

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	149.54	149.38	▼0.67	▼1.31
EUR	1.0862	1.0899	+0.0042	+0.0061
AUD	0.6518	0.6564	+0.0061	+0.0068
SGD	1.3412	1.3388	▼0.0040	▼0.0074
CNY	7.1993	7.1975	+0.0010	▼0.0005
INR	82.90	82.83	▼0.07	▼0.10
IDR	15714	15700	▼69	+15
MYR	4.7285	4.7323	▼0.0029	▼0.0387
PHP	55.87	55.88	▼0.09	▼0.36
THB	35.71	35.69	▼0.12	▼0.36

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.102%	▼5.0 bp	▼16.2 bp
JPY (10YR)	0.717%	+1.0 bp	+1.7 bp
EUR* (10YR)	2.322%	▼0.1 bp	▼13.7 bp
AUD (5YR)	3.662%	▼6.3 bp	▼11.8 bp
SGD (5YR)	2.994%	▼1.2 bp	▼4.9 bp
CNY (5YR)	2.188%	▼4.0 bp	▼3.5 bp
INR (5YR)	7.071%	▼1.0 bp	▼0.5 bp
IDR (5YR)	6.501%	▼2.0 bp	+2.3 bp
MYR (5YR)	3.557%	▼1.2 bp	▼3.7 bp
PHP (5YR)	6.081%	+0.1 bp	+0.4 bp
THB (5YR)	2.239%	▼0.6 bp	▼1.4 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,661.05	+0.20%	▼0.74%
N225 (JP)	40,090.78	▼0.02%	+2.25%
STOXX 50 (EU)	4,915.49	+0.46%	+0.65%
ASX (AU)	4,199.15	+0.52%	+0.95%
STI (SG)	3,136.14	+0.93%	▼0.09%
SHCOMP (CN)	3,039.93	▼0.26%	+2.77%
SENSEX (IN)	74,085.99	+0.55%	+2.46%
JSE (ID)	7,329.80	+1.14%	+0.02%
KLSE (MY)	1,531.51	▼0.36%	▼0.91%
PSE (PH)	6,878.54	▼0.39%	+0.03%
SET (TH)	1,370.55	+0.83%	▼0.83%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	278.12	+0.83%	+1.04%
COPPER (LME)	8,484.25	+0.99%	+1.55%
IRON ORE (CN)	116.99	+0.80%	▲6.27%
GOLD	2,148.18	+0.95%	+5.59%
OIL (WTI)	79.13	+1.25%	+0.75%

**Three Take-Aways:**

- 1) Powell's unexpected allusion to dialling back tighter banking capital plans fired up pivot-type "risk on".
- 2) Mainly, from anticipated liquidity boost. Admittedly, Powell's not turning hawkish on hotter CPI helped.
- 3) Post-Powell, the ECB better poised for relatively more hawkish hunker; underpinning dampened USD.

**Show Me the Money!**

- Turns out, Fed Powell's testimony to the Senate was an **inadvertent and unexpected acquiescence to markets' incessant demand of "show me the money!"**. *Show the money, he did*; as equities rallied alongside long-end led bonds (10Y: -5bp to 4.1%).

- To be sure, **post-Powell testimony "risk on"** had all the hallmarks of "pivot"-type response. That is, equities rising whilst UST yields and USD eased. **But** this "risk on" move **predominantly not from dovish relief** that fired up "pivot bets".

- Instead, it is ostensibly driven by **anticipated liquidity relief from the implied dialling back of planned tightening in banking capital requirements**. Specifically, owing to **unexpected comments conceding** that **"broad and material changes"** were probably required with respect to plans for tighter banking capital. Effectively, this appears to be the Fed relenting to campaigns by major banks against the plans for tightening capital requirements from mid-2024.

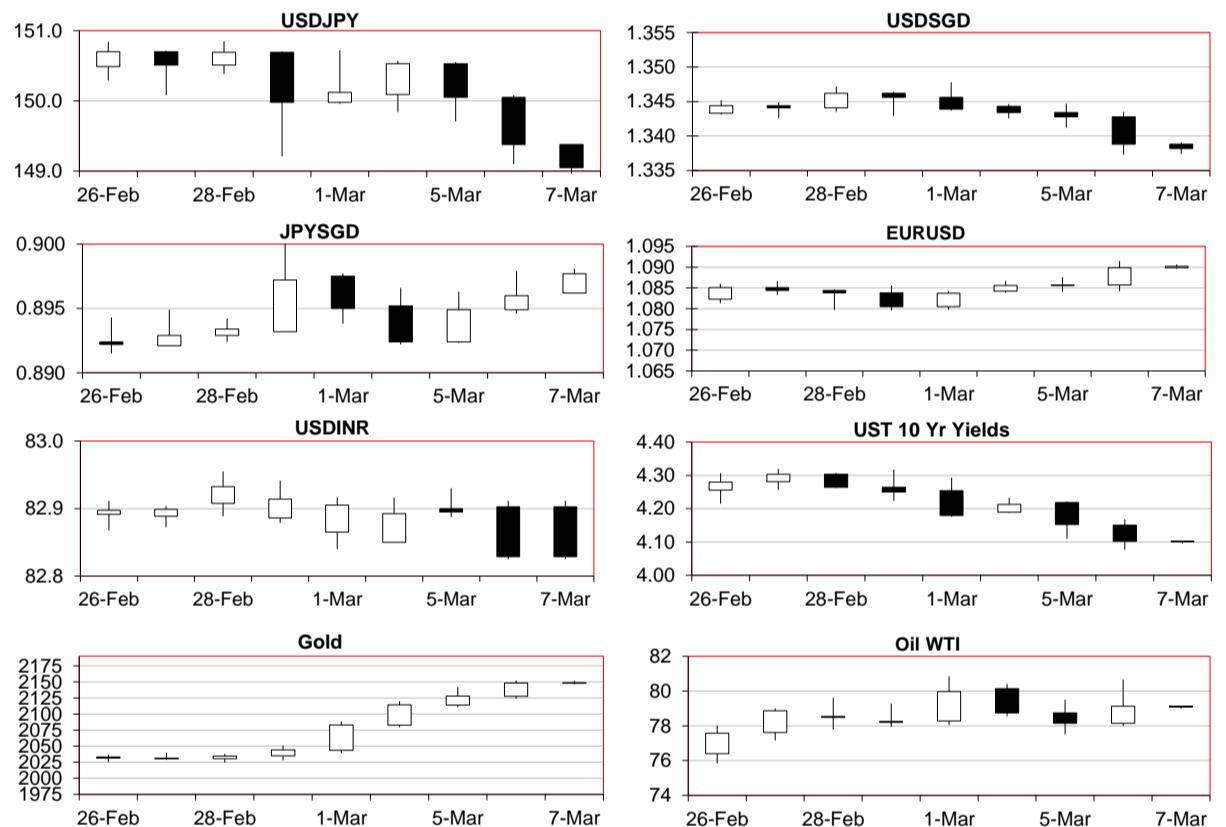
- Admittedly, **Fed Powell keeping to his pre-CPI guidance**, rather than sounding marginally more hawkish, helped reinforce the "pivot-type" positions. Allusion to **"carefully and thoughtfully" calibrated rate cuts becoming "appropriate .. at some point this year"** was perhaps **meaningful assurance**. Especially in mitigating more hawkish views, such as Fed Kaskari who trimming rate cut prospects to two or fewer cuts; as opposed to three in the 'Dot Plot'.

- Upshot being, it appears that, markets get some relief for the time being that hotter/sticker inflation prints have not deterred rate cut plans significantly. By comparison, the **ECB** (more below) **could enjoy relatively more hawkish perceptions vis-a-vis Fed Chair Powell**; possibly underpinning EUR (1.09+) traction. And AUD may get to retain the jump it enjoyed (to high-0.65) amid softer UST yields and positive risk sentiments. Although measured CNH gains my check further rallies.

**OVERNIGHT RESULTS**

(EZ) Retail Sales YoY (Jan): -1.0% (Mkt: -1.3%; Dec: -0.8%) | (US) ADP Employment Change (Feb): 140k (Mkt: 150k; Jan: 107k)

(US) JOLTS Jobs Openings (Jan): 8863k (Mkt: 8850k; Dec: 9026k)

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

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

USD/JPY	149.27	EUR/USD	1.0899
USD/SGD	1.3385	USD/THB	35.64
JPY/SGD	0.8967	USD/MYR	4.718

**Forecast**

USD/JPY	148.50 - 150.00
EUR/USD	1.0780 - 1.0910
AUD/USD	0.6480 - 0.6620
USD/SGD	1.3360 - 1.3420
JPY/SGD	0.8907 - 0.9037
USD/CNH	7.2050 - 7.2200
USD/INR	82.70 - 83.00
USD/IDR	15650 - 15750
USD/MYR	4.710 - 4.750
USD/PHP	55.80 - 56.10
USD/THB	35.60 - 35.90

**Today's Direction**

	Bull	:	Bear
USD/SGD	2	:	3
USD/JPY	2	:	3

- Elsewhere, **BNM** also gets to enjoy the breathing space from a softer USD to hold policy, whilst having the option to flag scope to ease in coming months.

**ECB: Summer Heat?**

- While it is still winter in Europe, the ECB is locked in for a **rate hold on 7 March** and **faces summer heat with overnight swaps pricing in a 62% chance of a 25bp cut in June**.

- Under the heat of poor growth and a Feb upside inflation surprise, **communications have become a disparate affair**. Bundesbank's Nagel while saying that it is fatal to cut rates too early has earmarked next week's forecast as important milestone refraining from specific dates.

- On the other hand, ECB's Kazmir favour **June as a first cut** while April is a surprise and March is a no-go. Simkus struck a similar tone.

- The premise of a June cut is invariably centered on April's wage negotiation outcomes amid wage-price spiral fears with **Q1 wage data being revealed during the ECB's June meet**.

- As such, even if March EZ CPI outturn signals further dis-inflation, it will **affirm a June cut** rather than outrightly move forward the cut to April given the **lack of wage data visibility**.

- Nonetheless, the odds may be that a spring surprise in April cannot be ruled out given the **fragmented growth prospects in the EZ pointing to downside risks on growth**.

- **Retail sales expanding just 0.1% MoM** which was below market expectations continue to reflect stretched consumers as spending on food and fuel expanded to offset fall in spending on non-food products.

**FX Daily Outlook**

- EUR/USD: Lagarde presser likely to ignite summer bets and restrain rallies above mid-1.09.

- USD/JPY: BoJ bets mount to allow shallow sub-149 slippage as UST yields edge lower.

- USD/SGD: Weak USD tone sets up consolidation below 1.34.

- AUD/USD: AUD rallies to see cautious ventures towards 66 cents as growth worries restrain RBA.

**TODAY'S EVENTS**

(AU) Trade Balance (Jan): (Mkt: A\$11500m; Dec: A\$10950m) | (JP) Labour/Real Cash Earnings YoY (Jan): (Mkt: 1.2%/-1.5%; Dec: 0.8%/-2.1%)

| (TW) CPI/Core (Feb): (Mkt: 2.6%/--; Jan: 1.8%/-1.6%) | (CH) Exports/Imports YTD YoY% (Feb): (Mkt: 1.5%/1.5%)

(US) Initial Jobless Claims: (Mkt: 217k; Prev: 215k)

**BNM Policy Meeting | ECB Policy Meeting**

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