

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	147.71	147.76	+0.08	▼1.62
EUR	1.0927	1.0948	+0.0021	+0.0049
AUD	0.6613	0.6621	+0.0015	+0.0057
SGD	1.3327	1.3323	+0.0000	▼0.0065
CNY	7.1930	7.1868	+0.0042	▼0.0107
INR	82.88	82.86	+0.08	+0.03
IDR	15576	15578	▼12	▼122
MYR	4.6885	4.6860	+0.0078	▼0.0463
PHP	55.39	55.40	+0.08	▼0.48
THB	35.70	35.73	+0.16	+0.04

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.190%	+3.9 bp	+8.8 bp
JPY (10YR)	0.767%	▼0.3 bp	+5.0 bp
EUR* (10YR)	2.366%	+3.6 bp	+4.4 bp
AUD (5YR)	3.690%	+6.9 bp	+2.8 bp
SGD (5YR)	2.987%	+1.7 bp	▼0.7 bp
CNY (5YR)	2.256%	▼0.9 bp	+6.8 bp
INR (5YR)	7.052%	+0.2 bp	▼1.9 bp
IDR (5YR)	6.509%	+2.6 bp	+0.8 bp
MYR (5YR)	3.555%	+0.4 bp	▼0.2 bp
PHP (5YR)	6.091%	+0.5 bp	+1.0 bp
THB (5YR)	2.194%	+0.2 bp	▼4.5 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,043.32	+0.10%	+0.99%
N225 (JP)	38,695.97	▼0.26%	▼3.48%
STOXX 50 (EU)	5,000.55	+0.35%	+1.73%
ASX (AU)	4,243.71	+0.25%	+1.06%
STI (SG)	3,160.72	+0.61%	+0.78%
SHCOMP (CN)	3,043.84	▼0.40%	+0.13%
SENSEX (IN)	72,761.89	▼1.23%	▼1.79%
JSE (ID)	7,421.21	+0.53%	+1.25%
KLSE (MY)	1,538.13	▼1.06%	+0.43%
PSE (PH)	6,965.51	+1.25%	+1.26%
SET (TH)	1,384.51	+0.35%	+1.02%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	281.09	+0.99%	+1.07%
COPPER (LME)	8,833.46	+3.19%	+4.12%
IRON ORE (CN)	110.05	▲2.08%	▲5.93%
GOLD	2,174.41	+0.74%	+1.22%
OIL (WTI)	79.72	+2.78%	+0.75%

Three Take-Aways:

- 1) Ukraine hit on Russian refineries sent oil prices higher. Rally rests on damage and attack persistence.
- 2) US Secretary Yellen's allusion to structurally higher UST yields renewed attention to fiscal woes.
- 3) EM-Asia FX recovery prospects braces for headwinds of higher UST yields and energy prices.

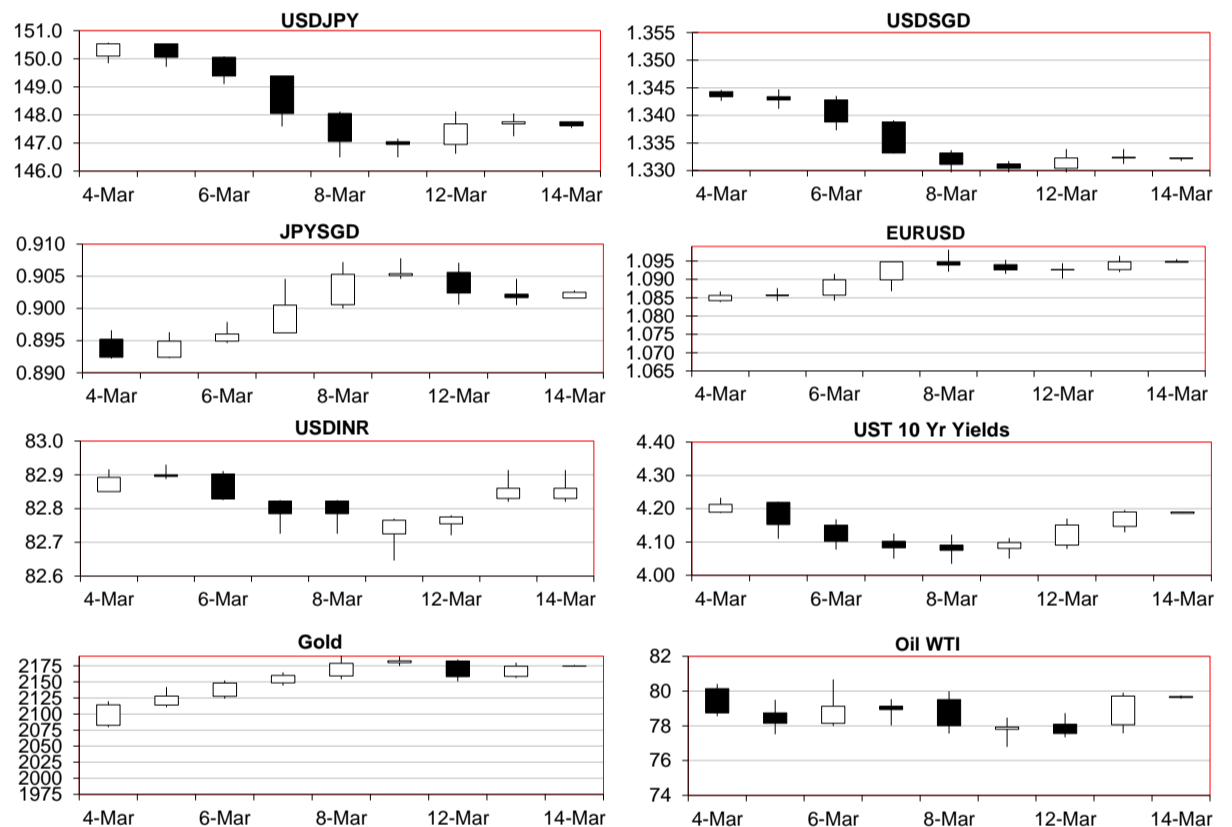
No Return?

- Amid the EIA report indicating declining crude stockpiles, Ukraine's **drone strikes on oil refineries within Russia** aided Brent crude's rise to test US\$84/barrel.
- While there is **certainly no imminent return to the pre-conflict geo-political situation** for the two countries even if Russian oil flows are disrupted, the actual spillover of the refinery damage may have been accentuated by the **realisation of Ukraine's ability to strike within Russia**. As such, oil prices may get support but rallies may be rather restrained given **limits of weapons inventory**.
- Nonetheless, the **inflationary impact was certainly not lost on USTs** as front end UST yields led with a 4.8bp increase alongside 10Y UST yields rising 3.9bps
- Furthermore, US Treasury Secretary Janet Yellen stated that **rates (UST yields) are unlikely to return to pre-Covid levels in a reflection of market realities as she was questioned on a set of White House budget projections showing upwardly revised UST yields**.
- For example, 10Y UST yield projection rose to 4.4% from 3.6% last March.
- Interest expense for fiscal debt will incur a cost upwards of 3% of GDP.
- The stress of higher borrowing cost was also felt by US equities as the Nasdaq fell 0.5% while the S&P 500 dropped 0.2%. Without the tech led pains, the Dow managed to stay rather flat (+0.1%).
- In FX, the USD showed some mild weakening against G10 peers **largely on account of higher oil prices as the NOK and AUD led gains**. That said, the latter remains pressured below mid-66 cents.
- The EUR crawl upwards toward mid-1.09 as the energy price shock saw markets reduce the odds of a June cut. With the dismal industrial production in the EZ, testing 1.10 remain a stretch.
- The JPY underperformed G10 peers facing the higher UST yields and oil prices. As we have re-iterated, robust wage gains from recent union negotiations may allow BoJ calibration.

OVERNIGHT RESULTS

(KR) Unemployment Rate SA (Feb): 2.6% (Mkt: 3.0%; Jan: 3.0%) | (EZ) Industrial Prod. WDA YoY (Jan): -6.7% (Mkt: -3.0%; Dec: 1.2%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	147.64	EUR/USD	1.0953
USD/SGD	1.3320	USD/THB	35.65
JPY/SGD	0.9022	USD/MYR	4.684

Forecast

USD/JPY	146.00 - 148.00
EUR/USD	1.0880 - 1.0970
AUD/USD	0.6590 - 0.6680
USD/SGD	1.3300 - 1.3340
JPY/SGD	0.8986 - 0.9137
USD/CNH	7.1700 - 7.2100
USD/INR	82.60 - 82.80
USD/IDR	15550 - 15620
USD/MYR	4.670 - 4.710
USD/PHP	55.20 - 55.60
USD/THB	35.30 - 35.70

Today's Direction

	Bull	Bear
USD/SGD	1	3
USD/JPY	2	2

- However, it does not absolve of BoJ Governor Ueda's cautious, considered and comprehensive calculus. Elsewhere, the USD/SGD remains buoyed 1.33 and regional peers looks to brace for the double tyranny of higher energy prices and UST yields.

Korea Unemployment: Cyclical Needs

- While we expected the increase in aggregate employment, our expectations for an inch up in unemployment rate admittedly fell short as **the seasonally adjusted unemployment rate plunged to 2.6% in February from 3.0% in January**.
- The differential stemmed from a **smaller than expected increase in labour participation rates**. That said, uptick in graduate labour force participation is likely to be merely delayed.
- On the labour demand front, **outturns were as expected as the increase in MoM employment of 299k was entirely driven by a seasonal hiring of works in the Human Health and Social Work Activities as well as Public Administration and Defence sectors**.
- Reflecting this seasonal nature, the rise in employment mainly accrued to **temporary workers which saw 288k job additions**.
- In addition, it remains notable that **despite doubling of visitor arrivals, hiring in the tourism related 'Wholesale, Retail Trade, Hotel & Restaurants' sector remains flat from a year ago**.
- Construction employment has also contracted for three straight months.
- All in, the blip in unemployment rate is likely to correct in the coming months as still elevated inflationary pressures nudge workers back into the labour force.

FX Daily Outlook

- EUR/USD: Consolidation below mid-1.09 reminds base case as geo-political shocks weigh
- USD/JPY: Opportunistic JPY bulls near 148 as wage negotiations back NIRP exit.
- USD/SGD: Higher UST yields continue to buoy above 1.33.
- AUD/USD: Oil relief backstop 66 cents but unable to excite bulls to test 67 cents.

TODAY'S EVENTS

(IN) Wholesale Prices YoY (Feb): (Mkt: 0.2% Jan: 0.3%)
(US) Retail Sales/Ex Auto MoM (Feb): (Mkt: 0.8%/0.3%; Jan: -0.8%/-0.6%) | (US) PPI Final Demand/Ex Food and Energy YoY (Feb): (Mkt: 0.3%/0.2%; 0.3%/0.5%) | (US) Initial Jobless Claims: (Mkt: 218k; Prev: 217k)

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