

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.62	134.24	▼0.48	+1.66
EUR	1.0960	1.0970	+0.0015	▼0.0076
AUD	0.6710	0.6743	+0.0030	▼0.0039
SGD	1.3340	1.3324	▼0.0021	+0.0103
CNY	6.8853	6.8742	▼0.0105	+0.0066
INR	82.20	82.16	▼0.08	+0.30
IDR	14949	14845	+0	+94
MYR	4.4377	4.4373	▼0.0037	+0.0363
PHP	56.02	56.02	▼0.20	+0.75
THB	34.42	34.39	▼0.09	+0.13

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.532%	▼5.9 bp	+8.7 bp
JPY (10YR)	0.472%	▼1.1 bp	+0.1 bp
EUR* (10YR)	2.445%	▼7.0 bp	+7.3 bp
AUD (5YR)	3.249%	▼1.4 bp	+22.5 bp
SGD (5YR)	2.835%	▼2.0 bp	+6.0 bp
CNY (5YR)	2.660%	+0.3 bp	+0.1 bp
INR (5YR)	7.042%	▼0.5 bp	▼1.7 bp
IDR (5YR)	6.412%	+0.0 bp	+6.2 bp
MYR (5YR)	3.494%	▼2.6 bp	+0.0 bp
PHP (5YR)	5.842%	▼5.9 bp	▼6.6 bp
THB (5YR)	2.099%	▼0.2 bp	+1.6 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,786.62	▼0.33%	▼0.71%
N225 (JP)	28,657.57	+0.18%	+1.78%
STOXX 50 (EU)	4,384.86	▼0.20%	+0.50%
ASX (AU)	4,289.09	▼0.01%	+0.69%
STI (SG)	3,313.41	▼0.32%	+0.57%
SHCOMP (CN)	3,367.03	▼0.09%	+1.47%
SENSEX (IN)	59,632.35	+0.11%	▼1.32%
JSE (ID)	6,821.81	+0.00%	+0.53%
KLSE (MY)	1,422.11	▼0.21%	▼0.84%
PSE (PH)	6,520.44	+1.15%	+1.11%
SET (TH)	1,565.10	▼0.99%	▼1.73%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	271.91	▲1.13%	▲1.34%
COPPER (LME)	8,865.25	▲0.92%	▲2.21%
IRON ORE (CN)	119.53	▲0.55%	+0.13%
GOLD	2,004.80	+0.49%	▲1.74%
OIL (WTI)	77.29	▼2.36%	▼5.93%

Three Take-aways:

- 1) Softer labour market, dented business outlook and housing market concerns weighed on investors.
- 2) Amid disappointing corporate earnings, safe haven seeking saw UST yields plunged and softened USD.
- 3) Fed's Mester watchful of economic impact from impaired credit while setting up real rate discussions.

Real Dismal

- **Initial jobless claims crawling up**, lower than expected Philadelphia Fed Business outlook and shrinking existing home sales made for a night of **dismal growth prospects**. Facing cloudy demand, commodity prices continued their slippage as Brent crude prices fell 2.7%.

- What's more, **geopolitical tensions were taken up a notch** as US President Joe Biden's administration signalled intentions for an upcoming executive order to limit US businesses investments into China. Fading pandemic concerns looks to have the spotlight revert back to trade tensions and supply chains.

- Against the poor economic backdrop and coming off lacklustre earnings, US equities declined across the board (Nasdaq: -0.8%, S&P 500: -0.6%; Dow: -0.3%).

- Flying towards safe haven USTs, 2Y yields plunged 10.1 bps while 10Y yields fell 5.9bps.

- Attendant to the lower UST yields, the USD broadly softened. USD/JPY is back to just above 134 while EUR continued consolidation around mid-1.09 to 1.10. Down under, though the AUD gained 0.5%, rallies retain a cautious tone. USD/SGD edged lower towards 1.33.

- While haven needs for USTs are valid as Fed's Mester remains watchful for crimped credit impact on the economy, her allusion on the need for **real rates to stay positive** may set the next stage for holding rates (and appropriate deflators debates) and impart backstop for UST yields and USD.

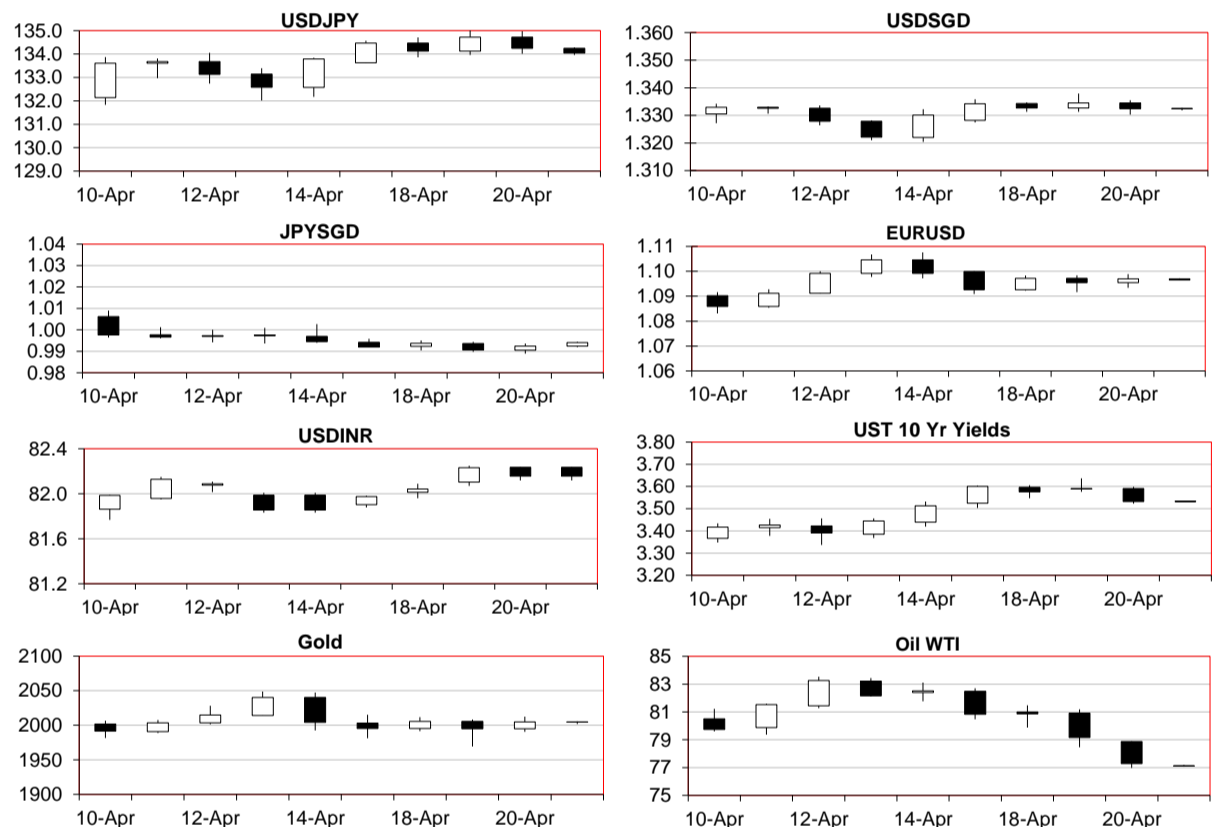
Thailand Elections: Unsettled Continuity

- Thailand's general elections which will be held on **14 May** will inevitably incite a myriad of sentiments ranging from worries of street protests which necessitated a state of emergency in 2020, to the optimistic hopes of pre-and post- election spending boost.

OVERNIGHT RESULTS

(CH) 1Yr/5yr Loan Prime Rate: 3.65%/4.30% (Mkt: 3.65%/4.30%; Feb: 3.65%/4.30%) | (MY) CPI YoY (Mar): **3.4%** (Mkt: **3.6%**; Feb: **3.7%**) | (US) Initial Jobless Claims: **245k** (Mkt: **240k**; Prev week: **239k**, Revised: **240k**) | (US) Leading Index (Mar): -1.2% (Mkt: -0.7%; Feb: -0.3%) | (US) Phil. Fed Business Outlook (Apr): **-31.3** (Mkt: **-19.7**; Mar: **-23.2**)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	133.99	EUR/USD	1.0968
USD/SGD	1.3323	USD/THB	34.33
JPY/SGD	0.9943	USD/MYR	#N/A N/A

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	55.60 - 56.10
USD/THB	34.20 - 34.45

Today's Direction

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

- A closer look reveals a base case of political and economic continuity with significant potential for upheavals. In particular, the race of PM is a high bar even for opinion poll front runners Paetongtarn Shinawatra of the Pheu Thai Party and Pita Limjaroenrat of the Move Forward Party facing an incumbent favouring Senate having an outsized role in PM selection and the potential of support base overlap of these two opposition candidates.

- Specifically, the **bar for opposition is the need to secure 75%** of the House seats to overcome the Senate's traditional pro-establishment support.

- On the other hand, PM Prayuth joining the United Thai Nation Party from the ruling Palang Pracharath Party (PPRP) implies facing off or at the very least dividing the pro-status quo electorate with his mentor General Prawit who is standing for PM under the PPRP.

- As such, **coalition governments look par for the course and may ironically impart greater stability than narrow single party win outcomes which may be subject to election rule violations and judicial controversies**.

- While the fiscal budget approval for FY24 may be delayed due to the need for approval from the new government, **election spending boost look to add 0.3% point** to GDP as consumption rises. Post elections, many broad based campaign pledges such as cash transfers and higher minimum wages may need to concede to the need for fiscal consolidation.

- Nonetheless, a slower pace of fiscal consolidation in FY24 may avail room for measured policies to lift poorer segments of the population or provide more assistance for farming communities.

(For more details, see Mizuho Flash: Thailand Politics - Unsettled Continuity)

FX Daily Outlook

- EUR/USD: Consolidation below 1.10 as EUR unable to fully capitalise on lower UST yields.

- USD/JPY: Underlying sticky inflation may incite bet for BoJ pivots and impart caution for 135 test.

- USD/SGD: Bounces off 1.33 as gains checked by US-China geo-political tensions and EM spillover.

- AUD/USD: Slipping commodities may continue asserting and restrain AUD gains.

TODAY'S EVENTS

(JP) National CPI/Ex Fresh Food, Energy YoY(Mar): **3.2%/3.8%** (Mkt: **3.2%/3.6%**; Feb: **3.3%/3.5%**) |

(KR) PPI YoY (Mar): **3.3%** (Feb: **4.8%**)

(JP) Mfg/Services PMI (Apr P): (Mar: 49.2/55.0)

Central Banks: Fed's Lisa Cook speak

Important Information

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance.

This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

Singapore: Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

Japan: Mizuho is authorised and regulated by the Financial Services Agency of Japan.

United Kingdom / European Economic Area: In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.