

## 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	+0.07%	▼0.71%
N225 (JP)	28,657.57	▼0.33%	+1.78%
STOXX 50 (EU)	4,384.86	+0.54%	+0.50%
ASX (AU)	4,289.09	+0.21%	+0.69%
STI (SG)	3,313.41	+0.25%	+0.57%
SHCOMP (CN)	3,367.03	▼1.95%	+1.47%
SENSEX (IN)	59,632.35	+0.04%	▼1.32%
JSE (ID)	6,821.81	+0.00%	+0.53%
KLSE (MY)	1,422.11	+0.00%	▼0.84%
PSE (PH)	6,520.44	+0.00%	+1.11%
SET (TH)	1,565.10	▼0.43%	▼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	+0.75%	▼5.63%

## 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	-

### 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	4.425 - 4.450
USD/PHP	55.80 - 56.10
USD/THB	34.20 - 34.45

### Today's Direction

	Bull	Bear
USD/SGD	4	1
USD/JPY	4	1

### Three Take-aways:

- 1) PMI data surprising on the upside re-ignites "more work to do" Fed as UST yields pull higher.
- 2) Significant volatility in both US Treasuries and FX markets underscores investors on tenterhooks.
- 3) South Korea Q1 GDP looks unable to shake off a slowdown as semiconductor woes grow.

### More Work to Do

- Last Friday, US PMI data for April surprised on the **upside on both manufacturing and services activity** as the data indicating 'more work to do' has gone against the recent softness seen from the likes of claims and housing data.

- First, the prints **exceeded expectations and improved from March**. Second, manufacturing reading (being above 50) is in **expansion** territory. Third, a **jump in new orders** may imply resilient labour markets and ability to pass through higher cost.

While it remains to be seen if the activity recovery in the manufacturing sector is indeed **durable**, it is notable that **significant volatility was imparted on markets despite the seemingly smaller end of day conclusions**.

- UST treasuries certainly reflected the volatility. While 2Y UST yields rose 3.8bps overall, the jump post PMI data was a sharp -10bps. Displaying similar jumps, 10Y yields ended 4bps higher.

- The higher UST yields were certainly congruent with **Fed Governor Lisa Cook** who had the last word (before their black out period which started last Friday) and stated that continued **strength in the economy and slower disinflation** meant that we (the Fed) **may have more work to do**.

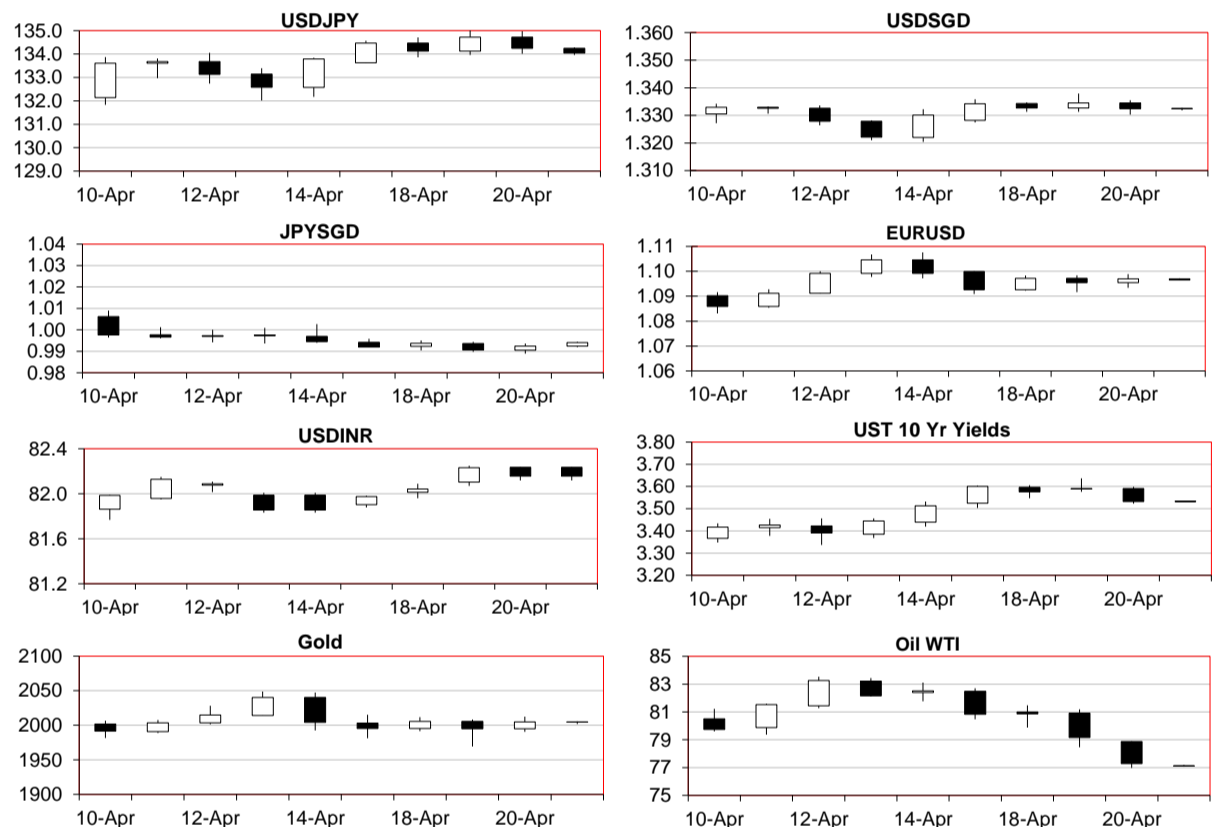
- The **contrasting forces** of tighter policy and hopes of improved economic outlook saw US equities (Nasdaq, S&P 500 and Dow) managing just a 0.1% up tick. While corporate bankruptcies (such as from Bed Bath & Beyond) are not catastrophic in a macro-economic sense, the broader banking balance sheets and debt issues may have more to come in a higher for longer environment.

- Underneath the mixed USD performance which was slightly weakened overall was **also a scene of volatility**. EUR is back to just beneath 1.10 while the USD/JPY has slipped back below 134 after testing mid-134 post US PMI data.

### OVERNIGHT RESULTS

(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): 49.5/54.9 (Mar: 49.2/55.0) | (US) Mfg/Services (Apr P): 50.4/53.7 (Mkt: 49.0/51.5; Mar: 49.2/52.6)

### \* Past Two Weeks Movement \*



- The AUD slipped below 67 cents while USD/SGD edged up towards mid-1.33. While EM-Asia FX has benefited from tailwinds of a softer USD, given that most central banks have nearly ran their course, weaker economic conditions for more open economies may spell rising headwinds.

### Korea GDP: Slowdown

- After the dismal performance of Q4 2022 GDP at 1.4% YoY which representation a 0.4% QoQ SA sequential contraction, upcoming Q1 2023 GDP looks **unable to shake off this gloom as external headwinds have grown since then**.

- We continue to observe **inventory accumulation as shipments declining reflects the weak external demand environment**.

- Consequently, capacity utilisation has sunk back to recent lows as earlier capacity building coming onstream coincides unfortunately with the sharp downturn in demand.

- Reflecting these, our forecast of 1.0% YoY represents a mild 0.3% QoQ SA economic expansion. Even as the BoK has held policy rate at 3.50%, monetary policy is still restrictive and will continue to weigh on housing markets and investment decisions.

- Looking ahead, even if Q1 growth stays at a resilient pace, it would be prudent to recognise that impending slowdown is looking inevitable given the announced step down in electronics production by major producers.

- What's more, being entangled in the semiconductor wars of US-China tensions may entail re-tooling supply chains and diminished margins worsening an already dire demand situation.

### FX Daily Outlook

- EUR/USD: Repeated episodes of testing 1.10 on the cards but far from durable rallies.

- USD/JPY: With BoJ looming, rallies above 135 in check though buoyancy retained on higher US yields.

- USD/SGD: Mid-1.33 consolidation pair for the course even if CPI beats as policy outlook unaffected

- AUD/USD: Consolidation on both sides of 67 cents as RBA faces enlarged risks.

### TODAY'S EVENTS

(SG) CPI/Core YoY (Mar): (Mkt: 5.5/5.1%; Feb: 6.3%/5.5%) | (TW) Industrial Production (Mar): (Mkt: -12.6%; Feb: -8.7%) |

(TW) Unemployment Rate (Mar): (Mkt: 3.6%; Feb: 3.6%) |

(GE) IFO Business Climate/Current Assessment/Expectations (Apr): (Mkt: 93.4/96.0/91.1; Mar: 93.3/95.4/91.2)

(US) Chicago Fed National Activity Index (Mar) : (Mkt:-0.2; Feb: -0.2) | (US) Dallas Fed Mfg Activity Index(Apr): (Mkt: -11.0; Mar:-15.7)

Central Banks: ECB'S Panetta, Villeroy, Vujcic

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