

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	132.60	131.71	▼0.75	+0.82
EUR	1.0925	1.0953	+0.0054	+0.0108
AUD	0.6756	0.6751	▼0.0035	+0.0042
SGD	1.3260	1.3255	▼0.0015	▼0.0018
CNY	6.8802	6.8793	+0.0016	+0.0030
INR	82.34	82.33	+0.00	+0.14
IDR	14900	14900	▼70	▼187
MYR	4.4033	4.4043	▼0.0137	+0.0033
PHP	54.51	54.49	▼0.25	+0.02
THB	34.20	34.21	▼0.18	▼0.07

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.339%	▼7.3 bp	▼23.1 bp
JPY (10YR)	0.425%	+3.4 bp	+7.0 bp
EUR* (10YR)	2.249%	▼0.6 bp	▼4.1 bp
AUD (5YR)	2.991%	▼8.3 bp	▼3.8 bp
SGD (5YR)	2.914%	▼2.1 bp	+9.7 bp
CNY (5YR)	2.685%	+0.2 bp	+1.1 bp
INR (5YR)	7.171%	+0.0 bp	▼3.4 bp
IDR (5YR)	6.361%	▼2.0 bp	▼4.4 bp
MYR (5YR)	3.548%	+0.2 bp	+5.5 bp
PHP (5YR)	5.874%	▼2.0 bp	▼0.1 bp
THB (5YR)	2.092%	+3.2 bp	+18.6 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,402.38	▼0.59%	+3.11%
N225 (JP)	28,287.42	+0.35%	+2.80%
STOXX 50 (EU)	4,315.32	+0.10%	+3.53%
ASX (AU)	4,155.57	▼0.48%	+2.04%
STI (SG)	3,311.12	+0.92%	+1.71%
SHCOMP (CN)	3,312.56	+0.49%	+2.07%
SENSEX (IN)	59,106.44	+0.00%	+2.59%
JSE (ID)	6,833.18	+0.09%	+1.08%
KLSE (MY)	1,429.61	▼0.26%	+1.46%
PSE (PH)	6,472.04	▼0.89%	▼1.99%
SET (TH)	1,594.05	▼0.39%	▼0.80%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	271.15	▲0.07%	+2.91%
COPPER (LME)	8,740.25	▲1.98%	▲2.54%
IRON ORE (CN)	120.32	▲1.59%	▲4.90%
GOLD	2,020.42	+1.80%	+2.38%
OIL (WTI)	80.71	+0.36%	+10.26%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	131.47	EUR/USD	1.0958
USD/SGD	1.3252	USD/THB	34.02
JPY/SGD	1.0084	USD/MYR	4.405

Forecast

USD/JPY	131.00 - 132.60
EUR/USD	1.0800 - 1.0920
AUD/USD	0.6700 - 0.6830
USD/SGD	1.3210 - 1.3320
JPY/SGD	0.9962 - 1.0168
USD/CNH	6.8630 - 6.8950
USD/INR	82.10 - 82.55
USD/IDR	14800 - 15050
USD/MYR	4.380 - 4.405
USD/PHP	54.25 - 54.65
USD/THB	33.85 - 34.10

Today's Direction

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

Three Take-aways:

- 1) Unexpected short fall in US JOLTS (job openings) data lowers yields, softens equities and USD.
- 2) OPEC supply cuts, while not first order inflation threat, is unwelcome policy dilemma.
- 3) Price support may however be ultimately self-defeating if it inadvertently catalyzes a hard-landing.

Dovish JOLT(S) Stirs Caution, Not Cheer

- Sharply softer than expected US JOLTS (job openings) data, showing hiring gap falling to 9.93mn from 10.8mn, triggered concerns of job market weakness beginning to filter through.
- The attendant dovish expectations though triggered caution about softening demand from softer jobs rather than unbridled cheer about Fed pivot (lower rates);
- and this took a toll on equities generally (falling 0.5-0.6%), hitting cyclicals harder.
- In any case, dovish expectations were first expressed in softer UST yields, led by a sharper 12-13bp drop in the front-end (2Y) yields to 3.84%, with 10Y easing -7bp to 3.34%.
- Projecting this as a case for the Fed to terminate tightening sooner than other G4 central banks dragged the USD. Corresponding to USD pullback, EUR surged 0.6% (above mid-1.09); USD/JPY slumped -1% (test below mid-131); similarly USD/SGD slipped 1% to below mid-1.32.
- But while broader commodities, led by industrial metals slipped amid caution about softer demand, Oil remained fairly buoyant, backstopped by supply concerns incited by OPEC cuts.

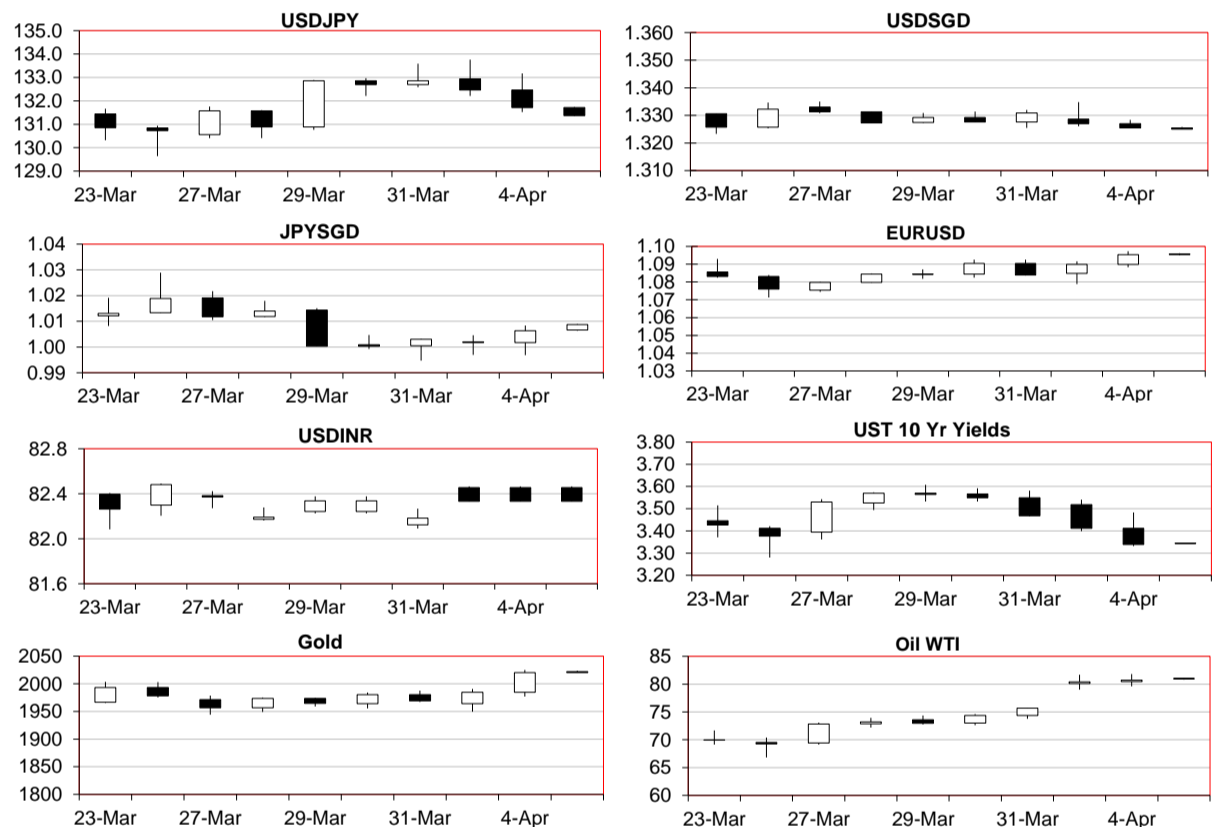
OPEC's Crude Gambit

- OPEC's surprise 1.16MBpd crude output cut, over and above earlier Russian cut (in retaliation of Western sanctions) of 500KBpd, admittedly poses significant upside price risks.
- Given that the combined impact of 1.66MBpd reduction accounts for nearly 4% of end-2022 OPEC+ output, rule of thumb (of around 5X the price effect) suggests up to a 20% price surge.
- If such received wisdom about price-supply dynamics play out, it is not inconceivable that (Brent) crude prices may very well be lifted to \$100/bbl; as some traders have suggested.
- Especially if geo-political risks remain elevated and supply elsewhere is inelastic.
- But to be sure, first-order inflation risks are overblown. Even assuming sustained \$100 price into Q1 2024, crude will be mostly dis-inflationary and consistent with broader dis-inflation.

OVERNIGHT RESULTS

(US) Jolt Job Openings (Feb): 9931K (Mkt: 10500k; Jan: 10824k)

*Past Two Weeks Movement: 7%/-0.3% (Mkt: -0.5%/0.0%; Jan: -2.1%/0.8%)



- And so crude price jump from OPEC cuts, in of itself, is neither a disaster for CPI optics nor a deal-breaker for pipeline termination of tightening that central banks are poised for.

- In fact, if only the first-order effects of crude were considered, it may be tempting to dismiss it as an unwelcome and ill-timed (late-cycle) inconvenience;

- that perhaps only defers, but does not derail, existing projections of peak policy rate.

- Nonetheless, pervasive second-round inflation impact conspiring with geo-political risks accentuate threat of a hard-landing; rendering Oil a victim of its own tyranny.

- Specifically, oil's second-round i) sequential sway on more generalized inflation expectations; ii) the long-memory effect on, and from, longer-term energy contracts, and; ii) groomed expectations of OPEC intervention to arrest/reverse rapid decline to/below \$75; are likely to infuse considerable uncertainty around the wider inflation impact and outcomes.

- Especially in the current climate of elevated and sticky inflation.

- Moreover, geo-political risks only amplify the underlying risks of policy mis-calculation and resultant economic pain; as stockpiling amid diminished confidence results in stagflation-type outcomes that accentuate, not alleviate central bank dilemma/overtightening shock.

- Oil's inherent duality, as both a source of inflation risks and adverse demand shock (that is ultimately deflationary) means that Oil price jump incited by ill-timed OPEC cuts is a crude gambit that may unwittingly engineer its own eventual crash on recession fears.

FX Daily Outlook

- EUR/USD: Caution about softer US jobs may backstop EUR at 1.09+ although 1.10 breach is tougher.
- USD/JPY: Deagged by softer UST yields (jobs data); but dips below 131 could see bids ahead of 130.
- USD/SGD: Pre-MAS SGD buoyancy flattered by USD moves; sub-1.32 may however be cautious.
- AUD/USD: Traction at 0.67+ keeps 0.68 play on tyhe table; although cautious in approach.

TODAY'S EVENTS

(PH) CPI YoY (Mar): (Mkt: 8.0%; Feb: 8.6%) | (TH) CPI/Core YoY (Mar): (Mkt: 3.3%/1.8%; Feb: 3.8%/1.9%)

(SG) Retail Sales/ex-Autos YoY (Feb): (Mkt: 2.0%/--; Jan: -0.8%/2.1%) | (EZ) PMI - Services/Composite (Mar F): (Prelim: 53.8/53.3)

(US) ADP Employment Chg (Mar): (Mkt: 210K; Feb: 242K) | (US) Trade Bal (Feb): (Mkt: -\$68.8b; Jan: -\$68.3b)

(US) ISM Services/Prices Paid/Employment/New Orders (Mar): (Mkt: 54.4/--/--; Feb: 55.1/65.6/54.0/62.6)

Central Banks: RBA Lowe speaks | ECB's Centeno, Vujcic, Vasle & Lane speak | Fed's Collins & Mester speak

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