

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	133.03	132.58	▼0.55	+0.80
EUR	1.0999	1.1046	+0.0054	+0.0124
AUD	0.6723	0.6782	+0.0091	+0.0110
SGD	1.3258	1.3221	▼0.0058	▼0.0084
CNY	6.8737	6.8676	▼0.0054	▼0.0054
INR	81.96	81.86	▼0.23	▼0.04
IDR	14750	14751	▼129	▼162
MYR	4.4020	4.4010	▼0.0083	+0.0030
PHP	55.29	55.27	+0.04	+0.86
THB	34.10	34.25	+0.00	+0.38

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.445%	+5.4 bp	+14.0 bp
JPY (10YR)	0.471%	+0.2 bp	▼0.1 bp
EUR* (10YR)	2.372%	+0.2 bp	+18.9 bp
AUD (5YR)	3.024%	+3.5 bp	+11.5 bp
SGD (5YR)	2.775%	▼4.1 bp	▼4.6 bp
CNY (5YR)	2.659%	+0.7 bp	▼2.8 bp
INR (5YR)	7.059%	+3.8 bp	+5.1 bp
IDR (5YR)	6.350%	▼1.8 bp	+0.8 bp
MYR (5YR)	3.494%	▼3.0 bp	▼0.5 bp
PHP (5YR)	5.908%	▼4.1 bp	+14.7 bp
THB (5YR)	2.083%	+0.0 bp	+0.2 bp

*German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,029.69	+1.14%	+1.63%
N225 (JP)	28,156.97	+0.26%	+2.49%
STOXX 50 (EU)	4,363.24	+0.67%	+1.25%
ASX (AU)	4,259.88	+0.26%	+1.33%
STI (SG)	3,294.54	+0.26%	▼0.18%
SHCOMP (CN)	3,318.36	▼0.27%	+0.17%
SENSEX (IN)	60,431.00	+0.06%	+1.00%
JSE (ID)	6,785.60	▼0.20%	▼0.11%
KLSE (MY)	1,434.22	▼0.04%	+0.65%
PSE (PH)	6,448.87	▼0.32%	▼0.61%
SET (TH)	1,592.67	+0.00%	+1.37%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.59	▲0.05%	+1.32%
COPPER (LME)	9,065.75	+1.67%	+2.94%
IRON ORE (CN)	119.38	▲0.85%	▲0.18%
GOLD	2,040.22	+1.26%	+1.61%
OIL (WTI)	82.16	▼1.32%	+1.81%

Three Take-aways:

- 1) "Intensifying" growth risks and series of tightening underpin MAS hold despite elevated inflation.
- 2) Dismal (lack of) growth reveals (effective) manufacturing recession; validates MAS caution.
- 3) Fed pivot and subsequent soft-landing cheer on PPI and claims; knocks USD back further.

MAS Holds on "Intensifying (Growth) Risks"

- The MAS kept policy on hold (maintaining S\$NEER policy band mid-point, slope and width).
- In so doing, the MAS rightly alluded to;

i) "intensifying risks to global growth", and;

ii) "five successive ... tightening moves* since October 2021 (that) have tempered the momentum of price increases"

- as mitigating factors against (further tightening to address) inflation that is "still elevated."
- Crucially, given the lags of monetary policy, the MAS is on point in stating that the "effects of ... monetary policy are still working through ... and should dampen inflation further"; thereby negating the need for urgent, incremental tightening at this point.

- Especially as "both upside and downside risks to inflation" obfuscate the view ahead.

- Fact is, downside risks to inflation mount as negative imported inflation are accentuated by downside domestic growth risks from gathering global headwinds. But concurrently, upside risks to linger as vulnerabilities to further energy/commodity shocks remain.

- So, a conflict of forces that amplify binary risks, not an averaging that converges outcomes is the reality in accounting for a dispersion of outcomes amid heightened uncertainty.

- It is in this context of increased opposing risks that unchanged growth and inflation forecasts must be appreciated. With freight risks and low-visibility backdrop, the MAS aptly assesses policy to be "sufficiently tight and appropriate for securing medium-term price stability".

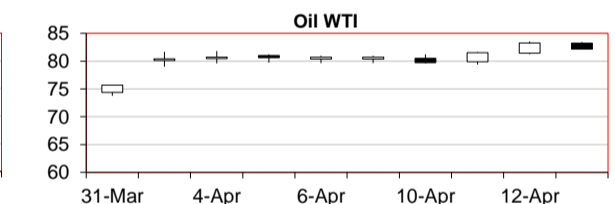
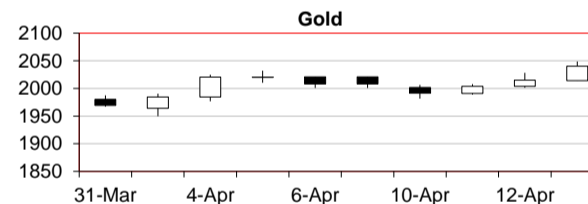
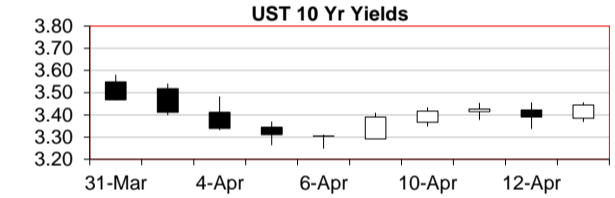
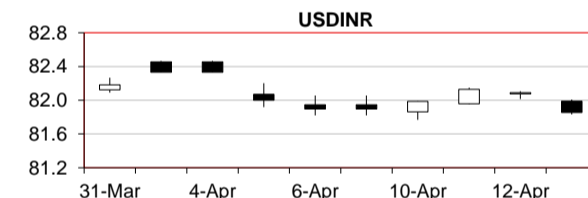
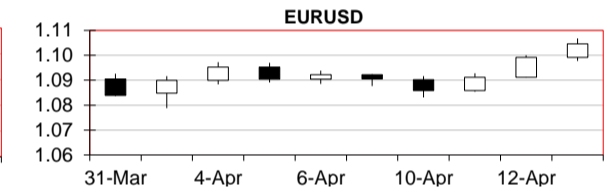
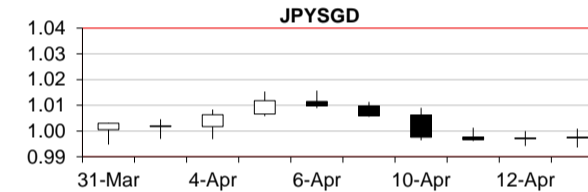
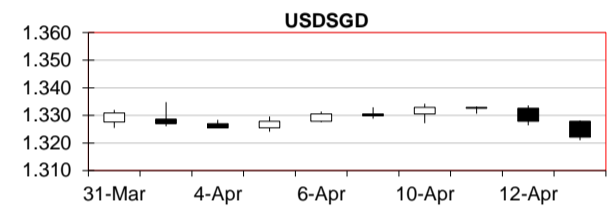
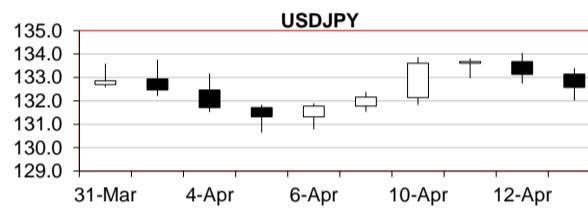
*comprising three rounds of slope increments and mid-point re-centring higher each

Singapore's Manufacturing Recession

- To be sure, the MAS has the numbers to back the narrative of "intensifying" risks to growth.
- More worrying than anemic 0.1% YoY Q1 GDP is the effective manufacturing recession.

OVERNIGHT RESULTS

(CH) Trade Bal (Mar): \$88.2b (Mkt: \$40.0b; Jan: \$16.8b) | (US) Initial Jobless Claims (8-Apr): 239K (Mkt: 235k; Prev Week: 228k) | (JP) Trade Bal (Mar): \$1.1b (Mkt: \$1.0b; Jan: \$1.0b) | (SG) Trade Bal (Mar): \$1.1b (Mkt: \$1.0b; Jan: \$1.0b) | (IN) Trade Bal (Mar): \$1.1b (Mkt: \$1.0b; Jan: \$1.0b) | (PH) Trade Bal (Mar): \$1.1b (Mkt: \$1.0b; Jan: \$1.0b) | (TH) Trade Bal (Mar): \$1.1b (Mkt: \$1.0b; Jan: \$1.0b)


TODAY'S COMMENTS & FORECAST
Open

USD/JPY	133.09	EUR/USD	1.0998
USD/SGD	1.3274	USD/THB	34.14
JPY/SGD	0.9974	USD/MYR	4.396

Forecast

USD/JPY	131.90 - 133.30
EUR/USD	1.0970 - 1.1100
AUD/USD	0.6700 - 0.6830
USD/SGD	1.3200 - 1.3300
JPY/SGD	0.9902 - 1.0083
USD/CNH	6.8460 - 6.8850
USD/INR	81.65 - 82.15
USD/IDR	14650 - 14900
USD/MYR	4.375 - 4.400
USD/PHP	54.85 - 55.22
USD/THB	33.95 - 34.20

Today's Direction

	Bull	Bear
USD/SGD	8	0
USD/JPY	4	4

- Fact is the soft GDP headline (0.1%YoY/-0.7% QoQ) in fact understates far more dire state of manufacturing. Specifically, the manufacturing recession with two consecutive quarters of YoY contraction (Q1 2023: -6.0%; Q4 2022: -2.6%). For those splitting hairs over QoQ being the right barometer, fact is that smoothed QoQ is consistent with a recession (as 1.0% QoQ expansion in Q4 is a blip in light of far deeper 2.9% contraction in Q3 and 5.2% drop in latest Q1 flash).

- This manufacturing recession not only squares with the dismal state of exports, but crucially reflects the dire state of semiconductor industry (order books, manufacturing and exports).

- Looking past through the post-COVID construction catch-up boom, services sector resilience is also disproportionately boosted by finance; outside of tourism rebound. And this accentuates, rather than allays, worries of potential headwinds from global financial sector risks.

Pivot Cheer?

- Fed pivot cheer premised on softer PPI and higher claims, while conveniently ignoring pick-up in core-services (ex-rentals) CPI, is not wide of the mark in assuming solidifying case for the Fed to hit peak rates sooner (May) than later. Consequently, USD has slid further.

- That's to be expected a USD bulls, trafficking mostly in "Fed and fear" have lost a predictable, linear boost from the Fed. But non-linear outbursts of fear are not all in the rear-view mirror yet; keeping risk of unpredictable USD haven demand spurts alive; especially vs. EM FX.

- And so, while a softer USD may be supportive of AUD surge to sub-0.68 and EUR buoyancy at mid-1.10 (with USD/JPY dips to mid-132), it is not a catalysts for doubling down on bullish AXJ bets. SGD dip (to high 1.32) after MAS hold conveys latent downside risks to AXJ elsewhere.

FX Daily Outlook

- EUR/USD: Fed pivot bets has 1.11 in sight, but not in the pocket.
- USD/JPY: Softer USD dips limited by UST yield backstop.
- USD/SGD: MAS hold sets back SGD bulls betting on tightening; mid-1.32 consolidation.
- AUD/USD: Former CNH backstops, but perhaps does not inspire decisive 0.68 breakthrough.

TODAY'S EVENTS

(SG) GDP YoY/QoQ saar (Q1 A): 0.1%/-0.7% (Mkt: 0.6%/-0.1%; Q4: 2.1%/0.1%)

(SG) Manufacturing/Services/Construction YoY (Q1 A): (Mkt: -6.0%/1.8%/8.5%; Q4: -2.6%/4.0%/10.0%)

(PH) OFW Remittances (Feb): (Jan: \$2.76b) | (US) Retail Sales/Ex-Auto&Gas MoM (Mar): (Mkt: -0.4%/-0.6%; Feb: -0.4%/0.0%)

(US) UoM Sentiments (Apr P): (Mkt: 62.1; Mar: 62.0) | (US) UoM Inflation Expectations 1Y/5-10Y YoY (Apr P): (Mkt: 3.7%/2.9%)

Central Banks: MAS Policy: On Hold; constant slope, mid-point band-width... | Fed's Goolsbee & Waller speak | ECB's Nagel speaks

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