

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.28	151.42	+0.01	+2.27
EUR	1.0817	1.0837	+0.0029	▼0.0035
AUD	0.6524	0.6540	+0.0025	▼0.0020
SGD	1.3466	1.3460	▼0.0026	+0.0068
CNY	7.2050	7.2114	▼0.0178	+0.0130
INR	83.40	83.43	+0.00	+0.51
IDR	15810	15798	+18	+108
MYR	4.7264	4.7238	▼0.0127	+0.0058
PHP	56.38	56.40	+0.11	+0.84
THB	36.39	36.40	+0.03	+0.42

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.245%	+4.7 bp	▼7.9 bp
JPY (10YR)	0.734%	▼0.7 bp	▼3.3 bp
EUR* (10YR)	2.372%	+4.9 bp	▼8.7 bp
AUD (5YR)	3.660%	▼3.1 bp	▼12.3 bp
SGD (5YR)	3.008%	▼0.4 bp	▼4.8 bp
CNY (5YR)	2.226%	+1.4 bp	+1.1 bp
INR (5YR)	7.111%	+0.0 bp	+1.1 bp
IDR (5YR)	6.556%	+3.0 bp	+1.8 bp
MYR (5YR)	3.574%	+0.6 bp	▼0.9 bp
PHP (5YR)	6.062%	+0.1 bp	▼1.8 bp
THB (5YR)	2.255%	▼0.1 bp	+1.3 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,313.64	▼0.41%	+1.35%
N225 (JP)	40,414.12	▼1.16%	+1.70%
STOXX 50 (EU)	5,044.19	+0.26%	+1.23%
ASX (AU)	4,312.78	▼0.23%	+2.23%
STI (SG)	3,198.10	▼0.62%	+0.83%
SHCOMP (CN)	3,026.31	▼0.71%	▼1.90%
SENSEX (IN)	72,831.94	+0.00%	+0.11%
JSE (ID)	7,377.76	+0.38%	+1.03%
KLSE (MY)	1,537.54	▼0.31%	▼1.04%
PSE (PH)	6,853.10	▼0.42%	▼0.00%
SET (TH)	1,372.49	▼0.62%	▼0.97%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	288.94	+1.11%	+0.59%
COPPER (LME)	8,757.63	+0.02%	▲2.54%
IRON ORE (CN)	110.47	+0.07%	+1.81%
GOLD	2,171.83	+0.30%	+0.53%
OIL (WTI)	81.95	+1.64%	▼0.93%

Three Take-Aways:

- 1) UST yields moved high on cautious remarks by Fed Speakers; US equities pared some of last week's gains.
- 2) Wariness on geo-political tensions sent Brent oil higher amid likely-unchanged OPEC+ supply policy.
- 3) Seasonal bumps in inflation and higher energy prices guide RBA's balanced take on policy outlook.

Caution

- **Caution was in the air in yesterday's session.** UST yields rose (2Y: +3.6bps; 10Y: +4.7bps) on some cautious accents in FedSpeak, which could have been interpreted as a tad more hawkish relative to FOMC. Fed Cook called for a cautious approach to cutting interest rates to allow more time for inflation to slow down in some segments of the economy. Meanwhile, Fed Bostic reiterated his expectation for one interest rate cut this year, down from two cuts previously. In his view, the **Fed can afford to be patient as long as the economy holds up.**

- **US equities fell** (S&P: -0.3%; Dow: -0.4%; Nasdaq: -0.2%), paring some of the stellar gains last week. After all, S&P had risen >2% last week. Lower manufacturing activity and weaker-than-expected New Home Sales did not support bullish sentiments.

- Meanwhile, **potential flares in oil prices on geo-political tensions remained everpresent.** Brent oil surged above \$86.50/bbl (+1.7%) following reports that OPEC+ delegates were unlikely to change supply policy at a review meeting next week, as current quotas in place for 1H'24 were proving effective. **Geopolitical tensions in the Middle East and Russia** provided additional support, with Houthis renewing their threats against Saudi Arabia.

- Across the Atlantic, 2Y Gilts yields edged +5.7bps, but remained much lower compared to a week ago. 2Y Gilts yields had fallen -20bps last week, with markets now expecting the BoE to frontrun the Fed and ECB in cutting rates. Bund yields followed Gilts higher, supporting the EUR above 1.08.

- **USD/JPY** oscillated below mid-151 for most of the day following MOF's Kanda's comments that they will take "appropriate steps on FX as needed", noting that recent FX moves were not reflective of fundamentals and were speculative.

- Elsewhere, a stronger CNH following a stronger daily fixing spillovered to **USD/SGD** and **AUD**. USD/SGD which moved towards mid-1.34 levels, while AUD was buoyed above 65 cents.

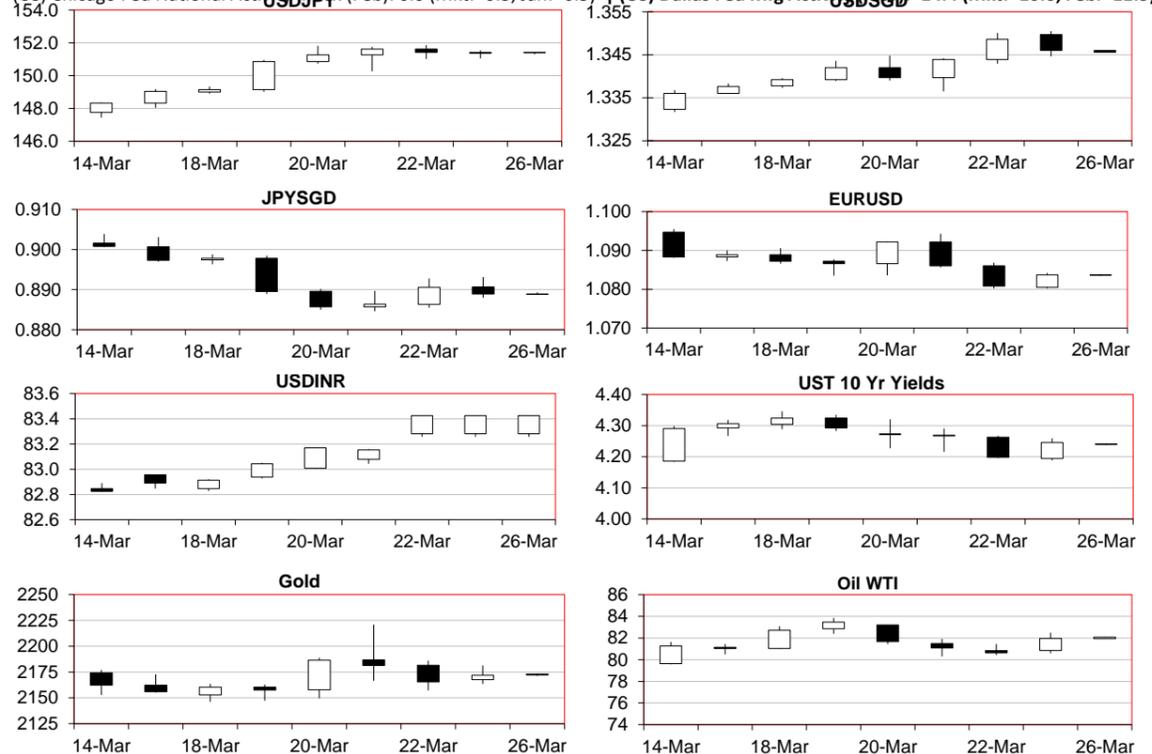
OVERNIGHT RESULTS

(JP) Coincident Index/Leading Index CI (Jan F): 112.1/109.5 (Prelim: 110.2/109.9)

(SG) IPI/CPI YoY (Feb): 3.4%/3.6% (Mkt: 3.2%/3.4%; Jan: 2.9%/3.1%) | (MY) CPI YoY (Feb): 1.8% (Mkt: 1.4%; Jan: 1.5%)

(TW) Industrial Production YoY (Feb): -1.1% (1.0%; Jan: 16.0%) | (US) New Home Sales (Feb): 662k (Mkt: 677k; 664k)

(US) Chicago Fed National Activity Index (Feb): 0.0 (Mkt: -0.3; Jan: -0.5) | (US) Dallas Fed Mfg Activity (Mar): -14.4 (Mkt: -10.0; Feb: -11.3)


TODAY'S COMMENTS & FORECAST
Open

USD/JPY	151.38	EUR/USD	1.0838
USD/SGD	1.3459	USD/THB	36.36
JPY/SGD	0.8891	USD/MYR	4.724

Forecast

USD/JPY	150.70 - 151.80
EUR/USD	1.0760 - 1.0880
AUD/USD	0.6480 - 0.6590
USD/SGD	1.3400 - 1.3500
JPY/SGD	0.8827 - 0.8958
USD/CNH	7.2100 - 7.2600
USD/INR	83.10 - 83.70
USD/IDR	15730 - 15850
USD/MYR	4.700 - 4.740
USD/PHP	56.00 - 56.50
USD/THB	36.20 - 36.60

Today's Direction

	Bull	:	Bear
USD/SGD	2	:	5
USD/JPY	2	:	5

Australia: Seasonal Bumps or Underlying Strength?

- Admittedly, the **Taylor Swift effect** would have bumped up both the February print of CPI (27 March) and retail sales (28 March).

- While concert related categories such as "other retailing" and "Cafes, restaurants and takeaway food services" will enjoy a direct boost, it also **obfuscates the ability to ascertain the transmission for the February employment strength (+116k jobs) to the underlying strength of private consumption.** Nonetheless, we will watch the extent of uptick in household goods and department store sales to assess household resilience.

- The concert demand boost would also lead to **inflationary effects**, directly pushing up prices in the "Recreation and Culture" category as **hotel room rates and airfares soared given their robust dynamic pricing abilities.** Given that the indirect demand for food and related restaurant services is likely to come through higher volumes, inflationary impact is likely milder.

- Moreover, **headline inflation is also likely to be bumped up by higher petrol and diesel prices alongside increase in electricity spot prices** in most states except Queensland.

- All in, these two way risks necessitate the RBA's more balanced take on "not ruling anything in or out" in their statement last week.

- As for FX, AUD bulls will perhaps need to look for comfort from trade normalisation with China rather than policy normalisation. Even the former is more a backstop rather than cause for rally given the recent dire YTD performance of iron ore and coal prices.

FX Daily Outlook

- EUR/USD: Restrained rallies above mid-1.08 on rate cut expectations.

- USD/JPY: Intervention risks tempers rally towards 152.

- USD/SGD: CNH support see trading around mid-1.34 levels.

- AUD/USD: Stronger oil and CNH backstop any weakness below 65 cents.

TODAY'S EVENTS

(SG) Industrial Production YoY (Feb): (Mkt: 0.5%; Jan: 1.1%)

(US) Conf. Board Consumer Confidence (Mar): (Mkt: 106.8; Feb: 106.7)

(US) Durable Goods Orders/Nondef Ex Air (Feb P): (Mkt: 1.2%/0.1%; Jan: -6.2%; 0.0%)

(US) Richmond Fed Mfg Index (Mar): (Feb: -5)

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