

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.89	147.06	▼0.99	▼3.06
EUR	1.0934	1.0939	▼0.0009	+0.0102
AUD	0.6635	0.6624	+0.0004	+0.0097
SGD	1.3324	1.3311	▼0.0021	▼0.0128
CNY	7.1891	7.1873	▼0.0053	▼0.0095
INR	82.79	82.79	+0.00	▼0.12
IDR	15597	15590	▼63	▼110
MYR	4.6910	4.6835	▼0.0217	▼0.0625
PHP	55.59	55.58	▼0.26	▼0.45
THB	35.47	35.42	▼0.16	▼0.52

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.075%	▼0.8 bp	▼10.5 bp
JPY (10YR)	0.735%	+0.4 bp	+1.8 bp
EUR* (10YR)	2.267%	▼3.9 bp	▼14.7 bp
AUD (5YR)	3.638%	▼3.3 bp	▼12.1 bp
SGD (5YR)	2.958%	▼2.6 bp	▼9.2 bp
CNY (5YR)	2.205%	+0.0 bp	▼5.0 bp
INR (5YR)	7.054%	+0.0 bp	▼2.8 bp
IDR (5YR)	6.483%	▼2.4 bp	▼1.7 bp
MYR (5YR)	3.552%	▼0.1 bp	▼3.4 bp
PHP (5YR)	6.082%	▼0.2 bp	+0.1 bp
THB (5YR)	2.221%	▼1.5 bp	▼3.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,722.69	▼0.18%	▼0.93%
N225 (JP)	39,688.94	+0.23%	▼0.56%
STOXX 50 (EU)	4,961.11	▼0.26%	+1.35%
ASX (AU)	4,194.47	▼0.34%	▼0.06%
STI (SG)	3,147.09	+0.42%	+0.36%
SHCOMP (CN)	3,046.02	+0.61%	+0.63%
SENSEX (IN)	74,119.39	+0.00%	+0.51%
JSE (ID)	7,381.91	+0.11%	+0.96%
KLSE (MY)	1,539.86	+0.26%	+0.12%
PSE (PH)	6,942.21	+1.53%	+0.33%
SET (TH)	1,386.42	+1.04%	+1.39%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	276.60	▲0.89%	▲0.18%
COPPER (LME)	8,487.27	▲0.69%	+0.85%
IRON ORE (CN)	116.93	▲1.02%	+1.98%
GOLD	2,178.95	+0.88%	+4.61%
OIL (WTI)	78.01	▼1.17%	▼2.45%

Three Take-Aways:

- 1) US NFP outperformance offset by downward revisions while unemployment rate ticks up.
- 2) Risk sentiments were on the backfoot as US equities fell and UST yields declined.
- 3) Korea semiconductor gains firm but current account remains subject to seasonal wobbles in Q1.

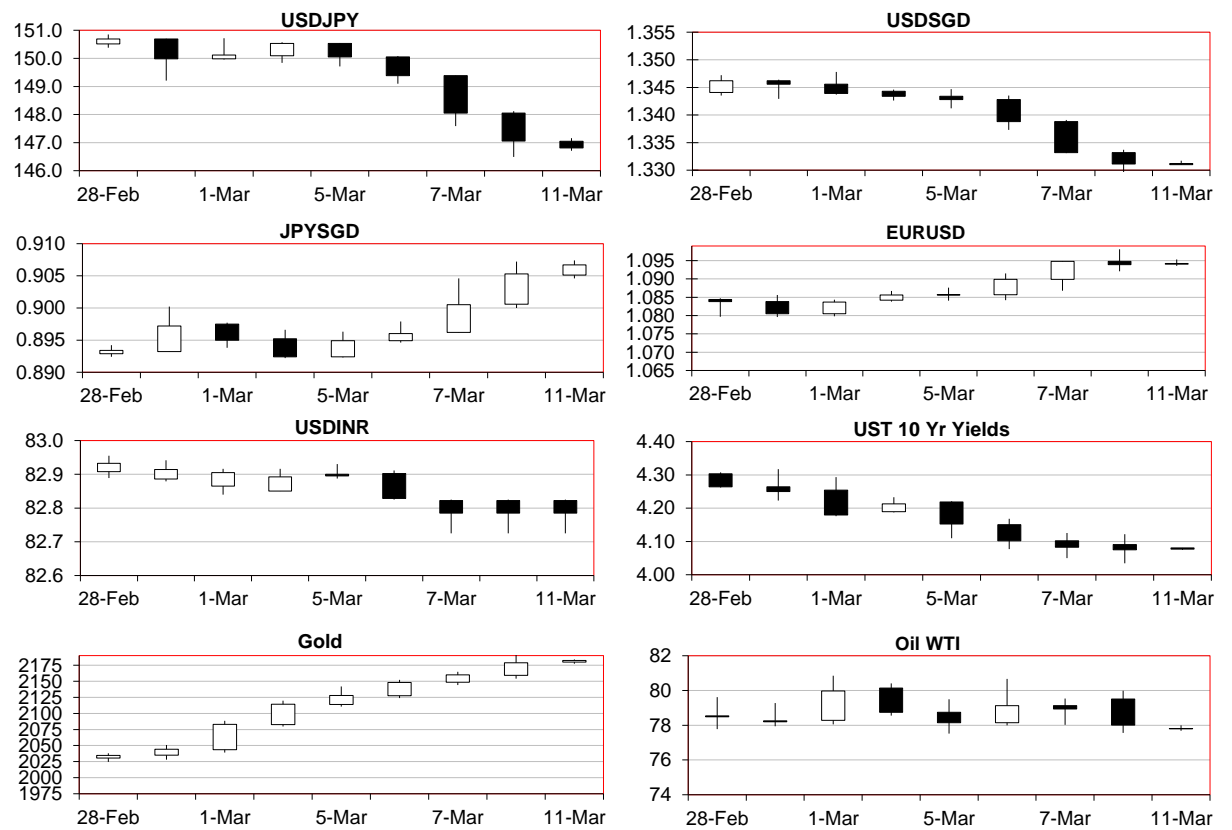
Data Complications

- A 9bps decline for UST 2Y yields around the NFP release for February ended up just 2.8bps lower last Friday is reflective of the **complicated nature of the labour data release**.
- US nonfarm payrolls of 275k exceeded market expectations but any boost to risks sentiments was offset with the revelation that the both December 2023 and January 2024 figures suffered downward revisions amounting to 167k.
- Average hourly earnings MoM also slowed to 0.1% MoM from 0.6% MoM in January.
- US equities fell across the board (Nasdaq: -1.2%; S&P 500: -0.7%; Dow:-0.2%).
- Aside from payrolls data, **unemployment rate rose to 3.9%** even as labour force participation rates declined indicating substantial rise in unemployment. While it is worth a reminder that the NFP and unemployment data are from separate sources of establishment data and survey responses respectively, **their current alignment points to a soft labour outlook to back up Fed pivot bets**.
- In that vein, Chicago Fed President Goolsbee who is the last speaker before the blackout period, struck dovish tones espousing that rates will fall **as inflation comes down**.
- In FX, USD largely held its ground last Friday having already made significant concessions for most of last week. JPY continue to make gains as JiJi Press reported that the BoJ might abolish its YCC and end NIRP as early as this month. The USD/JPY fell below 147. This morning's **downward revised final print of Japan Q4 GDP added further policy complications**. While an upward revision to GDP deflator point to underlying price pressures backing JPY bulls, softer household and business spending leading to weaker than expected nominal GDP aided BoJ doves.
- EUR relatively unchanged at mid-1.09 while AUD similarly flat to hover just above 66 cents.

OVERNIGHT RESULTS

(KR) Current Account Balance (Jan): \$3045.7m (Dec: \$7414.6m) | (PH) Unemployment Rate (Jan): 4.5% (Dec: 3.1%) | (TW) Exports/Imports (Feb): 1.3%/-17.8% (Mkt:2.0%/-2.5%; Jan: 18.1%/19.0%) | (EZ) GDP SA QoQ (4Q F): 0.0% (Mkt: 0.0%; Prelim: 0.0%) | (US) Change In Nonfarm Payrolls (Feb): 275k (Mkt: 200k; Jan: 353k Revised: 229k) | (US) Unemployment Rate (Feb): 3.9% (Mkt: 3.7%; Jan: 3.7%) | (US) Average Hourly Earnings MoM (Feb): 0.1% (Mkt: 0.0%; Jan: 0.6%) | (CH) CPI/PPI YoY (Feb): 0.7%/-2.7% (Mkt: 0.3%/-2.5%; Jan: -0.8%/-2.5%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	146.77	EUR/USD	1.0943
USD/SGD	1.3314	USD/THB	35.42
JPY/SGD	0.9071	USD/MYR	4.680

Forecast

USD/JPY	146.30	-	149.00
EUR/USD	1.0880	-	1.0990
AUD/USD	0.6590	-	0.6690
USD/SGD	1.3300	-	1.3360
JPY/SGD	0.8926	-	0.9132
USD/CNH	7.1800	-	7.2200
USD/INR	82.60	-	82.80
USD/IDR	15580	-	15620
USD/MYR	4.675	-	4.710
USD/PHP	55.50	-	55.80
USD/THB	35.30	-	35.70

Today's Direction

	Bull	:	Bear
USD/SGD	1	:	3
USD/JPY	1	:	3

- In EM-Asia, the USD/SGD managed to close above 1.33.
- Meanwhile, China's February CPI return to inflationary territory on Lunar New Year effects is far from sending certainty of a virtuous cycle of demand and price dynamics. Consequently, CNH gains may also remain restrained and provide little impetus for regional currencies.

Korea Current Account: Cautious KRW

- Nonetheless, the likes of the KRW will continue to latch onto the sell USD tendency.
- That said, its high beta nature imply that the January 2024 current account surplus narrowed to US\$3.1bn from December's US\$7.4bn coming in less than expected should signal cautious optimism on the tech led recovery.
- Specifically, the goods account surplus decline to US\$4.2bn from December's US\$8.0bn almost entirely driven by falling exports revenue. As for services, the deficit widened slightly as spending on imported manufacturing services rose and travel abroad increased.
- Looking ahead, the February current account is likely to return to a large surplus albeit on a likely seasonality induced statistical quirk with trade balance already showing returning to US\$4.3bn surplus from January's US\$328m. However, it was largely driven by a plunge in import expenditure from Chinese imports which may have been a LNY phenomenon.
- Overall Feb export revenues was lower in part due to holidays but the silver lining is that semiconductors exports revenue increased despite decrease in working days. All in, the electronics upturn remain a firming one though outright KRW outperformance among peers eludes.

FX Daily Outlook

- EUR/USD: With Fed blackout, ECB allows for mid 1.09 consolidation rather than 1.10 rallies.
- USD/JPY: GDP deflator upward revision and growth worries may aid mid-146 buoyancy.
- USD/SGD: China inflation unable to impart CNH and SGD strength as PBoC easing bias retained.
- AUD/USD: Australia household loans concerns restrain testing of 67 cents.

TODAY'S EVENTS

(JP) GDP Deflator YoY (4Q F): 3.9% (Mkt: 3.8%; Prelim: 3.8%) | (JP) GDP Annualized SA QoQ (4Q F): 0.4% (Mkt: 1.1%; -0.4%)
(US) NY Fed 1-Yr Inflation Expectations (Feb): (Jan: 3.0%)

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