

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	148.55	149.04	+0.71	+1.98
EUR	1.0880	1.0889	+0.0006	▼0.0050
AUD	0.6561	0.6560	▼0.0021	▼0.0064
SGD	1.3376	1.3376	+0.0016	+0.0065
CNY	7.1963	7.1970	+0.0027	+0.0097
INR	82.86	82.89	+0.06	+0.11
IDR	15598	15595	+13	+5
MYR	4.7037	4.7072	+0.0212	+0.0237
PHP	55.52	55.53	+0.12	▼0.05
THB	35.81	35.78	+0.15	+0.35

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.306%	+1.6 bp	+23.1 bp
JPY (10YR)	0.786%	+0.9 bp	+5.1 bp
EUR* (10YR)	2.442%	+1.6 bp	+17.5 bp
AUD (5YR)	3.791%	+6.7 bp	+15.3 bp
SGD (5YR)	3.051%	+4.2 bp	+9.3 bp
CNY (5YR)	2.246%	▼1.1 bp	+4.1 bp
INR (5YR)	7.074%	+1.8 bp	+2.0 bp
IDR (5YR)	6.542%	+1.5 bp	+5.9 bp
MYR (5YR)	3.576%	+1.2 bp	+2.4 bp
PHP (5YR)	6.087%	▼0.1 bp	+0.5 bp
THB (5YR)	2.233%	+1.6 bp	+1.2 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,714.77	▼0.49%	▼0.02%
N225 (JP)	38,707.64	▼0.26%	▼2.47%
STOXX 50 (EU)	4,986.02	▼0.14%	+0.50%
ASX (AU)	4,222.09	▼0.15%	+0.66%
STI (SG)	3,172.96	▼0.42%	+0.82%
SHCOMP (CN)	3,054.64	+0.54%	+0.28%
SENSEX (IN)	72,643.43	▼0.62%	▼1.99%
JSE (ID)	7,328.05	▼1.42%	▼0.73%
KLSE (MY)	1,552.83	+0.59%	+0.84%
PSE (PH)	6,822.32	▼2.09%	▼1.73%
SET (TH)	1,386.04	▼0.64%	▼0.03%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	284.62	+0.59%	+2.90%
COPPER (LME)	8,968.50	+2.11%	+5.67%
IRON ORE (CN)	106.75	▲1.80%	▲8.71%
GOLD	2,155.90	▲0.29%	▲1.06%
OIL (WTI)	81.04	▼0.27%	+3.88%

Three Take-Aways:

- 1) Amid soft US economic data, US equities and USTs continued to sell off in caution ahead of FOMC.
- 2) Higher UST yields and elevated geo-political tensions see the USD retaining allure.
- 3) RBA will stand pat tomorrow and AUD bulls have little policy scope to exploit given growth concerns.

Haven USD

- Last Friday, markets ended the week with **continued sell-off in US equities** (Nasdaq: -1.0%; S&P: -0.7%; Dow: -0.5%) and **US Treasuries while embracing in the comfort of the USD**.

- Despite the **weaker consumer sentiments** from the Uni of Michigan Survey, **barely expansionary industrial production** in February even after a **downwardly revised January**, **downside surprise in admittedly volatile Empire Manufacturing Index** showing a sharp contraction, **pivot bets gave way to caution ahead of FOMC** this week as 2Y yields rose 3.4bps and 10Y yields edged 1.6bp higher.

- That said, there was **niggling details in the data**. Even as the Empire Manufacturing Survey showed weaker activity, **pace of selling price increases held steady** which indicates **ability of firms to pass on higher cost** in turn is discomfort when read with last week's hot PPI print.

- Surveyed consumer sentiments headed lower on poorer economic outlook but **both expected and current personal finance situation improved**.

- Nonetheless, accumulation of these **soft economic spots** following **dismal retail sales raises policy tensions for the Fed**. Sharpening these trade-offs, Brent crude prices closed above US\$85 /barrel last week. Furthermore, **more drone attacks on Russian refineries over the weekend** as well as Russia's attack on Odesa underscored heightened two way commodity volatility as **continued China home price declines last Friday may signal weaker economic data release today**.

- On the back of these global economic concerns and geopolitical tensions worsened by the backdrop of **Donald Trump touting higher tariffs on Chinese made in Mexico cars** and higher UST yields, USD's allure was retained. EUR remains subdued below 1.09 and the weakness may persist as ECB speakers continue to hone in on possibility of a June cut.

OVERNIGHT RESULTS

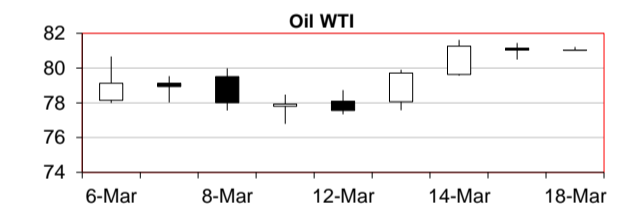
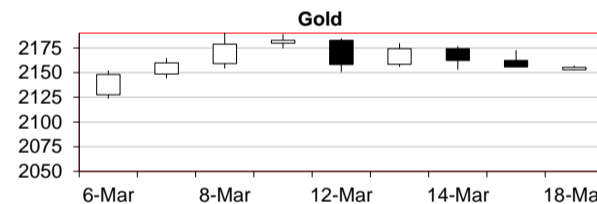
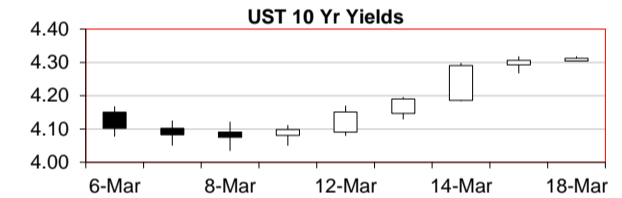
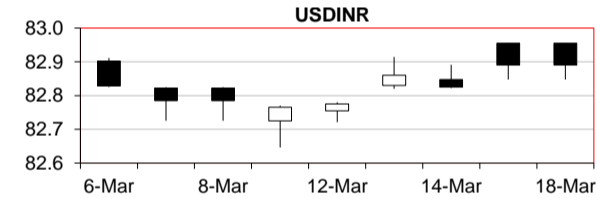
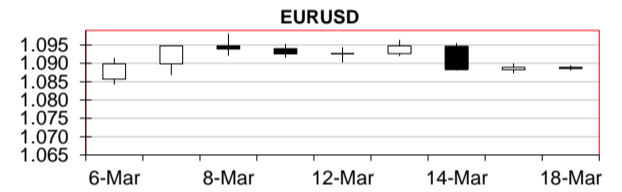
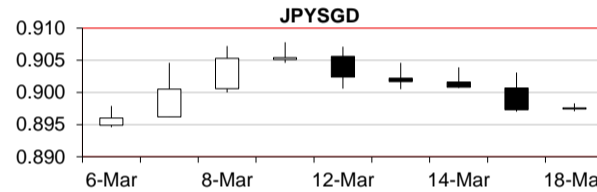
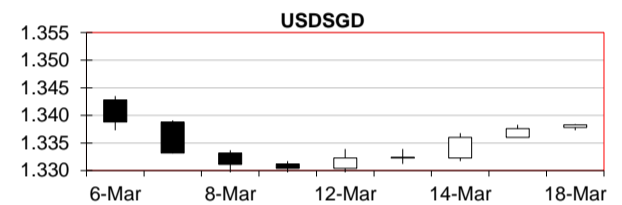
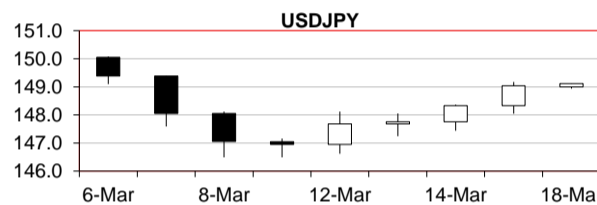
(CH) 1 Yr Medium Term Lending Facility Rate: 2.50% (Mkt: 2.50%; Prev: 2.50%) | (CH) New Home Prices MoM (Feb): -0.4% (Jan:-0.4%)

(ID) Trade Balance (Fed): \$867m (Mkt: \$2287m; Jan: \$2015m) | (PH) Overseas Cash Remittances YoY (Jan): 2.7% (Mkt: 2.8%; 3.8%)

(US) Empire Mfg (Mar): -20.9 (Mkt: -7.0; -Feb: 2.4) | (US) Industrial Production MoM (Feb): 0.1% (Mkt: 0.0%; Jan: 0.1%)

(US) Uni of Mich. Sentiment/1yr/5-10Yr inflation expectations (Mar P): 76.5/3.0%/2.9% (Mkt: 77.1/3.1%/3.0%; Feb: 76.9/3.0%/2.9%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	148.96	EUR/USD	1.0883
USD/SGD	1.3381	USD/THB	35.91
JPY/SGD	0.8983	USD/MYR	4.707

Forecast

USD/JPY	146.00 - 149.50
EUR/USD	1.0840 - 1.0930
AUD/USD	0.6550 - 0.6600
USD/SGD	1.3340 - 1.3400
JPY/SGD	0.8923 - 0.9178
USD/CNH	7.1900 - 7.2200
USD/INR	82.80 - 83.00
USD/IDR	15570 - 15680
USD/MYR	4.690 - 4.720
USD/PHP	55.35 - 55.70
USD/THB	35.60 - 35.95

Today's Direction

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

-The USD/JPY has risen to 149 with the Rengo negotiation outcomes aiding a BoJ calibration rather than a hiking cycle. In EM-Asia, the USD/SGD remains buoyed above mid-1.33.

RBA: Thin Air for Hawks

- The **RBA may be expected to stand pat at their upcoming meeting** (19 March) but the **air is thin at this policy altitude**. With attendant policy scope for **AUD bulls to exploit compromised too**. While their previous monetary statement made a splash for not ruling out rate increases, **recent growth signals and communications have diminished the RBA's hawkish edge**.

- It is worth a repeated look at underlying growth beneath the headline Q4 growth of 1.5% YoY.

- Given GDP per capita contracting for the third straight quarter and private consumption turning a drag on Q4 growth, the **ability of household expenditure to drive growth looks suspect**.

- Furthermore, **employment increasing an aggregate of just 500 workers** in January after the 63k reduction in December points to labour market softening as unemployment rate rose.

- Even on the inflation front, Ja CPI print while being sticky at 3.4% YoY was below market expectations. Moreover, goods inflation eased. And notably, the **RBA has legitimate cause to look past in-coming "Swift" services inflation surge caused by Taylor Swift's concert in Feb**.

- That said, weak building approval coupled with falling new housing loans to owner occupiers in January amid higher population growth may portend sticky rental prices in the months ahead.

- All in, **dovish concerns may temper the RBA's statement even if imminent pivot is denied**.

FX Daily Outlook

- EUR/USD: ECB prospects of cutting ahead of the Fed to restrain EUR rallies.

- USD/JPY: BoJ bets may continue to incite JPY bulls at mid-149.

- USD/SGD: China woes and UST yields impart buoyancy above mid-1.33.

- AUD/USD: Oil prices unlikely to offset China concerns and set stage for consolidation below 66 cents .

TODAY'S EVENTS

(JP) Core Machine Orders MoM (Jan): (Mkt: -0.8%; Dec: 2.7%) | (SG) Non-oil Domestic Exports YoY (Feb): (Mkt: 3.4%; Jan: 16.8%) |

(CH) Retail Sales YTD YoY (Feb): (Mkt: 5.6%) | (CH) Fixed Asset Ex-Rural YTD YoY (Feb): (Mkt: 3.2%) |

(CH) Industrial Production YTD YoY (Feb): (Mkt: 5.1%) | (MY) Exports/Imports YoY (Feb): (Mkt: 1.9%/7.2%; Jan: 8.7%/18.8%)

(EZ) CPI/Core YoY (Feb F): (Mkt: 2.6%/3.1%; Prelim: 2.6%/3.1%)

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