

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.73	150.57	+0.00	+0.27
EUR	1.0823	1.0848	+0.0000	+0.0029
AUD	0.6509	0.6535	+0.0000	▼0.0016
SGD	1.3457	1.3446	+0.0000	+0.0006
CNY	7.1992	7.1975	+0.0000	+0.0063
INR	82.92	82.90	+0.00	▼0.07
IDR	15688	15630	+0	▼5
MYR	4.7634	4.7785	+0.0000	▼0.0158
PHP	56.26	56.09	+0.00	+0.13
THB	36.04	36.11	+0.00	+0.26

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.283%	+0.0 bp	▼3.5 bp
JPY (10YR)	0.702%	+0.0 bp	▼2.4 bp
EUR* (10YR)	2.440%	+0.0 bp	▼1.0 bp
AUD (5YR)	3.780%	+0.0 bp	+0.0 bp
SGD (5YR)	3.028%	+0.0 bp	+1.0 bp
CNY (5YR)	2.231%	+0.0 bp	▼5.2 bp
INR (5YR)	7.076%	+0.0 bp	+1.4 bp
IDR (5YR)	6.500%	+0.0 bp	▼1.2 bp
MYR (5YR)	3.595%	+0.0 bp	+3.5 bp
PHP (5YR)	6.095%	+0.0 bp	+1.2 bp
THB (5YR)	2.246%	+0.0 bp	▼0.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,069.23	+0.00%	+1.18%
N225 (JP)	39,233.71	+0.00%	+2.54%
STOXX 50 (EU)	4,864.29	+0.00%	+1.86%
ASX (AU)	4,190.80	+0.00%	+0.25%
STI (SG)	3,171.12	+0.00%	▼1.43%
SHCOMP (CN)	2,977.02	+0.00%	+0.88%
SENSEX (IN)	72,790.13	+0.00%	+0.23%
JSE (ID)	7,283.82	+0.00%	▼0.89%
KLSE (MY)	1,547.60	+0.00%	▼0.31%
PSE (PH)	6,891.49	+0.00%	▼0.09%
SET (TH)	1,398.14	+0.00%	+0.33%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.64	+0.00%	▲0.14%
COPPER (LME)	8,361.50	+0.00%	▲1.12%
IRON ORE (CN)	124.50	+0.00%	▲0.61%
GOLD	2,031.88	+0.00%	+0.29%
OIL (WTI)	77.64	+0.00%	▼0.35%

Three Take-Aways:

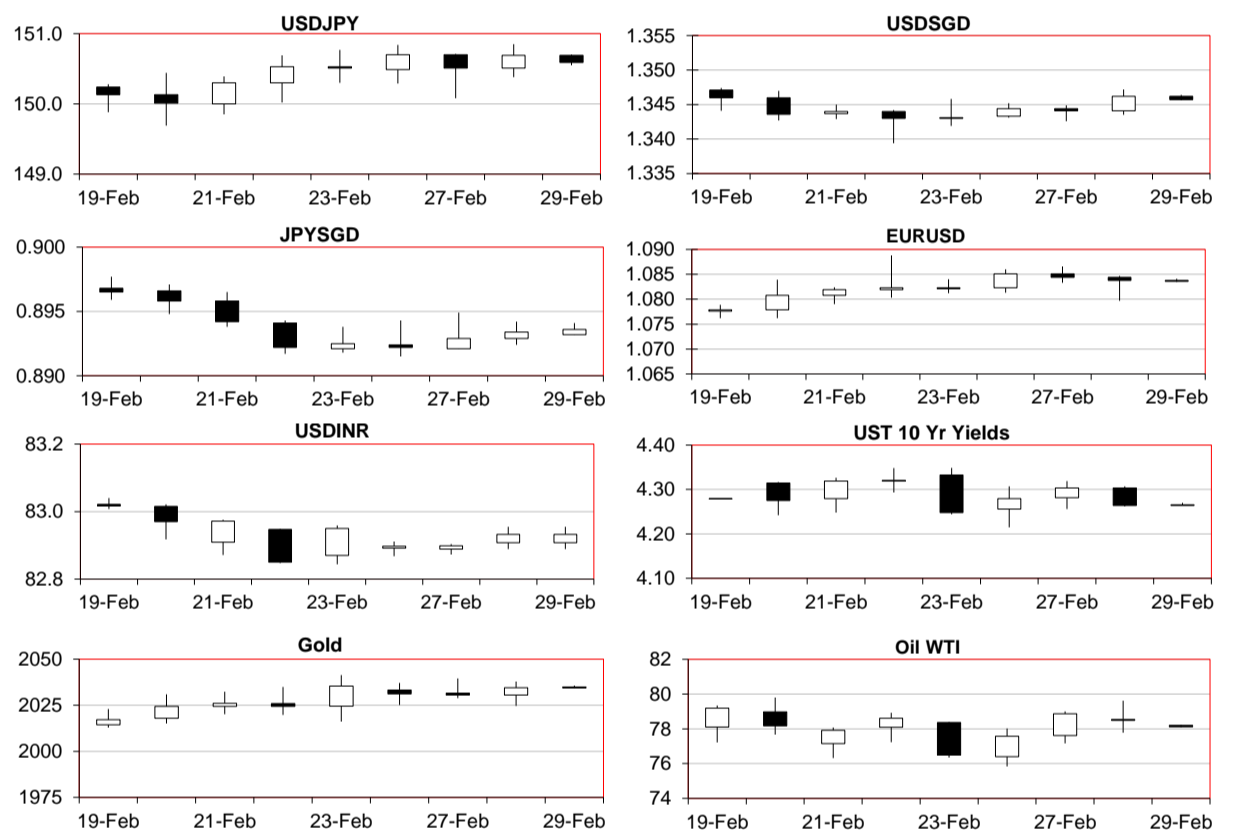
- 1) US GDP downward revision paint mixed picture with lower inventories and higher consumption.
- 2) Amid RBNZ's dovish hold, USD retains traction despite lower UST yields focusing on cuts in Fed'speak.
- 3) Indonesia CPI in February set to show sticky aspects amid worrying food inflation.

Revisions and Reflections

- Second update of **US GDP was revised downwards** on lower private inventory investment and federal government spending. This in part reflecting business caution, may not have been outright pessimism on growth as **consumer spending was revised upwards**.
- Notably, the **GDP price deflator was revised upwards** as well.
- On balance, **markets retained a cautious tone** as US equities sold off as Nasdaq led losses with 0.6% drop and the S&P500 and Dow declined 0.2% and 0.1% respectively.
- Amid likely haven flows and earlier RBNZ's dovish hold, USTs honed in on a deluge of Fed'speak to send **yields heading lower with a bull steepener (2Y:-5.6bp; 10Y:-3.9bp)**.
- While Fed officials Bostic, Collins and Williams communicated the need to **stay patient in the near term**, markets hankered for information on rate cuts.
- While New York Fed President Williams stated that officials can **think** about cutting rates later this year, Boston Fed President Susan Collins espoused a **"methodical, forward-looking"** approach to reducing rates when it **becomes appropriate to begin easing policy later this year**.
- While it is commendable to provide policy certainty in a bumpy inflation path, practically policy **communications would have to navigate dissociating methodical with mechanical** and consequently an uphill task to distance from market bets of consecutive cuts after the first cut.
- **Despite lower UST yields, the Greenback remains bid**, gaining against all G10 peers. The Kiwi suffering a 1.2% decline after markets saw dovish hold, nonetheless **RBNZ Governor this morning has already pushed back against markets pricing for cut this year**. This NZD weakness spillover to AUD which declined 0.7% to 65 cents which also faced CPI print surprising to the downside.
- EUR remains pressured below mid-1.08 despite recovering from testing 1.08.
- USD/JPY is still buoyed above mid-150. In EM-Asia, USD/SGD rose above mid-1.34.

OVERNIGHT RESULTS

(AU) CPI YoY (Jan): 3.4% (Mkt: 3.6%; Dec: 3.4%) | (US) GDP Annualized QoQ (4Q S): 3.2% (Mkt: 3.3%; prelim: 3.3%) | (US) Wholesale Inventories MoM (Jan P): -0.1% (Mkt: 0.2%; Dec: 0.4%) |

Past Two Weeks Movement

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.65	EUR/USD	1.0838
USD/SGD	1.3460	USD/THB	35.97
JPY/SGD	0.8935	USD/MYR	4.771

Forecast

USD/JPY	149.80	-	151.00
EUR/USD	1.0800	-	1.0890
AUD/USD	0.6480	-	0.6560
USD/SGD	1.3420	-	1.3490
JPY/SGD	0.8887	-	0.9005
USD/CNH	7.2100	-	7.2180
USD/INR	82.90	-	83.00
USD/IDR	15620	-	15690
USD/MYR	4.755	-	4.790
USD/PHP	56.00	-	56.40
USD/THB	35.80	-	36.30

Today's Direction

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

Indonesia: Price Undercurrents

- February inflation data tomorrow will likely show **benign inflation around January's 2.6% print**, which however, **belies a volatile food inflation** which averaged at 4.9% in 2023 and came in at 5.8% in January 2024.

- Notably, food inflation was the largest contributor to headline inflation after adjusting for base effects on transport costs due to fuel hike in Sep'22, contributing an average of 1.2pp to overall headline number in 2023. BI's recent remarks that it was targeting volatile food inflation around 5% suggests **concerns that further food dis-inflation may not be as forthcoming amid lingering risk of resurgent food price pressures** from dry weather pattern induced by El Nino.

- The introduction of cash handouts and extensions of rice handouts underscore the severe impact of food inflation. The consolation is that **inflation appears rather contained to food**, with **core inflation edging down steadily**. Therefore, while it warrants close monitoring, high food inflation alone is unlikely to trigger a hike from BI, as headline inflation remains within target. BI is attuned to IDR in order to manage imported inflation, especially as their **current account deficit of 0.4% of GDP in Q4 2023 could potentially widen and pose IDR headwinds**.

- While goods balance surplus improved in Q4 2023 on the back of higher commodity exports led by coal, the improvement was dragged by higher import expenditure on mineral fuels and food.

- The improvement to goods surplus was insufficient to negate a wider services and primary income deficit. The former is partly driven by higher transport costs while the latter arose from an acceleration of outflows in equity capital income.

FX Daily Outlook

- EUR/USD: US PCE deflator implies sideways EUR with slippages more likely.
- USD/JPY: Buoyant retail sales aid the case for JPY bulls to restrain rallies above 151.
- USD/SGD: Rallies to 1.35 remain constrained amid lower UST yields.
- AUD/USD: Dented CPI print and growth worries set stage for consolidation below mid-65 cents.

TODAY'S EVENTS

(JP) Retail Sales YoY (Jan): 2.3% (Mkt: 2.0%; Dec: 2.3%) | (JP) Industrial Production YoY (Jan P):-1.5% (Mkt: -1.6%; Dec: -1.0%) | (AU) Retail Sales MoM (Jan): (Mkt: 1.5%; Dec: -2.7%) | (IN) GDP YoY (4Q): (Mkt: 6.6%; 3Q: 7.6%) | (TH) BoP CA Balance (Jan): (Mkt: -\$422m; Dec:\$2107m) | (TW) GDP YoY (4Q P): (Mkt: 5.1%; adv.: 5.1%) | (TW) Industrial production YoY (Jan): (Mkt: 10.9%; Dec: -4.0%) | (VN) Trade Balance (Feb): (Mkt: \$1500m; Jan: \$2920m) | (VN) Industrial Production YoY (Feb): (Jan: 18.3%) | (VN) Retail Sales YoY (Feb): (Jan: 8.1%) | (VN) CPI YoY (Feb): (Mkt: 3.4%; Jan: 3.4%) | (US) Initial Jobless/Continuing Claims: (Mkt:210k/1874k; prev: 201k; 1862k) | (US) MNI Chicago PMI (Feb): (Mkt: 48.0; Jan: 46.0) | (US) PCE/Core Deflator YoY (Jan): (Mkt: 2.4%/2.8%; Dec: 2.6%/2.9%) | (US) Personal Spending/Income (Jan): (Mkt: 0.2%/0.4%; Dec: 0.7%/0.3%)

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