

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.49	150.12	+0.14	▼0.39
EUR	1.0814	1.0837	+0.0032	+0.0016
AUD	0.6504	0.6527	+0.0030	▼0.0035
SGD	1.3460	1.3439	▼0.0017	+0.0008
CNY	7.1982	7.1968	+0.0082	+0.0004
INR	82.88	82.91	▼0.01	▼0.05
IDR	15705	15700	▼15	+105
MYR	4.7404	4.7460	+0.0032	▼0.0313
PHP	56.02	56.03	▼0.18	+0.11
THB	35.94	35.95	+0.08	▼0.17

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.180%	▼7.0 bp	▼6.8 bp
JPY (10YR)	0.717%	+0.8 bp	▼0.3 bp
EUR* (10YR)	2.414%	+0.3 bp	+5.1 bp
AUD (5YR)	3.759%	+0.9 bp	▼7.2 bp
SGD (5YR)	3.050%	+1.5 bp	▼2.6 bp
CNY (5YR)	2.255%	+3.3 bp	▼0.6 bp
INR (5YR)	7.082%	+0.8 bp	▼0.5 bp
IDR (5YR)	6.500%	+0.9 bp	+0.4 bp
MYR (5YR)	3.586%	▼0.5 bp	▼1.3 bp
PHP (5YR)	6.081%	▼0.5 bp	▼1.1 bp
THB (5YR)	2.260%	+0.1 bp	+1.4 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,087.38	+0.23%	▼0.11%
N225 (JP)	39,910.82	+1.90%	+2.08%
STOXX 50 (EU)	4,894.86	+0.35%	+0.46%
ASX (AU)	4,197.12	+0.81%	▼0.13%
STI (SG)	3,135.76	▼0.19%	▼1.54%
SHCOMP (CN)	3,027.02	+0.39%	+0.74%
SENSEX (IN)	73,745.35	+1.72%	+0.82%
JSE (ID)	7,311.91	▼0.06%	+0.23%
KLSE (MY)	1,538.02	▼0.87%	▼0.72%
PSE (PH)	6,919.59	▼0.36%	+0.09%
SET (TH)	1,367.42	▼0.24%	▼2.20%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	277.11	+0.74%	+2.32%
COPPER (LME)	8,416.00	+0.17%	▲0.70%
IRON ORE (CN)	114.66	▲8.17%	▲8.66%
GOLD	2,082.92	+1.89%	+2.33%
OIL (WTI)	79.97	+2.19%	+4.55%

**Three Take-Aways:**

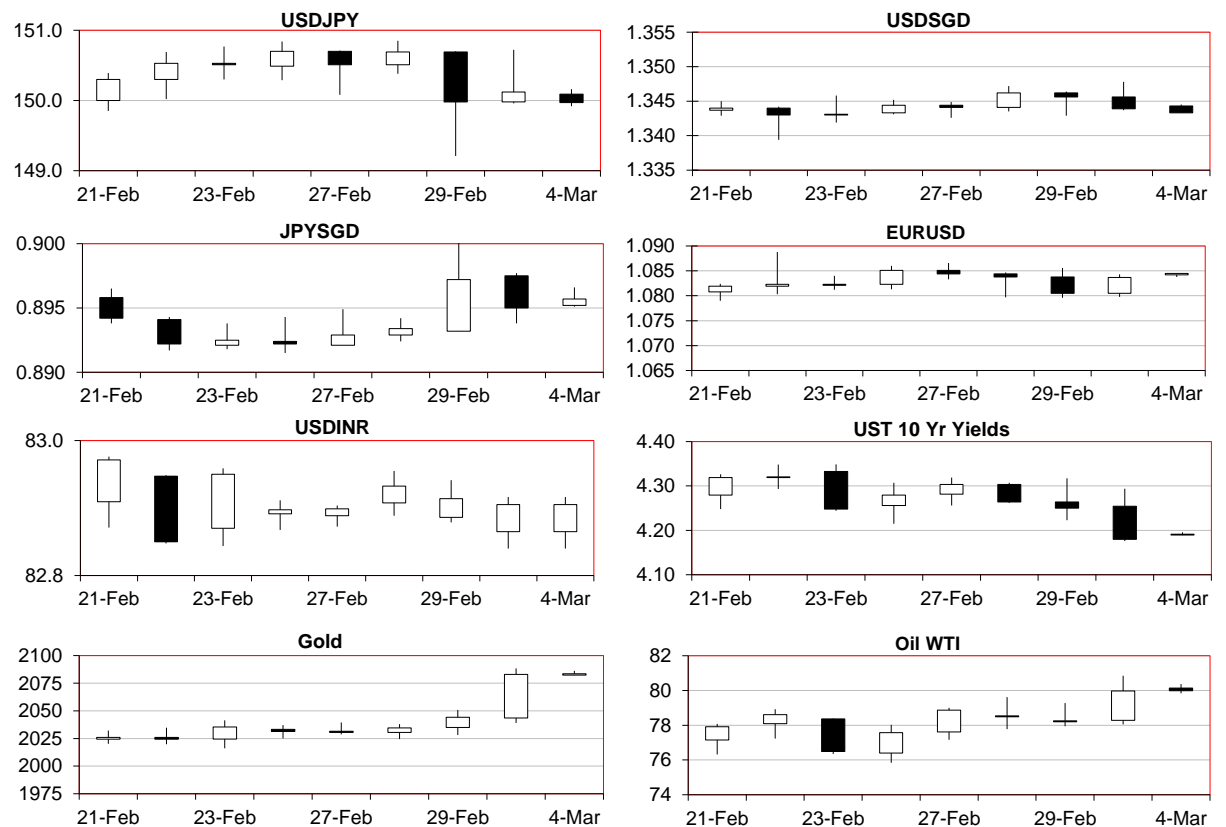
- 1) Dovish Fed speak buoyed US equities and sent UST yields lower in turn softening the USD.
- 2) Dismal US ISM and consumer sentiments being revised lower raises caution on growth.
- 3) Australia Q4 GDP set to slow which in turns limits room for RBA hawks and AUD bulls.

**Bumpy March**

- **US equities marched higher** on Fed speak as Nasdaq led gains with 1.1% rise while the S&P500 and Dow gained 0.8% and 0.2% respectively.
- While a push back against near term cuts is anything but new, the **barrage of Fed speak reveal some underlying optimism and leaned dovishly to send UST yields lower** with a bull steepener.
- Policy Confidence: Fed's Kugler displayed cautious optimism about **avoiding a wage price spiral and having dis-inflation without significant labour market pains**.
- Quantitative Tightening (QT) Balancing: Fed's Waller favours a **shift towards a larger share of short term treasuries in the Fed's portfolio**.
- The implication of **keeping near term borrowing cost lower relative to long term ones** may have aided in UST yield curve steepening. (2Y: -8.7bp; 10Y: -7bp)
- QT Speed: Fed's Logan stated that it would be appropriate to slow pace of balance sheet reduction.
- Noise: Fed's Goolsbee said he won't be surprised if we found out there was a lot of **noise** in the January inflation data. He added that the longer we stay higher... we might have to **stay thinking about the employment side of the mandate**. Actually, **lower than expected US ISM manufacturing to downwardly revised consumer sentiments does warrant some thinking**.
- In the meantime, **USD softened** on lower UST yields. EUR approaching mid-1.08 as EZ CPI surprised on the upside while USD/JPY slipped back towards 150.
- In EM-Asia, USD/SGD fell back below mid-1.34. AUD's recovery towards mid-65 appear stretched.
- Meanwhile, Brent crude has US\$84/barrel in sight as OPEC+ extends production in a reminder that headline dis-inflation might be harder to come by from energy prices to setup a bumpy March.

**OVERNIGHT RESULTS**

(ID) CPI YoY (Feb): 2.85 (Mkt: 2.6%; Jan: 2.6%) | (CH) Manufacturing/Non-Mfg PMI (Feb): 49.1/51.4 (Mkt: 49.0/50.7; Jan: 49.2/50.7) (EZ) CPI/Core YoY (Feb): 2.6%/3.1% (Mkt: 2.5%/2.9%; Jan: 2.8%/3.3%) (US) Kansas City Fed Manufacturing (Feb): -4 (Mkt: -2; Jan: -9) (US) ISM Mfg/ Prices Paid: 47.8/52.5 (Mkt: 49.5/53.2; Jan: 49.1/52.9) | (US) Uni of Michigan Sentiment/1yr/5-10Y inflation expectations (Feb F): 76.9/3.0%/2.9% (Mkt: 79.6/3.0%/2.9%; Prelim: 79.6/3.0%/2.9%)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	150.13	EUR/USD	1.0842
USD/SGD	1.3439	USD/THB	35.82
JPY/SGD	0.8952	USD/MYR	4.745

**Forecast**

USD/JPY	149.50 - 150.80
EUR/USD	1.0780 - 1.0870
AUD/USD	0.6480 - 0.6570
USD/SGD	1.3400 - 1.3470
JPY/SGD	0.8886 - 0.9010
USD/CNH	7.2050 - 7.2200
USD/INR	82.70 - 83.00
USD/IDR	15650 - 15730
USD/MYR	4.715 - 4.760
USD/PHP	55.90 - 56.40
USD/THB	35.80 - 36.30

**Today's Direction**

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

**Australia Q4 GDP: Slowing**

- We expect Australia Q4 GDP is to **slow from Q3's GDP print of 2.1% to around 1.4%** with **seasonally adjusted sequential momentum growth maintained at a similar pace of 0.2% to Q3**.
- Nonetheless, we expect **significant downside risks of the QoQ SA print ending up a contraction** joining the likes of Germany, Japan, Malaysia and Thailand.
- First, real retail sales volumes continue to expand in Q4 2024 from Q3, albeit at a small **0.3% QoQ** on a seasonally adjusted basis. While food retailing, household goods saw robust demand, drags came from lower spending for clothing and footwear and cafes and restaurant services continue to post questions on the slowing of the services sector.
- Furthermore, retail sales volumes are still **1.2% lower** than a year ago, though still an improvement from Q3's -1.8% YoY. The relative weakness should not be surprising given the household savings buffer erosion and fading of pent-up demand.
- Second, real capital expenditure from both mining and non-mining sectors continued to grow, albeit at a slower pace will be supportive of growth. Meanwhile, construction sector growth as value of work done saw a mild **0.6% QoQ expansion**.
- Third, after the Q3 slump, **external demand for commodities picked up boosting exports of iron ore, coal and metals in Q4**. Consequently, **overall net exports will be supportive of growth** as goods import expenditure stayed flat. All in, while there are underlying sectors of growth, slowing household spending and diminished savings is to be watched for in this release.

**FX Daily Outlook**

- EUR/USD: EZ inflation upside looks a feeble push for rallies to 1.09.
- USD/JPY: BoJ caution continues to impart buoyancy above mid-149.
- USD/SGD: China focus unlikely to inspire sub-1.34 slippages.
- AUD/USD: Growth concerns inhibit AUD bulls' attempts to rally to 66 cents.

**TODAY'S EVENTS**

(KR) Industrial Production (Jan): 12.9% (Mkt: 10.0%; 6.2%)  
 (AU) Building Approvals MoM (Jan): -1.0% (Mkt: 4.0%; Dec: -9.5%)  
 (EZ) Sentix Investor Confidence (Mar): (Feb: -12.9)  
 ECB's Holzmann Speaks

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