040
AUD	0.6553	0.6535	▼0.0005	▼0.0014
SGD	1.3435	1.3446	+0.0002	+0.0010
CNY	7.1985	7.1975	+0.0000	+0.0050
INR	82.89	82.90	+0.00	▼0.07
IDR	15647	15630	+0	▼30
MYR	4.7680	4.7785	+0.0012	▼0.0202
PHP	56.10	56.09	+0.00	+0.02
THB	35.83	36.11	+0.00	+0.06

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.283%	+0.4 bp	+0.8 bp
JPY (10YR)	0.702%	+1.6 bp	▼3.2 bp
EUR* (10YR)	2.440%	+0.0 bp	+6.7 bp
AUD (5YR)	3.780%	+2.6 bp	▼1.9 bp
SGD (5YR)	3.028%	+0.0 bp	+2.0 bp
CNY (5YR)	2.231%	+0.6 bp	▼5.5 bp
INR (5YR)	7.076%	+0.0 bp	+0.0 bp
IDR (5YR)	6.500%	▼0.1 bp	▼2.7 bp
MYR (5YR)	3.595%	+0.0 bp	+4.5 bp
PHP (5YR)	6.095%	+0.0 bp	+2.6 bp
THB (5YR)	2.246%	+0.0 bp	▼3.3 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,069.23	+0.00%	+1.31%
N225 (JP)	39,233.71	+0.00%	+2.27%
STOXX 50 (EU)	4,864.29	+0.00%	+2.18%
ASX (AU)	4,190.80	+0.00%	▼0.36%
STI (SG)	3,171.12	+0.00%	▼2.25%
SHCOMP (CN)	2,977.02	+0.00%	+1.86%
SENSEX (IN)	72,790.13	+0.00%	▼0.37%
JSE (ID)	7,283.82	+0.00%	▼0.94%
KLSE (MY)	1,547.60	+0.00%	▼0.51%
PSE (PH)	6,891.49	+0.00%	+0.54%
SET (TH)	1,398.14	+0.00%	+1.24%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.64	+0.00%	+1.06%
COPPER (LME)	8,361.50	+0.00%	▲0.74%
IRON ORE (CN)	124.50	▲0.12%	▲1.14%
GOLD	2,031.88	+0.03%	+0.37%
OIL (WTI)	77.64	+0.08%	▼0.69%

Three Take-Aways:

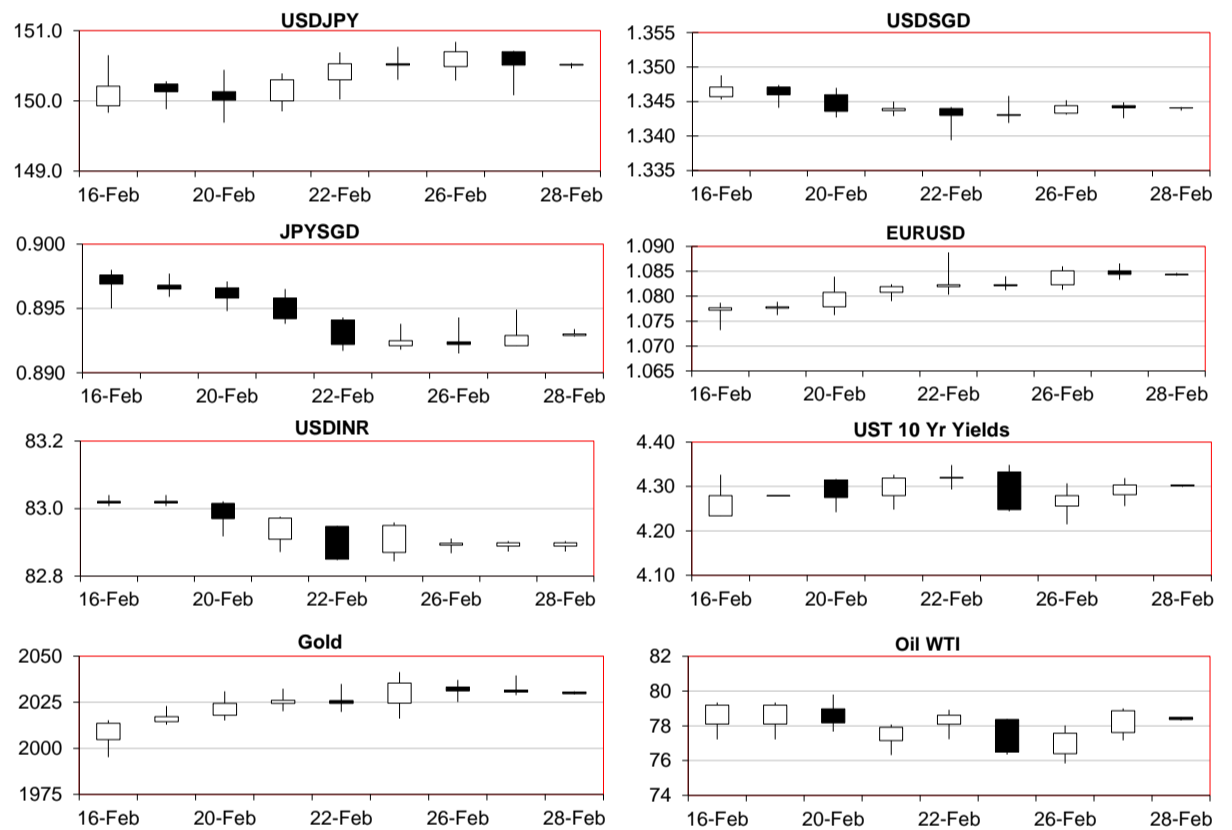
- 1) US consumer confidence declined while durable goods orders fell on lower planes demand.
- 2) UST yields remain elevated as Fed speak stays hawkish with upcoming US GDP update tonight.
- 3) Thailand current account to slip back into deficit to underscore the lack of fundamental tailwinds.

Giving Way ?

- Despite UST yields being flat on the front end (2Y) alongside mixed performance in US equities (Dow:-0.3%; S&P 500:+0.2%; Nasdaq:+0.4%), the underlying currents were not exactly peaceful.
- US durable goods orders contracted sharply on falling plane orders from Boeing's issues.
- The underlying industrial picture was more resilient with orders excluding air transport and defense coming in as expected with a marginal expansion.
- That said, US consumer confidence dropping for the first time in four months amid worries on income and employment will engender discussions on household consumption giving way. On the price and real estate front, US house prices grew slower than expected on a sequential basis.
- Ahead of an updated US GDP print tonight likely to affirm still strong growth and US PCE data tomorrow, these less than desirable economic prints last night though remain insufficient to trigger outright recession fears to ignite haven flows but ought to highlight pipeline risks.
- In fact, amid continued pushback from Fed speakers, markets have come a long way and are now nearly aligned with the Dot Plot, pricing in 77bps of rate cuts in 2024.
- Specifically on Fed speak, Michelle Bowman remains willing to raise rates should data indicate that inflation progress has stalled or reversed.
- Meanwhile, Kansas City Fed President Schmid in his first major speech stuck while sticking to the inflation fighting narrative also signalled that he was in no rush to halt the pace of Fed balance sheet reduction as the Fed should lessen its footprint in financial markets.
- At this juncture, the QT discussions appear more uncertain than a rate hold at the next meeting.
- Nonetheless, the signs continue to backstop the Greenback. EUR edged below mid-1.08. USD/JPY recovered back above mid-150 after approaching 150 on Japan CPI coming in higher than expected.

OVERNIGHT RESULTS

(TW) BoP Current Account Balance (4Q): \$34839m (3Q: \$27,220m) | (KR) Retail Sales YoY (Jan): 8.2% (Dec: 7.5%) | (US) Conf. Board Consumer Confidence (Feb): 106.7 (Mkt: 115.0; Jan: 114.8) | (US) Durable Goods Orders/Nondef Ex Air (Jan P):-6.1%/0.1% (Mkt: -5.0%/0.1%; Dec: 0.0%/0.2%) | (US) Richmond Fed Mfg Index (Feb): -5.0 (Mkt: -9.0; Jan: -15.0)

Past Two Weeks Movement

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.51	EUR/USD	1.0842
USD/SGD	1.3440	USD/THB	35.89
JPY/SGD	0.8930	USD/MYR	4.761

Forecast

USD/JPY	149.80 - 150.80
EUR/USD	1.0800 - 1.0890
AUD/USD	0.6500 - 0.6580
USD/SGD	1.3400 - 1.3470
JPY/SGD	0.8886 - 0.8992
USD/CNH	7.2100 - 7.2180
USD/INR	82.70 - 83.00
USD/IDR	15610 - 15680
USD/MYR	4.755 - 4.790
USD/PHP	55.80 - 56.40
USD/THB	35.80 - 36.30

Today's Direction

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

- The AUD is also unable to durable ascend above mid-65 cents. This morning's CPI likely bump up remains uncomfortable but insufficient for RBA hawks to pull the trigger for another hike.
- Elsewhere, the USD/SGD continued to trade sideways below mid 1.34.

Thailand Current Account: Nostalgia

- After the US\$2.1b surplus in December 2023, Thailand's current account for January is likely to start 2024 slipping back into a small deficit as the sharp plunge in goods import dissipate.
- The silver lining perhaps is in the hope that stronger imports of capital goods signal budding improvement in business confidence while consumer goods import point to still robust household spending. Caution though should be exercised given that softer exports revenue on a customs basis give little indication of improving external demand for its goods.
- On the services front, the pace of tourism recovery is likely to slow after the seasonal surge in December with attendant lowering of tourism receipts.
- Marginal tailwinds may come from lower transportation deficit on the back of softer freight rates in January after the December surge.
- At this juncture, the small deficit position while having recovered significantly from the depths of US\$3.9bn outflow in July 2022 (average monthly deficit in 2023: US\$1.3bn) remains a far cry from the US\$3.2bn monthly surplus in 2019.
- Consequently, the tourism fundamentals for the THB has a long road to recovery in order to durably buffer on-going policy dissonances between the PM and the BoT.

FX Daily Outlook

- EUR/USD: US exceptionalism imply sideways for the EUR even as oil remains a 1.08 backstop.
- USD/JPY: Buoyancy above 150 while testing of 151 may fall short on opportunistic JPY bulls.
- USD/SGD: Consolidation above 1.34 and below mid-1.34 to persist barring CNH shocks.
- AUD/USD: CPI outperformance to allow brief rallies but fall short of retaking 66 cents.

TODAY'S EVENTS

(AU) CPI YoY (Jan): (Mkt: 3.6%; Dec: 3.4%) | (US) GDP Annualized QoQ (4Q S): (Mkt: 3.3%; prelim: 3.3%) | (US) Wholesale Inventories MoM (Jan P): (Mkt: 0.2%; Dec: 0.4%)

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