

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.25	134.12	▼0.35	+0.44
EUR	1.0969	1.0972	+0.0046	+0.0060
AUD	0.6730	0.6725	+0.0024	+0.0071
SGD	1.3333	1.3327	▼0.0015	+0.0001
CNY	6.8774	6.8762	▼0.0037	▼0.0098
INR	82.01	82.04	+0.07	▼0.09
IDR	14841	14845	+55	▼38
MYR	4.4385	4.4338	+0.0113	+0.0153
PHP	56.14	56.14	+0.29	+1.23
THB	34.33	34.29	▼0.07	+0.06

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.576%	▼2.5 bp	+14.9 bp
JPY (10YR)	0.475%	▼1.0 bp	+1.2 bp
EUR* (10YR)	2.477%	+0.4 bp	+16.6 bp
AUD (5YR)	3.185%	+10.3 bp	+22.2 bp
SGD (5YR)	2.843%	+1.5 bp	+3.7 bp
CNY (5YR)	2.674%	▼0.6 bp	+1.7 bp
INR (5YR)	7.052%	▼2.6 bp	+1.1 bp
IDR (5YR)	6.412%	+3.1 bp	+5.1 bp
MYR (5YR)	3.520%	+2.2 bp	▼0.1 bp
PHP (5YR)	5.869%	▼3.8 bp	▼6.0 bp
THB (5YR)	2.099%	+0.0 bp	+1.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,976.63	▼0.03%	+0.87%
N225 (JP)	28,658.83	+0.51%	+2.63%
STOXX 50 (EU)	4,393.95	+0.60%	+1.40%
ASX (AU)	4,297.39	+0.32%	+1.60%
STI (SG)	3,309.56	▼0.29%	+0.36%
SHCOMP (CN)	3,393.33	+0.23%	+2.41%
SENSEX (IN)	59,727.01	▼0.31%	▼0.72%
JSE (ID)	6,821.81	+0.50%	+0.15%
KLSE (MY)	1,432.36	▼0.18%	▼0.25%
PSE (PH)	6,464.72	▼0.63%	▼0.23%
SET (TH)	1,593.85	▼0.41%	▼0.20%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	278.93	+0.77%	+1.53%
COPPER (LME)	9,004.40	+0.46%	+1.73%
IRON ORE (CN)	120.25	+0.64%	▲0.97%
GOLD	2,005.45	+0.51%	+0.09%
OIL (WTI)	80.86	+0.04%	▼0.82%

Three Take-aways:

- 1) Flat US equities and subdued USTs reveal tension between growth and policy directions.
- 2) China's Q1 GDP flattered by "revenge consumption" does not distract from subdued output (IP).
- 3) Nor does it address confidence/investment shortfall. This may dent China-driven commodity bulls.

Of Flatness and Edges

- Markets are relatively flat and slightly edgy as investors ponder on the next risk to tip the scales. US equities reflected so as the S&P500 up just 0.1% while Dow and Nasdaq was rather unchanged.
 - At this juncture, the contrast from Fed's Bostic stating the need for one more hike and Bullard reiterating his hawkish calls for further hikes meant that markets were not assertively swayed.
 - US treasuries having already reinstated 1 more rate hike in H1 saw 2Y yields edged up 0.3bp while 10Y yields slipped 2.5bps as haven demand continues to creep in. Bets for softer USD also took their chance to send EUR back up above mid-1.09 while USD/JPY slipped to 134. The AUD's limited lift which was unable to durably test mid-0.67 is telling of China's restrained boost.

China: Flattered Headlines ...

- The flashier Q1 GDP headline of sharper-than-expected acceleration to 4.5% (vs consensus at 4.0%) is flattered by "revenge" consumption surge whereas industrial output is considerably more restrained in the extent of recovery (3.0% YTD vs. 3.5% consensus).

- Crucially, investments continue to languish - both in aggregate (YTD FAI slipping to 5.1% vs 5.5%) and more woefully in property (YTD property investments at -5.8% vs. -4.7% expectations) - suggesting that the underlying confidence has yet to convincingly recover in tandem with growth stimulus. Certainly not in line with the outburst of pent-up consumption unleashed.

- And the risk is that the latter (revenge consumption), which is notoriously slippery beyond the initial euphoria, is unreliable for linear projections of durable demand recovery.

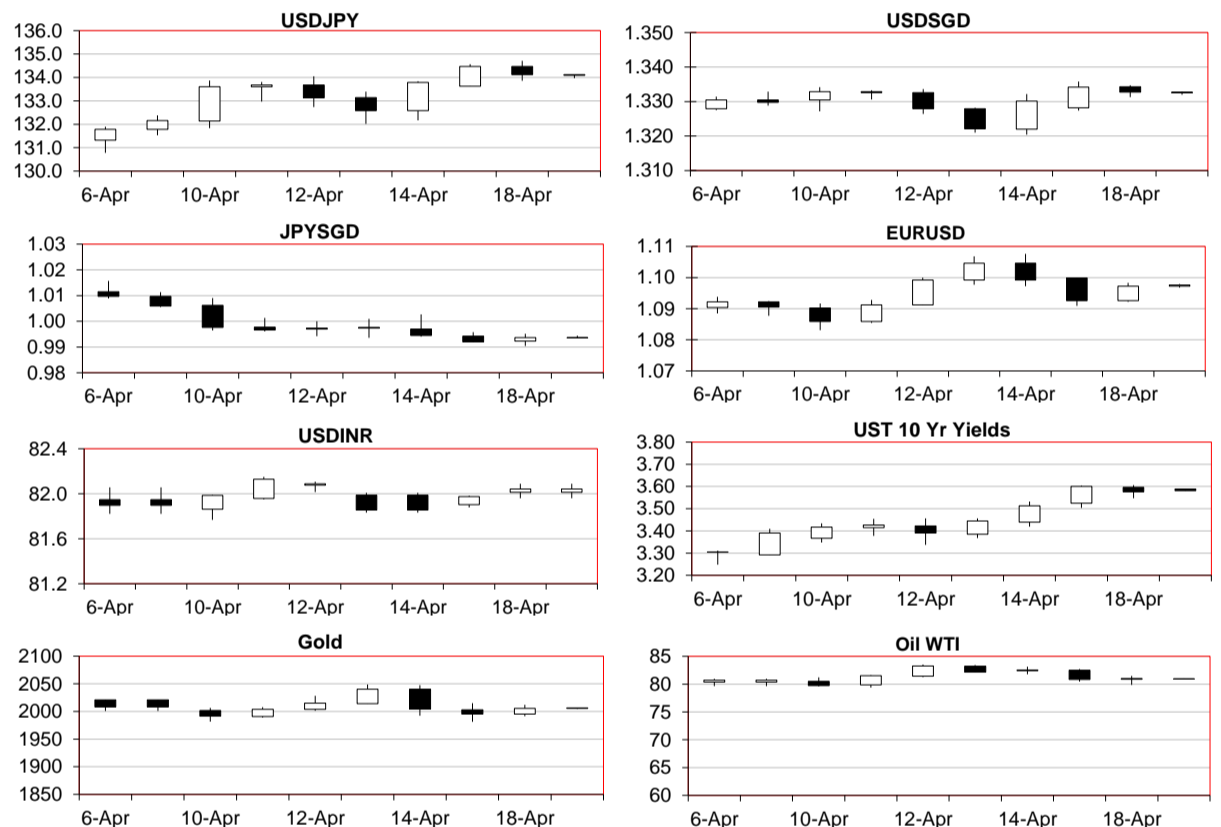
- Especially as (COVID) savings are run-down in the context of lingering weakness economic sentiments/jobs/asset prices dampen durable increase in the propensity to consume.

OVERNIGHT RESULTS

(CH) GDP YoY/QoQ (Q1): 4.5%/2.2% (Mkt: 4.0%/2.0%; Q4: 2.9%/0.0%) ==> out-run | (CH) Ind Pdtn YTD YoY (Mar): 3.0% (Mkt: 3.5%; Jan-Feb: 2.4%) ==> undershoot | (CH) Retail Sales YTD YoY (Mar): 5.8% (Mkt: 3.7%; Jan-Feb: 3.5%) ==> out-run

(CH) FAI/Property Investments YTD YoY (Mar): 5.1%/-5.8% (Mkt: 5.7%/-4.7%) ==> undershoot | (GE) ZEW Survey (Apr): 4.1 (Mkt: 15.6; Mar: 13.0) | (US) Housing Starts/Bldg Permits (Feb): 1420k/1432k (Mkt: 1400K/1450K; Feb: 1450K/1550K)

Past Two Weeks Movement



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	134.04	EUR/USD	1.0975
USD/SGD	1.3322	USD/THB	34.29
JPY/SGD	0.9939	USD/MYR	4.410

Forecast

USD/JPY	133.40 - 135.10
EUR/USD	1.0870 - 1.1020
AUD/USD	0.6640 - 0.6780
USD/SGD	1.3280 - 1.3370
JPY/SGD	0.9830 - 1.0022
USD/CNH	6.8680 - 6.8980
USD/INR	81.80 - 82.30
USD/IDR	14650 - 14950
USD/MYR	4.403 - 4.436
USD/PHP	55.80 - 56.70
USD/THB	34.25 - 34.65

Today's Direction

	Bull	Bear
USD/SGD	6	1
USD/JPY	6	1

- What this means is that headline cheer is overstated. Whereas, the mechanics under the hood suggest more subdued growth multipliers, bound by greater credit/stimulus intensity.

... & Flustered Commodity Bulls?

- The risk with China's flattered re-opening rebound (that ultimately fails to hold up to detailed scrutiny and the tyre-kicking over time) is that commodity bulls, inebriated on euphoria about China's re-opening demand, end up inadvertently flustered.

- In particular as optimistic expectations are calibrated down; for three key factors at least.

- First, is to discount the pace of consumption demand rebound to cater for some inevitable fizzle (amid savings drawdown and gathering economic headwinds) in "revenge" consumption.

- Especially as domestic demand starts to leak as outbound travel resumes more emphatically.

- Second, consumption spurt is not necessarily a guarantee of confidence restoration to pre-"Common Prosperity" regions; which may in particular stifle investment multipliers.

- Finally, post-COVID global consumption re-balancing to services colliding with global demand headwinds, warn of industrial output recovery falling short, not imminently catching up.

- Factors driving China's economic flattery risk over-estimating bullish motivation for industrial metals. More so, when a conspiracy of post-COVID adjustment of consumption away from goods, outbound China tourists, and higher global rates headwinds on investments are accounted for.

- Admittedly, energy may face more tensions/two-way distortions from revived Chinese travel and OPEC+ resistance to price reductions.

FX Daily Outlook

- EUR/USD: Consolidation around 1.1 with downside risks watched as UST yields subject to pull higher.

- USD/JPY: Buoyancy look to be retained above mid-133 as UST yield slippage looks limited.

- USD/SGD: 1.33-1.34 consolidation set to persist as caution around China growth grows.

- AUD/USD: China boost provided limited lift, weak commodity backdrop restrains rallies below 0.68.

TODAY'S EVENTS

(JP) Industrial Pdtn MoM/YoY (Feb F): (Prelim: 4.5%/-0.6%)

(MY) Trade Balance (Mar): (Mkt: MYR20.6b; Feb: MYR19.56b)

(EZ) Current Account (Feb): (Jan: €17.1b) | (EZ) CPI/Core YoY (Mar F): (Prelim: 6.9%/5.7%)

(US) MBA Mortgage Applications (14-Apr): (Prev: 5.3%)

Central Banks: Fed Beige Book | ECB's Lane, Knot, DeCos & Schnabel speak | Fed's Goolsbee & Williams speak

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