

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	150.44	150.05	▼0.48	▼0.46
EUR	1.0845	1.0857	+0.0001	+0.0013
AUD	0.6484	0.6503	▼0.0007	▼0.0041
SGD	1.3443	1.3428	▼0.0006	▼0.0013
CNY	7.1991	7.1965	▼0.0024	▼0.0014
INR	82.92	82.90	+0.00	▼0.00
IDR	15779	15769	+29	+129
MYR	4.7326	4.7352	+0.0127	▼0.0258
PHP	55.97	55.97	▼0.01	▼0.12
THB	35.87	35.82	+0.00	▼0.01

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.153%	▼6.1 bp	▼15.1 bp
JPY (10YR)	0.707%	▼1.2 bp	+1.4 bp
EUR* (10YR)	2.323%	▼6.9 bp	▼14.1 bp
AUD (5YR)	3.725%	▼0.3 bp	▼4.1 bp
SGD (5YR)	3.006%	▼0.5 bp	▼1.9 bp
CNY (5YR)	2.228%	▼1.5 bp	▼1.6 bp
INR (5YR)	7.081%	▼0.2 bp	+0.0 bp
IDR (5YR)	6.521%	+2.4 bp	+3.0 bp
MYR (5YR)	3.569%	▼0.5 bp	▼2.5 bp
PHP (5YR)	6.080%	+0.0 bp	+0.4 bp
THB (5YR)	2.245%	▼0.5 bp	+0.6 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,585.19	▼1.04%	▼0.99%
N225 (JP)	40,097.63	▼0.03%	+2.19%
STOXX 50 (EU)	4,893.07	▼0.40%	+0.15%
ASX (AU)	4,177.42	+0.08%	▼0.33%
STI (SG)	3,107.10	▼0.48%	▼1.59%
SHCOMP (CN)	3,047.79	+0.28%	+1.07%
SENSEX (IN)	73,677.13	▼0.26%	+0.80%
JSE (ID)	7,247.46	▼0.40%	▼0.52%
KLSE (MY)	1,536.98	▼0.15%	▼1.40%
PSE (PH)	6,905.46	▼0.66%	+0.65%
SET (TH)	1,359.26	▼0.24%	▼2.47%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.83	▲0.53%	▲0.24%
COPPER (LME)	8,400.75	▲0.65%	+0.30%
IRON ORE (CN)	116.06	▲0.83%	▲7.13%
GOLD	2,128.04	+0.64%	+4.80%
OIL (WTI)	78.15	▼0.75%	▼0.91%

Three Take-Aways:

- 1) China chills complicit in US equities slump. Weak AUD and restrained SGD reflect NPC sentiments .
- 2) Impending Fed pushback on rate cut expectation keeping bets by the sideline.
- 3) BNM to stand pat amid pipeline upside inflation risks from administrative measures.

Bull in a China Shop or China in a Bull Shop?

- The point worth making is that bulls do not always have a monopoly on breaking things. - Fact is, **bulls defying China fragilities** (a theme that has endured for a while now) is **not only awkward, but also precarious insofar that China risks can break bulls**. - And a bit of that appears to have taken place as equities slumped (S&P: -1%) led by tech (Nasdaq: -1.7%); paying back for earlier exuberance. **Excuses for profit-taking is not ignored here**. But the **complicity of China chills is obvious**. *Apple's ongoing China woes* (sales dropping 24%), *Tesla's swooning China shipments* and *AMD facing restriction on sales of AI chips to China*, all hammered respective stocks; dragging tech. Clearly, the unimpressive, if not somewhat disappointing stimulus plans in the NPC is at least partly to blame.

China: Of Selling & Not Buying

- *And while China is selling economic resilience, if not, rejuvenation, no one is buying as yet.* - **Of concern is the frugality of stimulus** measures and signals embedded in the NPC. Specifically, the "around 5%" growth target, while optically unchanged, is **effectively a higher bar**.

- **Only without the benefit of identifiable, significant stimulus ramp-up.**

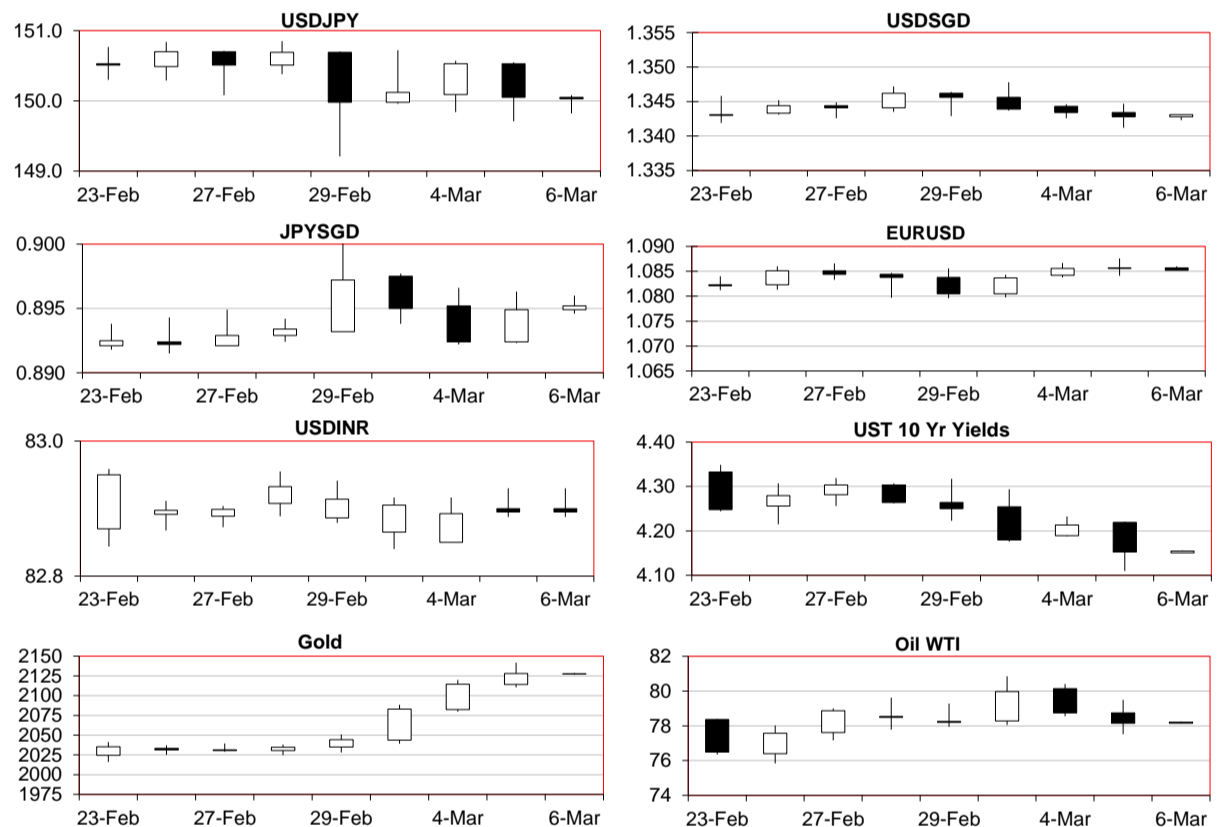
- Point being, the 5% ballpark now lacks post-pandemic tailwinds (of sudden demand rebound impulse) and contends with a less flattering base.

- Meanwhile, the **3% fiscal deficit target does not sufficiently compensate for inherent monetary stimulus restraints** (given conflicting objectives for currency and financial stability).

- Even the **additional 0.8%-pt of GDP boost from CNY1trln of New Special Sovereign debt is conditional on spending target and horizon.**

OVERNIGHT RESULTS

(PH) CPI YoY (Feb): 3.4% (Mkt: 3.1%; Jan: 2.8%) | (TH) CPI/Core YoY (Feb): -0.8%/0.4% (Mkt: -0.8%/0.5%; -1.1%/0.5%) | (CH) Caixin PMI Services (Feb): 52.5 (Mkt: 52.9; Jan: 52.7) | (SG) Retail Sales/Ex Auto YoY (Jan): 1.3%/-2.1% (Mkt: 7.1%/--; Dec: -0.4%/-1.5%) | (EZ) PPI YoY (Jan): -8.6% (Mkt: -8.1%; Dec: -10.6%) | (US) ISM Services Index/Prices Paid (Feb): 52.6/58.6 (Mkt: 53.0/62.0; Jan: 53.4/64.0) | (US) Durable Goods Orders/Non def Ex Air (Jan F): -6.2%/0.0% (Mkt: -6.1%/--; Prelim: -6.1%/0.1%)

Past Two Weeks Movement

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	150.03	EUR/USD	1.0856
USD/SGD	1.3430	USD/THB	35.78
JPY/SGD	0.8952	USD/MYR	4.742

Forecast

USD/JPY	149.50 - 150.50
EUR/USD	1.0780 - 1.0880
AUD/USD	0.6480 - 0.6570
USD/SGD	1.3400 - 1.3470
JPY/SGD	0.8904 - 0.9010
USD/CNH	7.2050 - 7.2200
USD/INR	82.80 - 83.00
USD/IDR	15690 - 15780
USD/MYR	4.720 - 4.760
USD/PHP	55.90 - 56.40
USD/THB	35.70 - 36.10

Today's Direction

	Bull	Bear
USD/SGD	1	5
USD/JPY	0	6

- That the CNH has averted selling is not the barometer of NPC sentiments; rather AUD struggling for 0.65 traction and limited SGD upside are the give-away.

Fed Wait (& Whet)

- **Ahead of Fed Chair Powell's testimony** to the Senate. **caution** is further **reinforced**; during the wait to see if risk appetite may be whet again. In particular, as he is **expected to push back on imminent and assured rate cuts bets**.

- Arguably, there is **room to trade any expectations gap or glimmers of hope** ex-post. Nevertheless no rush to aggressively extend positioning prior.

- For now, **USD is mostly sideways as backstop from caution/risk off** is partly **offset by larger than expected ISM Services deceleration**. With EUR buoyancy aided by ECB restraint bets and softer UST yields; the latter inducing sub-150 USD/JPY slip.

BNM: Ringgit Space

- The BNM is, in all likelihood, **set to hold rates steady**. And that is diminished political risk premium in the ringgit alleviates policy tensions amid pipeline inflation risks from administrative measures such as services taxes and wage pilot scheme.

- Point being, while BNM's policy stance was arguably appropriate for the growth-inflation risk balance, earlier ringgit sell-off was a bugbear bearing down on policy.

- But with diminished political risk premium boosting ringgit (MYR up >1% vs. SGD since late-Feb) in relative terms, BNM will not be forced to react to currency risks.

FX Daily Outlook

- EUR/USD: Powell speech to set tone for sideways trading on both sides of mid-1.08.

- USD/JPY: Softer UST yields may restrain recovery above mid 150.

- USD/SGD: Uninspiring NPC to restrain slippage below 1.34.

- AUD/USD: Potential GDP slippage to pullback attempts to test mid-65 cents

TODAY'S EVENTS

(AU) GDP YoY (4Q): 1.5% (Mkt: 1.5%; 3Q: 2.1%) | (KR) CPI/Core YoY (Feb): 3.1%/2.5% (Mkt: 3.0%/2.5%; Jan: 2.8%/2.5%)

(EZ) Retail Sales YoY (Jan): (Mkt: -1.3%; Dec: -0.8%) | (US) ADP Employment Change (Feb): (Mkt: 150k; Jan: 107k)

(US) JOLTS Jobs Openings (Jan): (Mkt: 8850k; Dec: 9026k)

Fed Chair Powell Speaks

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