

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.17	133.76	▼0.48	▼0.36
EUR	1.1031	1.0973	▼0.0073	+0.0001
AUD	0.6659	0.6626	▼0.0070	▼0.0099
SGD	1.3362	1.3386	+0.0052	+0.0059
CNY	6.9182	6.9326	+0.0368	+0.0564
INR	81.94	81.92	+0.01	▼0.12
IDR	14941	14845	+0	+0
MYR	4.4489	4.4500	+0.0127	+0.0162
PHP	55.54	55.54	▼0.25	▼0.60
THB	34.37	34.38	▼0.01	+0.09

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.400%	▼9.1 bp	▼17.6 bp
JPY (10YR)	0.479%	+0.6 bp	+0.4 bp
EUR* (10YR)	2.384%	▼12.4 bp	▼9.3 bp
AUD (5YR)	3.206%	+0.0 bp	+2.1 bp
SGD (5YR)	2.847%	▼1.3 bp	+0.4 bp
CNY (5YR)	2.662%	+0.2 bp	▼1.2 bp
INR (5YR)	7.013%	+0.7 bp	▼3.9 bp
IDR (5YR)	6.412%	+0.0 bp	+0.0 bp
MYR (5YR)	3.424%	▼7.0 bp	▼9.6 bp
PHP (5YR)	5.857%	+1.6 bp	▼1.2 bp
THB (5YR)	2.083%	▼0.1 bp	▼1.6 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,530.83	▼1.02%	▼1.31%
N225 (JP)	28,620.07	+0.09%	▼0.14%
STOXX 50 (EU)	4,377.85	▼0.54%	▼0.37%
ASX (AU)	4,285.93	▼0.23%	▼0.27%
STI (SG)	3,296.56	▼0.84%	▼0.39%
SHCOMP (CN)	3,264.87	▼0.32%	▼3.79%
SENSEX (IN)	60,130.71	+0.12%	+0.68%
JSE (ID)	6,821.81	+0.00%	+0.00%
KLSE (MY)	1,425.19	+0.22%	▼0.50%
PSE (PH)	6,593.39	▼0.08%	+1.99%
SET (TH)	1,540.20	▼1.13%	▼3.37%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	268.78	▲1.40%	▲3.64%
COPPER (LME)	8,506.00	▲2.34%	▲5.54%
IRON ORE (CN)	116.01	▲0.33%	▲3.53%
GOLD	1,997.39	+0.41%	▲0.40%
OIL (WTI)	77.07	▼2.15%	▼4.69%

### Three Take-aways:

- Soft activity indicators and poor consumer confidence add to banking sector woes.
- Fear reigns as US equities sank, UST yields declined and USD rallied on flight to safe havens.
- Australia CPI's moderation unlikely to be sufficient for RBA to prolong policy pause.

### First Beaten, Twice Shy

- Adding to soft economic indicators, Richmond Fed Manufacturing index came in below expectations alongside a sharp dip in consumer confidence and slipping Philly Fed Non-mfg activity. The **spectrum of bleak indicators** added to banking woes stemming from worries of First Republic's financial health.

- First Republic is certainly not the first US bank which had deposit woes (not even the second, following SVB and Signature Bank's collapse).

- The **fear of contagion and the repeated mantra of isolated incidents** has inevitably led to 'shy' (and yield seeking) deposits seeking to bank with the US Treasury.

- **US equities were beaten up** as the Nasdaq led losses dropping 2% while the S&P500 and Dow dropped 1.6% and 1.0% respectively. Evidently, equities were unable to stage a "bad news is good news" recovery as the **emphatic 13.4bp plunge in UST 2Y yields and 9.1bps drop in 10Y UST yields emanated fear rather than "relief" from policy pivots.**

- Clearly, the **fear factor drove USD gains** against nearly all G10 peers save for the JPY. Aside from tailwinds from lower UST yields, USD/JPY slipped below 134 with assistance of lower Brent crude prices which fell 2.4% to below US\$81/barrel.

- EUR sank back below 1.10 while AUD dived towards 0.66. Amid the poor demand outlook on commodities, AUD's underperformance may not be easily reversed even if today's CPI print proves supportive of another RBA hike. In EM-Asia, USD/SGD rose towards 1.34.

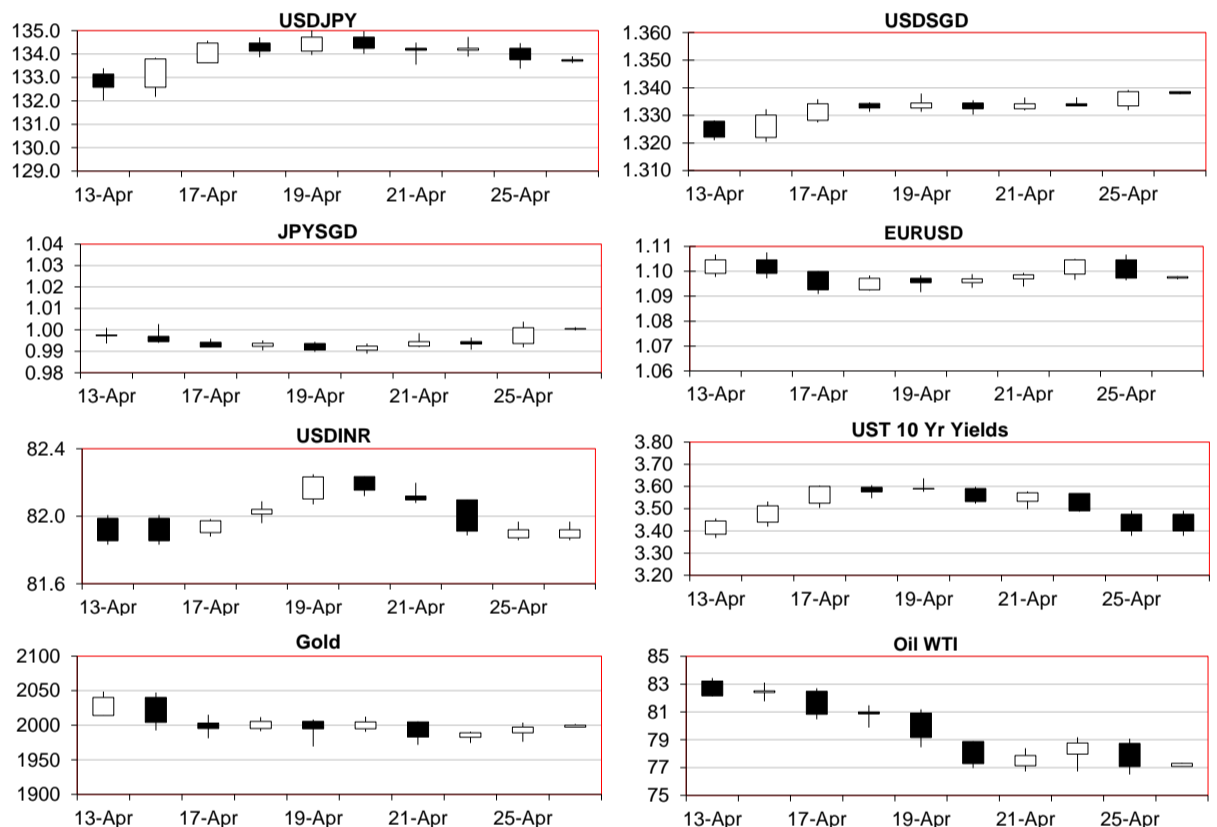
### Australia CPI: Insufficient Moderation

- Australia's Q1 headline inflation print this morning is expected to moderate closer to 7% from 2022 Q4's 7.8%. The usual suspects of lower fuel prices are expected to lead this moderation to offset the persistent food inflation.

### OVERNIGHT RESULTS

(KR) Retail Sales YoY (Mar): 6.4% (Feb: 7.9%) | (US) Philly Fed Non-Mfg (Apr): -22.8(Mar: -12.8) | (US) FHFA House Price Index MoM (Feb): 0.5% (Mkt: -0.1%; Jan: 0.2%) | (US) New Home Sales (Mar): 683k(Mkt: 632K; Feb: 640K) | (US) Conf. Board Consumer Confidence (Apr): 101.3 (Mkt: 104.0; Mar: 104.2; Rev: 104.0) | (US) Richmond Fed Mfg (Apr): -10 (Mkt: -8; Mar: -5)

### \* Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	133.69	EUR/USD	1.0979
USD/SGD	1.3379	USD/THB	34.33
JPY/SGD	1.0007	USD/MYR	4.451

### Forecast

USD/JPY	133.30 - 135.00
EUR/USD	1.0920 - 1.1050
AUD/USD	0.6580 - 0.6700
USD/SGD	1.3320 - 1.3420
JPY/SGD	0.9867 - 1.0068
USD/CNH	6.9000 - 6.9500
USD/INR	81.80 - 82.20
USD/IDR	14830 - 15000
USD/MYR	4.435 - 4.462
USD/PHP	55.50 - 56.10
USD/THB	34.20 - 34.55

### Today's Direction

	Bull	Bear
USD/SGD	4	1
USD/JPY	3	2

- On the services front, increases in holiday travel and accommodation cost and adjustments on tertiary education fees likely contributed to underlying inflation. Given persistent employment gains which are skewing toward full-time jobs rather than temporary assignments and unemployment rate at record lows, the dis-inflation process will likely be insufficient for the RBA to prolong their rate pause as their minutes last week revealed amplified tail risks.

- **First** the RBA highlighted that **upgraded population projections could generate additional upward pressure on housing; watering down earlier risks of a downward balance sheet spiral.**

- **The spillover to stronger demand for good and services should certainly not be lost here.**

- Indeed, the **pressure on rentals could certainly remain unrelenting.** Even from the perspective of the education sector, considering that student arrivals remain 22.5% in February lower than pre-Covid 2019 arrivals, the record low vacancy rates coupled with dismal construction activity elevates the threat of higher rental growth.

- **Second**, the RBA remains **wary of impending substantial wage increases** later in the year (inclusive of public sector employees). Yet again, the wage price spiral threat may burn longer.

- On the downside, while higher immigration flows may alleviate wage pressures, the overall effect would still be a near term boost on price pressures.

- **Third**, in **characterizing possibility of negative housing equity as a tail event**, the Minutes is essentially **warning that a pause is not a termination of tightening**; as the base case continues to suggest that upside inflation risks may not be fully offset by (tail risks of) adverse shocks.

### FX Daily Outlook

- EUR/USD: Re-taking 1.10 to be attempted though cross atlantic banking spillovers watched.

- USD/JPY: Slumping UST yields assist to restrain rallies above mid-134.

- USD/SGD: With regional peers set to weaken, pair to remain buoyed above mid-1.33.

- AUD/USD: CPI inflation print may allow re-taking mid-0.66 but rallies above 0.67 restrained.

### TODAY'S EVENTS

(AU) CPI YoY (1Q): (Mkt: 6.9%; 4Q: 7.8%) | (TH) Customs Trade Balance (Mar): (Mkt: -\$1000m; Feb: -\$1113m)

(SG) Industrial Production YoY (Mar): (Mkt: -6.1%; Feb: -8.9%) |

(US) Durable Goods Order/Non def Ex Air (Mar P): (Mkt: 0.7%; -0.1%; Feb: -1.0%/-0.1%)

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