

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.21	134.24	+0.08	▼0.23
EUR	1.0986	1.1046	+0.0060	+0.0120
AUD	0.6685	0.6696	+0.0004	▼0.0005
SGD	1.3353	1.3334	▼0.0008	▼0.0008
CNY	6.8978	6.8958	+0.0044	+0.0159
INR	82.02	81.91	▼0.19	▼0.06
IDR	14971	14845	+0	+55
MYR	4.4369	4.4373	+0.0000	+0.0148
PHP	55.79	55.79	▼0.23	▼0.06
THB	34.43	34.40	+0.01	+0.04

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.490%	▼8.2 bp	▼11.0 bp
JPY (10YR)	0.473%	+0.0 bp	▼1.2 bp
EUR* (10YR)	2.508%	+2.7 bp	+3.5 bp
AUD (5YR)	3.206%	▼0.3 bp	+12.4 bp
SGD (5YR)	2.860%	+2.0 bp	+3.2 bp
CNY (5YR)	2.660%	+0.4 bp	▼2.0 bp
INR (5YR)	7.006%	▼1.7 bp	▼7.2 bp
IDR (5YR)	6.412%	+0.0 bp	+3.1 bp
MYR (5YR)	3.494%	+0.0 bp	▼0.4 bp
PHP (5YR)	5.841%	▼0.1 bp	▼6.6 bp
THB (5YR)	2.084%	▼0.4 bp	▼1.5 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,875.40	+0.20%	▼0.33%
N225 (JP)	28,593.52	+0.10%	+0.28%
STOXX 50 (EU)	4,401.80	▼0.15%	+0.78%
ASX (AU)	4,295.89	▼0.05%	+0.29%
STI (SG)	3,324.55	+0.08%	+0.16%
SHCOMP (CN)	3,275.41	▼0.78%	▼3.25%
SENSEX (IN)	60,056.10	+0.67%	+0.24%
JSE (ID)	6,821.81	+0.00%	+0.50%
KLSE (MY)	1,422.11	+0.00%	▼0.89%
PSE (PH)	6,598.38	+1.20%	+1.43%
SET (TH)	1,557.87	▼0.03%	▼2.66%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	272.61	+0.67%	▲1.52%
COPPER (LME)	8,710.00	▲0.78%	▲2.82%
IRON ORE (CN)	116.39	▲0.87%	▲2.59%
GOLD	1,989.14	+0.31%	▲0.30%
OIL (WTI)	78.76	+1.14%	▼2.56%

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	134.09	EUR/USD	1.1057
USD/SGD	1.3328	USD/THB	34.32
JPY/SGD	0.9940	USD/MYR	4.423

**Forecast**

USD/JPY	133.50 - 135.00
EUR/USD	1.0960 - 1.1100
AUD/USD	0.6660 - 0.6770
USD/SGD	1.3290 - 1.3370
JPY/SGD	0.9844 - 1.0015
USD/CNH	6.8820 - 6.9050
USD/INR	81.80 - 82.20
USD/IDR	14930 - 15000
USD/MYR	4.420 - 4.448
USD/PHP	55.55 - 56.10
USD/THB	34.20 - 34.45

**Today's Direction**

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

**Three Take-aways:**

- 1) No "bad news is good news" pivot rally from soft Dallas Fed; instead caution ahead of tech earnings.
- 2) Korea's Q1 GDP sputtered to 0.8% YoY in Q1 with a 3.3% YoY drag from manufacturing.
- 3) KRW will remain under the weather as cash-flow dynamics reinforce under-performance.

**Opportunistic, Not Optimistic**

- The seemingly sanguine mood overnight had a **distinct aftertaste of caution**; with moves across overnight markets **opportunistic, not optimistic**. Specifically, sharply softer Dallas Fed Mfg was not seized as "bad news is good news" pivot rally. *Not unequivocally* anyway.

- Sure enough, USTs rallied (yields fell 8-9bp across 2-10Y curve) and USD slipped; consistent with Fed pivot bets that rein in tightening/rate hike pricing. But this needs to be *appreciated in the context of unwinding positions from a late surge in yields alongside USD bounce last week*.

- Whereas, **equities nakedly revealed the opportunism**. S&P500 and Dow eked out 0.1-0.2% gains, partly boosted by lower yields and higher oil. In contrast, ahead of tech earnings, Nasdaq stumbled 0.3%; the **conspicuous absence of optimism** about prospects.

- So, EUR's surge to break through 1.10 to mid-1.10 smells of **opportunistic reflex** to tear in yields (UST yields down and EZ yields up) amid after-glow of radiant EZ PMIs *rather than thoroughbred demand optimism*. So extending these rallies may be a stretch.

- More tellingly, AUD pick-up to 0.67 looks tenuous despite loftier oil; as metals look lackluster.

- Similarly measured gains in JPY and SGD (USD/JPY slip to 134; USD/SGD to low-1.33) have aspects of opportunism around softer UST yields and USD rather than "risk on" optimism.

- With unconvincing CNH traction with all of its geo-political baggage and softer than expected Korea GDP, **unadulterated optimism is hard to detect** in this part of the world.

**Korea's Dim Q1**

- Any serious analysis makes for **dim readings of Korea's Q1 GDP**. And the *silver-lining of averting a technical recession borders on being an optical illusion from a soft base*.

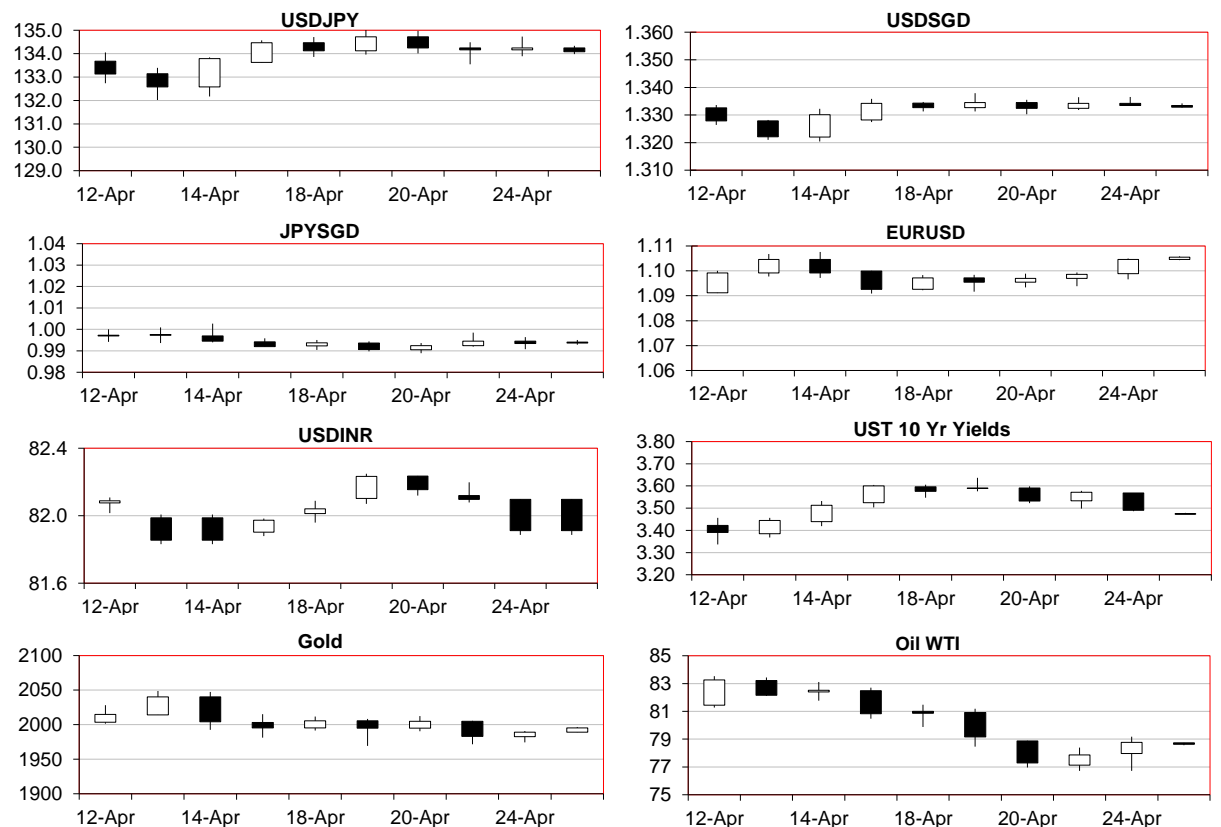
- Whereas the 3.3% YoY drop in manufacturing (Q4: -2.7%) lays bare the **turbulence from chip sector downswing accentuating pain** from a double whammy of high cost and softer demand.

**OVERNIGHT RESULTS**

(SG) CPI/Core YoY (Mar): 5.5%/5.0% (Mkt: 5.5%/5.1%; Feb: 6.3%/5.5%)

(TW) Ind Pdn YoY (Mar): -14.5% (Mkt: -12.6%; Feb: -7.7%) | (GE) IFO Business Climate (Apr): 93.6 (Mkt: 93.4; Mar: 93.2)

(US) Chicago Fed National Activity (Mar): -0.2 (Mkt: -0.2; Feb: -0.2) | (US) Dallas Fed Mfg Index (Apr): -23.4 (Mkt: -12.0; Mar: -15.7)

**Past Two Weeks Movement**


- Financial spill-overs are also coming home to roost, and may not be fully offset by resilience in InfoComm. And the **elephant in the room** is how long consumer resilience (that may have been flattered by re-opening) will be able to hold out amid higher rates (and inflation).

- From an expense perspective, **external headwinds compounding domestic pain** is revealed in the staggering 3.2%-pt net exports drag; which underpins KRW woes.

**Won: No Win**

- Speaking of which, not only is it evident that there are "no wins" for the (Korean) Won in the current environment, but it is notable that the path to recovery is littered with obstacles.

- For one, the massive deficit of net exports (in GDP as well as customs goods data), which translates into **Current Account (C/A) deficit**, is unsettling for the KRW insofar that it inverts the "usual" surplus position, which tips KRW valuations south.

- What's more, this C/A deficit **sharpens focus on the deep fiscal deficit, challenging KRW** from an uncomfortable standpoint of being in the "twin deficit" space.

- **Optimists could argue** that this is a temporary aberration for the KRW that will revert to C/A surplus, thereby restoring strength; and emphatically so when the chips cycle turns. Maybe so.

- But with the US imploring Korea to withhold memory chip exports to China (~20% of all exports to China and >50% of its memory chip exports) this imposes some geo-political uncertainty.

- In which case, **opportunists are happy to exploit** bearish impulses until clarity emerges.

- Especially if a global downturn later this year is not averted. As this not only retards the recovery in net goods exports deficit, but potentially depresses C/A deficit on shipping woes.

**FX Daily Outlook**

- EUR/USD: 1.11 is a tempting test, bit a durable break to chase.
- USD/JPY: Expect sub-134 to be fairly shallow through to mid-133, if UST yields don't slump.
- USD/SGD: Caution and measured CNH upside will dampen sub-1.33 dips.
- AUD/USD: soft spots in metal, despite crude oil's bounce, to rein in traction above mid-0.67.

**TODAY'S EVENTS**

(KR) GDP YoY/QoQ sa (Q1): 0.8%/0.3% (Mkt: 0.9%/0.2%; Q4:1.3%/-0.4%) | (JP) PPI Services YoY (Mar): 1.6% (Mkt: 1.7%; Feb: 1.8%) (KR) Retail Sales YoY (Mar): (Feb: 7.9%) | (US) Philly Fed Non-Mfg (Apr): (Mar: -12.8)

(US) FHFA House Price Index MoM (Feb): (Mkt: -0.1%; Jan: 0.2%) | (US) New Home Sales (Mar): (Mkt: 632K; Feb: 640K)

(US) Conf. Board Consumer Confidence (Apr): (Mkt: 104.0; Mar: 104.2) | (US) Richmond Fed Mfg (Apr): (Mkt: -8; Mar: -5)

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