

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.72	151.33	▼0.23	+0.07
EUR	1.0825	1.0828	▼0.0003	▼0.0094
AUD	0.6529	0.6535	+0.0002	▼0.0051
SGD	1.3473	1.3476	+0.0019	+0.0079
CNY	7.2285	7.2260	+0.0093	+0.0281
INR	83.33	83.38	+0.09	+0.21
IDR	15863	15855	+65	+140
MYR	4.7312	4.7345	+0.0140	▼0.0022
PHP	56.23	56.22	▼0.10	+0.09
THB	36.44	36.42	+0.12	+0.24

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.190%	▼4.1 bp	▼8.3 bp
JPY (10YR)	0.725%	▼1.4 bp	▼1.6 bp
EUR* (10YR)	2.292%	▼5.8 bp	▼14.0 bp
AUD (5YR)	3.644%	▼2.4 bp	▼4.8 bp
SGD (5YR)	3.052%	▼0.4 bp	+1.3 bp
CNY (5YR)	2.195%	▼2.3 bp	▼2.6 bp
INR (5YR)	7.100%	▼1.0 bp	▼0.9 bp
IDR (5YR)	6.630%	+2.9 bp	+9.6 bp
MYR (5YR)	3.582%	+0.5 bp	▼0.9 bp
PHP (5YR)	6.065%	+0.2 bp	▼0.9 bp
THB (5YR)	2.250%	▼0.6 bp	+0.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,760.08	+1.22%	+0.63%
N225 (JP)	40,762.73	+0.90%	+1.90%
STOXX 50 (EU)	5,081.74	+0.35%	+1.63%
ASX (AU)	4,325.93	+0.04%	+2.38%
STI (SG)	3,251.71	+0.57%	+2.34%
SHCOMP (CN)	2,993.14	▼1.26%	▼2.81%
SENSEX (IN)	72,996.31	+0.73%	+1.24%
JSE (ID)	7,310.09	▼0.75%	▼0.29%
KLSE (MY)	1,530.60	▼0.51%	▼0.34%
PSE (PH)	6,903.53	+0.08%	+0.68%
SET (TH)	1,380.83	+0.26%	+0.56%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	286.76	▲0.37%	+0.44%
COPPER (LME)	8,744.39	▲0.05%	▲0.84%
IRON ORE (CN)	109.47	▲0.26%	+0.04%
GOLD	2,194.79	+0.73%	+0.38%
OIL (WTI)	81.35	▼0.33%	▼0.40%

Three Take-Aways:

- 1) Stretched "risk on" markets ahead of post-PCE Easter break is a reason to curb enthusiasm.
- 2) Restraint far more urgent and important for speculative JPY bears at acute risk of intervention.
- 3) Post-BoJ defiance means "live" intervention risks. Attendant, but not linear, CNH and AXJ triggers.

Curb Your Enthusiasm

- That may be **friendly advice on judicious restraint** for the bulls indulging in generic "risk on", **inebriated on fresh S&P500 record**. But arguably, timely, **dire warning for aggressive JPY bears** testing 30-year lows, at risk being caught wrong-footed by brutal intervention.

- Yes, **yields are lower, fanning pre-existing "risk on"**, backed by assumptions of benign, if not outright conducive policy outlook.

- And so, **even if PCE tonight surprised to the upside**, there is **every chance that markets are unfazed by "higher for longer" inferences**.

- Two broad narratives bandied about by the bull camp unfettered by near-term inflation risks;

i) **Exceptionalism**: the **US economy is resilient enough to handle elevated rates**, and in fact inflation may be partly a sign of that resilience;

ii) **Easing**: the Fed is **shifting to a more dovish response function**, and so is set to ease soon in any case.

- To be sure, your scribe is **more convinced of the latter given signs of fray distributed across the economy**. But not so fond of the former being that it requires drawing premature conclusions about exiting the woods; with a dash cavalier overconfidence at that.

- **Trouble is, FOMO markets rolling in cash have little time for prudent restraint** as they get **high on a cocktail of both assumptions being true**. Having and eating the proverbial cake as it were.

- But the **"crowded bull pen" is precisely why there ought to be some degree of restraint**.

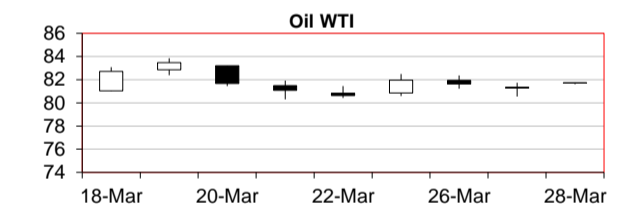
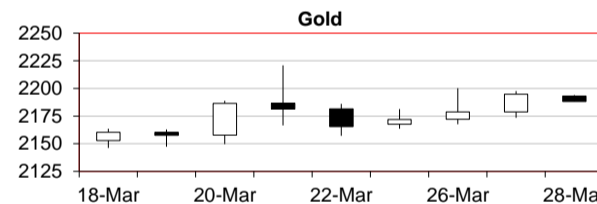
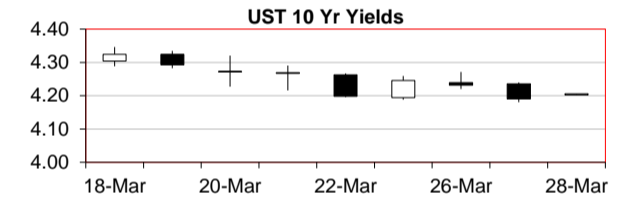
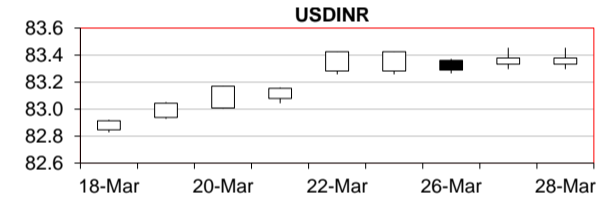
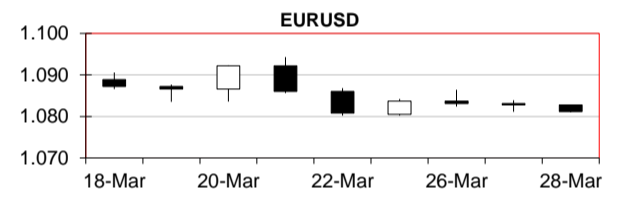
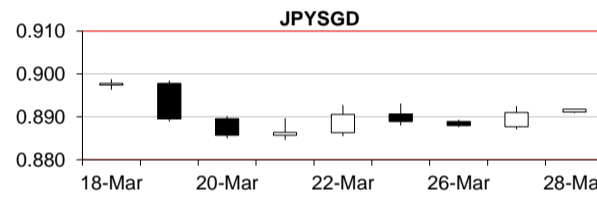
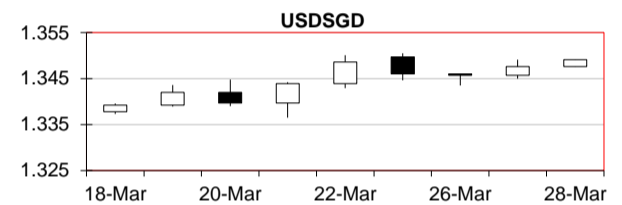
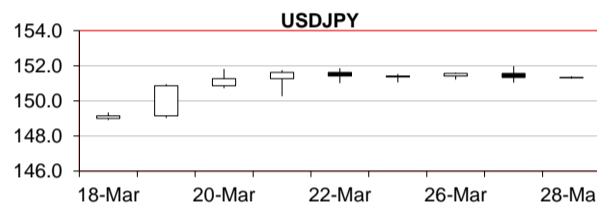
- And not just because it might be prudent to lock in profits rather than expose long risk positions over the post-PCE Easter holidays.

- Instead, also because acute **JPY intervention** might come with intended **consequences of indirectly squeezing out long risk** positions.

OVERNIGHT RESULTS

(CH) Industrial Profits YTD YoY (Feb):10.2% (Jan: -2.3%)

(E) Past Two Weeks Movement (Feb: -14.9%)


TODAY'S COMMENTS & FORECAST
Open

USD/JPY	151.30	EUR/USD	1.0813
USD/SGD	1.3488	USD/THB	36.40
JPY/SGD	0.8916	USD/MYR	4.735

Forecast

USD/JPY	150.80 - 151.85
EUR/USD	1.0760 - 1.0880
AUD/USD	0.6480 - 0.6590
USD/SGD	1.3400 - 1.3500
JPY/SGD	0.8824 - 0.8952
USD/CNH	7.2330 - 7.2600
USD/INR	83.10 - 83.70
USD/IDR	15750 - 15850
USD/MYR	4.715 - 4.740
USD/PHP	56.10 - 56.50
USD/THB	36.25 - 36.50

Today's Direction

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

- Specifically, **if carry unwind from abrupt and sharp JPY appreciation** (as a result of brutal intervention) has **unexpectedly sets off "risk off" contagion**.

JPY Bears on Notice amid "Live", Acute Intervention Risks

- So, **curbing enthusiasm for short JPY speculation** (buying USD/JPY) is **arguably the place to start**, and **urgently so, amid acute intervention risks**. To some extent, this has been observed in USD/JPY's retreat from 152-test to low-151; presumably heeding MoF warnings.

- But perhaps only half-heartedly so as much of the post-BoJ, frenzied USD/JPY rallies JPY remain intact. - And insofar that JPY selling was an **overdone defiance of BoJ tightening, intervention risks are only modestly mitigated, not eliminated**.

- Notably, regardless of JPY bears' allusions to dovish caveats/accents in the BoJ's rhetoric, depth of JPY selling borders on defiant speculation.

- In which case, **MoF warnings of "bold" measures, dog whistle for market intervention, remain "live"**. - Ordinarily, MOF interventions to squeeze crowded, one-way, short JPY bets **tend to inflict pain on speculators**. So there is every reason for restraint.

- And this pain may be even more exquisite in thinned Easter Holiday markets. In which case, there **ought to be justifiable fear about pushing the USD/JPY envelope past 152**.

- Pre-intervention pressures on **JPY admittedly may induce attendant drag on other Asia FX** (AXJ), including the CNH. But this is **neither linear nor unchallenged**.

- Fact is, more complex JPY dynamics including policy and funding properties render JPY cues

FX Daily Outlook

- EUR/USD: Firm USD preference ahead of Easter weekend with PCE on watch.

- USD/JPY: Tempered by intervention risks, but slip below mid-151 is not "safe zone".

- USD/SGD: Softer JPY and CNH keeping buoyancy at high-1.34 intact; watch 1.35 test.

- AUD/USD: subdued retail sales could hamper traction above low-0.65.

TODAY'S EVENTS

(AU) Retail Sales MoM (Feb): 0.3% (Mkt: 0.4; Jan: 1.1%) | (AU) Private Sector Credit MoM (Feb): 0.5% (Mkt:0.4%; Jan: 0.5%)

(TH) Mfg Pdtm YoY (Feb): (Mkt: -3.9 Jan: -2.9%)

(US) GDP Annualized/Consumption QoQ (4Q T): (Mkt: 3.2%/3.0%) | (US) U. of Michigan Sentiment (Mar F): (Prelim: 76.5)

(US) Kanas City Fed Mfg (Mar): (Mkt: -4; Feb: -4)

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