

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.74	134.72	+0.60	+1.59
EUR	1.0963	1.0955	▼0.0017	▼0.0037
AUD	0.6717	0.6713	▼0.0012	+0.0022
SGD	1.3351	1.3345	+0.0018	+0.0066
CNY	6.8958	6.8847	+0.0085	+0.0117
INR	82.11	82.23	+0.19	+0.14
IDR	14980	14845	+0	▼35
MYR	4.4320	4.4410	+0.0072	+0.0317
PHP	56.23	56.23	+0.09	+0.99
THB	34.46	34.48	+0.19	+0.23

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.591%	+1.5 bp	+20.0 bp
JPY (10YR)	0.483%	+0.8 bp	+1.4 bp
EUR* (10YR)	2.515%	+3.8 bp	+14.5 bp
AUD (5YR)	3.263%	+7.8 bp	+27.4 bp
SGD (5YR)	2.855%	+1.2 bp	+3.9 bp
CNY (5YR)	2.657%	▼1.7 bp	+0.5 bp
INR (5YR)	7.047%	▼0.5 bp	+2.6 bp
IDR (5YR)	6.412%	+0.0 bp	+4.4 bp
MYR (5YR)	3.520%	+0.0 bp	▼0.4 bp
PHP (5YR)	5.901%	+3.2 bp	▼4.8 bp
THB (5YR)	2.101%	+0.2 bp	+1.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,897.01	▼0.23%	+0.74%
N225 (JP)	28,606.76	▼0.18%	+1.87%
STOXX 50 (EU)	4,393.57	▼0.01%	+1.37%
ASX (AU)	4,289.38	▼0.19%	+0.96%
STI (SG)	3,324.05	+0.44%	+1.15%
SHCOMP (CN)	3,370.13	▼0.68%	+1.29%
SENSEX (IN)	59,567.80	▼0.27%	▼1.37%
JSE (ID)	6,821.81	+0.00%	+0.34%
KLSE (MY)	1,425.07	▼0.51%	▼0.67%
PSE (PH)	6,446.35	▼0.28%	▼0.36%
SET (TH)	1,580.73	▼0.82%	▼0.75%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	275.02	▲1.40%	▲0.26%
COPPER (LME)	8,947.75	▲0.63%	+0.35%
IRON ORE (CN)	120.19	▲0.05%	▲0.17%
GOLD	1,994.93	▲0.52%	▲0.99%
OIL (WTI)	79.16	▼2.10%	▼4.92%

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	4.434

Forecast

USD/JPY	133.70 - 135.10
EUR/USD	1.0870 - 1.1010
AUD/USD	0.6640 - 0.6790
USD/SGD	1.3300 - 1.3390
JPY/SGD	0.9845 - 1.0015
USD/CNH	6.8680 - 6.8980
USD/INR	81.90 - 82.40
USD/IDR	14750 - 14950
USD/MYR	4.420 - 4.450
USD/PHP	56.00 - 56.70
USD/THB	34.30 - 34.65

Today's Direction

	Bull	Bear
USD/SGD	5	3
USD/JPY	4	4

Three Take-aways:

- 1) US equities remind that declining prices hitting profitability may dampen misplaced policy pivot relief.
- 2) UST yields rose and USD strengthened as pivot bets get a trim awaiting slew of Fed speakers.
- 3) Malaysia's headline inflation likely restrained by price controls but core inflation to remain unrelenting.

Pivots, Prices and Profitability

- At the margin, markets look to have trimmed pivot bets awaiting more Fed speakers alongside another jobless claim print, though a large gap of nearly 2 rate cuts (amounting to -50bps by end-2023/early-2024) are still being priced in.

- Specifically, US Treasuries sold off as 2Y UST yields are up 4.7bp while 10Y UST rose a milder 1.0bp. The latter may have been imparted concerns from the Fed Beige Book which reported shrinking lending volumes and loan demand and may portend growth slowdown. These underlying details contrast with more comforting headline lines of little unchanged overall economic activity.

- The report also affirmed recent data of moderating employment growth and inflation. Given the higher UST yields, the realisation of a slower than expected inflation moderation may be dawning.

- After all, stubborn inflation in the UK saw renewed bets for more BoE hikes while ECB's Lane set the case for a further hike with the magnitude being data-dependent.

- The former set the stage for 2Y Gilts yields to soar 13.8bps which in turn back the pound to eke out gains against the USD and outperform G10 peers which had all conceded to the USD.

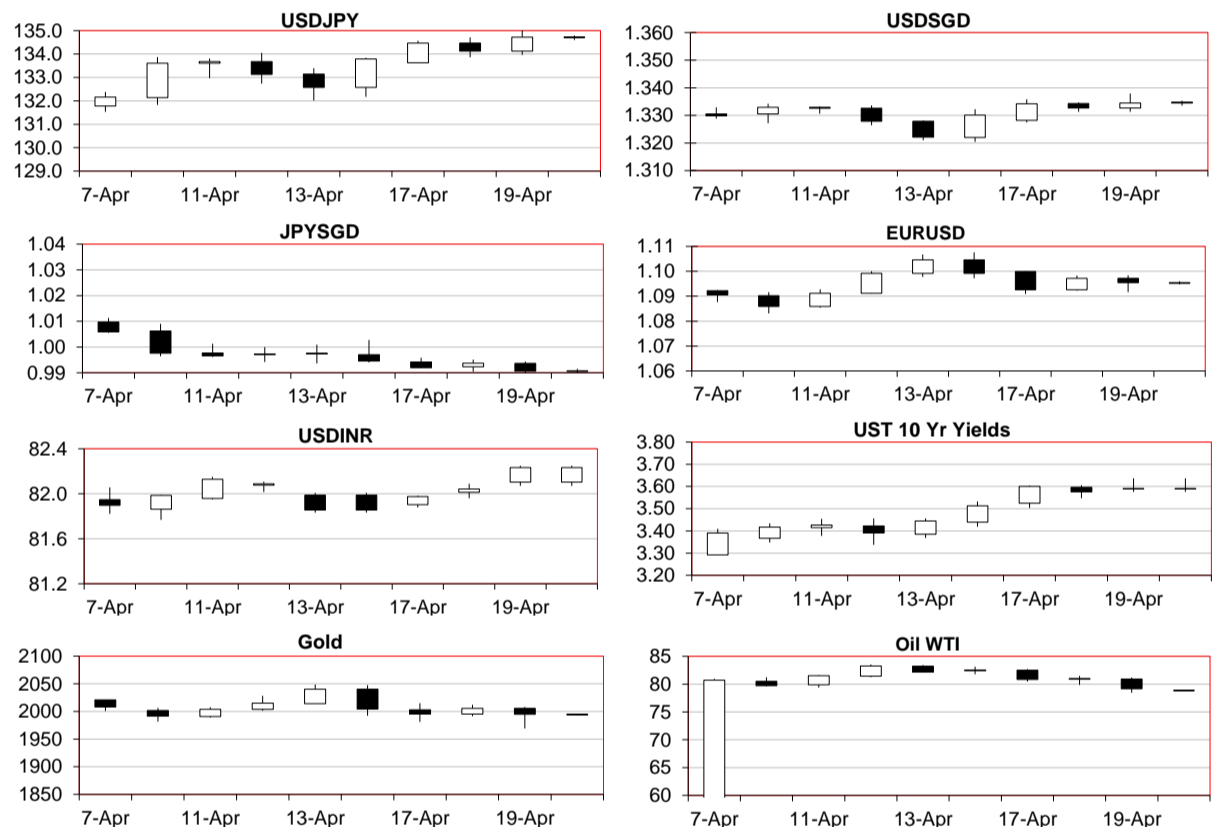
- NOK and CAD underperformed as Brent crude prices dropped 2.2% to slip below US\$83/barrel. USD/JPY rose above mid-134 as higher UST yields pull dominated. The AUD edged lower to hover above 0.67 while EUR largely floated above mid-1.09.

- Turning to US equities, the Dow was down 0.2% while S&P500 and Nasdaq managed to close flat as they managed to claw back much of early session losses. That said, stock futures pointing lower on the back of Tesla's profit margin woes bring home the broader macroeconomic point that lower prices allowing pivot cheer will have to be dampened by profitability concerns.

OVERNIGHT RESULTS

(JP) Industrial Pdn MoM/YoY (Feb F): 4.6%/0.5% (Prelim: 4.5%/0.6%) | (MY) Trade Balance (Mar): MYR26.7b (Mkt: MYR20.6b; Feb: MYR19.56b) | (EZ) Current Account (Feb): €24.3b (Jan: €17.1b; Revised: €18.6b) | (EZ) CPI/Core YoY (Mar F): 6.9%/5.7% (Prelim: 6.9%/5.7%) | (US) MBA Mortgage Applications (14-Apr): -8.8% (Prev: 5.3%)

* Past Two Weeks Movement *



What's more, growth fears incited pivots may inevitably entail both price and volume dents.

Malaysia CPI: Contained, Not Subdued

- Today's Malaysia's headline inflation print for March is expected to mellow and stay below 4%. Clearly, nearly immutable petrol and diesel caps have helped to contain headline inflation to below that of most regional peers and kept a lid on transportation cost.

- Poultry price controls have also restrained the escalation of food cost.

- More importantly, these upstream price control measures which comprise almost one fifth of the CPI basket assist in preventing second round effects onto the final goods and services of manufacturing industries as well as services sectors.

- While not a game changer for headline inflation, the ongoing "Rahmah" initiative also chips away at cost of living effect by availing more options for cheaper meals and essential goods.

- That said, inflationary pressures are far from being subdued or vanquished given that core inflation's rise was a steady and gradual one with very mild dis-inflation since Nov 2022's peak at 4.2%. At this juncture, core inflation has exceeded headline inflation for five consecutive months with today's print likely to make it six.

- Furthermore, while producer price indices indicate that cost pressures may be easing, the expected dis-inflation on the consumer end may be slower than expected considering the need to repair their balance sheet which absorbed substantially higher cost for prolonged periods (H2 2021 to the H2 2022).

FX Daily Outlook

- EUR/USD: Fed Speak set to restrain EUR rallies toward 1.01.

- USD/JPY: Buoyancy further imparted on higher UST yields as 135 may be cautiously tested.

- USD/SGD: CNH weakness to backstop consolidation on both sides of mid-1.33.

- AUD/USD: Consolidation below 0.68 as commodity headwinds and UST yields rise.

TODAY'S EVENTS

(JP) Trade Balance (Mar): -¥754.5b (Mkt: -¥1298.9b; Feb: -¥898.1b) | (JP) Tertiary Industry Index MoM (Feb): (Mkt: 0.4%; Jan: 0.9%)

(CH) 1Yr/5yr Loan Prime Rate: (Mkt: 3.65%/4.30%; Feb: 3.65%/4.30%) | (MY) CPI YoY (Mar): (Mkt: 3.6%; Feb: 3.7%)

(US) Initial Jobless Claims: (Mkt: 240k; Prev week: 239k) | (US) Leading Index (Mar): (Mkt: -0.7%; Feb: -0.3%)

(US) Philadelphia Fed Business Outlook (Apr): (Mkt: -19.7; Mar: -23.2)

Central Banks: Fed's Goolsbee, Williams, Waller and Bowman speak

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