

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	133.45	133.67	▼0.09	▼1.05
EUR	1.1018	1.1041	+0.0068	+0.0086
AUD	0.6609	0.6603	▼0.0023	▼0.0110
SGD	1.3359	1.3355	▼0.0031	+0.0010
CNY	6.9203	6.9280	▼0.0046	+0.0433
INR	81.90	81.77	▼0.15	▼0.47
IDR	14828	14833	▼12	▼12
MYR	4.4586	4.4575	+0.0075	+0.0165
PHP	55.64	55.64	+0.09	▼0.59
THB	34.23	34.21	▼0.18	▼0.27

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.449%	+4.9 bp	▼14.2 bp
JPY (10YR)	0.465%	▼1.4 bp	▼1.8 bp
EUR* (10YR)	2.397%	+1.3 bp	▼11.8 bp
AUD (5YR)	3.034%	▼17.2 bp	▼22.9 bp
SGD (5YR)	2.789%	▼5.8 bp	▼6.6 bp
CNY (5YR)	2.643%	▼1.9 bp	▼1.4 bp
INR (5YR)	6.990%	▼2.3 bp	▼5.7 bp
IDR (5YR)	6.277%	▼13.5 bp	▼13.5 bp
MYR (5YR)	3.413%	▼1.1 bp	▼10.7 bp
PHP (5YR)	5.844%	▼1.3 bp	▼5.7 bp
THB (5YR)	2.103%	+2.0 bp	+0.2 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,301.87	▼0.68%	▼1.76%
N225 (JP)	28,416.47	▼0.71%	▼0.67%
STOXX 50 (EU)	4,347.71	▼0.69%	▼1.04%
ASX (AU)	4,267.92	▼0.42%	▼0.50%
STI (SG)	3,293.91	▼0.08%	▼0.91%
SHCOMP (CN)	3,264.10	▼0.02%	▼3.15%
SENSEX (IN)	60,300.58	+0.28%	+1.23%
JSE (ID)	6,910.15	+1.29%	+1.29%
KLSE (MY)	1,414.25	▼0.77%	▼0.76%
PSE (PH)	6,540.24	▼0.81%	+1.46%
SET (TH)	1,543.95	+0.24%	▼2.33%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	264.94	▲1.43%	▲3.66%
COPPER (LME)	8,535.25	+0.34%	▲4.61%
IRON ORE (CN)	116.17	+0.14%	▲3.34%
GOLD	1,989.04	▲0.42%	▲0.30%
OIL (WTI)	74.30	▼3.59%	▼6.14%

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

USD/JPY	133.47	EUR/USD	1.1045
USD/SGD	1.3350	USD/THB	34.14
JPY/SGD	1.0004	USD/MYR	4.454

**Forecast**

USD/JPY	132.90 - 134.80
EUR/USD	1.0940 - 1.1130
AUD/USD	0.6570 - 0.6680
USD/SGD	1.3320 - 1.3420
JPY/SGD	0.9881 - 1.0098
USD/CNH	6.9170 - 6.9550
USD/INR	81.65 - 82.15
USD/IDR	14780 - 14950
USD/MYR	4.435 - 4.468
USD/PHP	55.45 - 56.00
USD/THB	34.05 - 34.35

**Today's Direction**

	Bull	Bear
USD/SGD	5	4
USD/JPY	7	2

**Three Take-aways:**

- 1) Market remain nervy about banking sector woes mostly overshadowing the tech earnings boost.
- 2) UST yields a tad higher to trim precipitous falls ahead of next week's FOMC.
- 3) The BoJ is set to be on hold (on Fri) as Governor Ueda is likely to avoid rocking the boat.

**Banking Woes**

- Banking woes eclipsed better-than-expected tech earnings to soften sentiments on Wall St, dragging S&P500 back into successive losses; *oddly coinciding with higher UST yields*.

- Admittedly, it is not unreasonable to expect UST yields to pull back on banking worries; whether on haven demand or anticipated tightening financial conditions restraining Fed hawks.

- But instead, closer examination reveals *yields edging back up to merely trim the precipitous and overdone yield drop earlier; especially ahead of next week's May FOMC*.

- Whereas, markets may be trained on *worries about US regional banks*, triggered by First Republic's deposit flight in the headlines, that continue to play out. And this may in turn weigh on risk sentiments; and arguably tipped to challenge the Fed's restrictive policy at some point.

- What's worth noting though is that *any resultant USD softening may be uneven*. And not just in terms of being volatile two-way moves, if Fed hawks don't concede. But more importantly in the sense of *not all currencies benefitting unequivocally from bouts of USD pullback*. Fact is, *US banking risks may adversely impact EM and commodities*; with attendant FX spillover.

- As evidenced by EUR buoyancy at mid-1.10 in contrast to AUD sliding back to 66 cents on commodity soft patches. USD/SGD declines below mid-1.33 are cautious/restrained.

- All said, *whether Fed pivot bets or softer USD boost all around*, the warning to opportunistic bets is that it is *one thing to concede banking woes and quite another to bank on woes*.

- Elsewhere, JPY bulls are agitated ahead of tomorrow's BoJ decision; but risk push-back.

**BoJ: Review, Not Revolt**

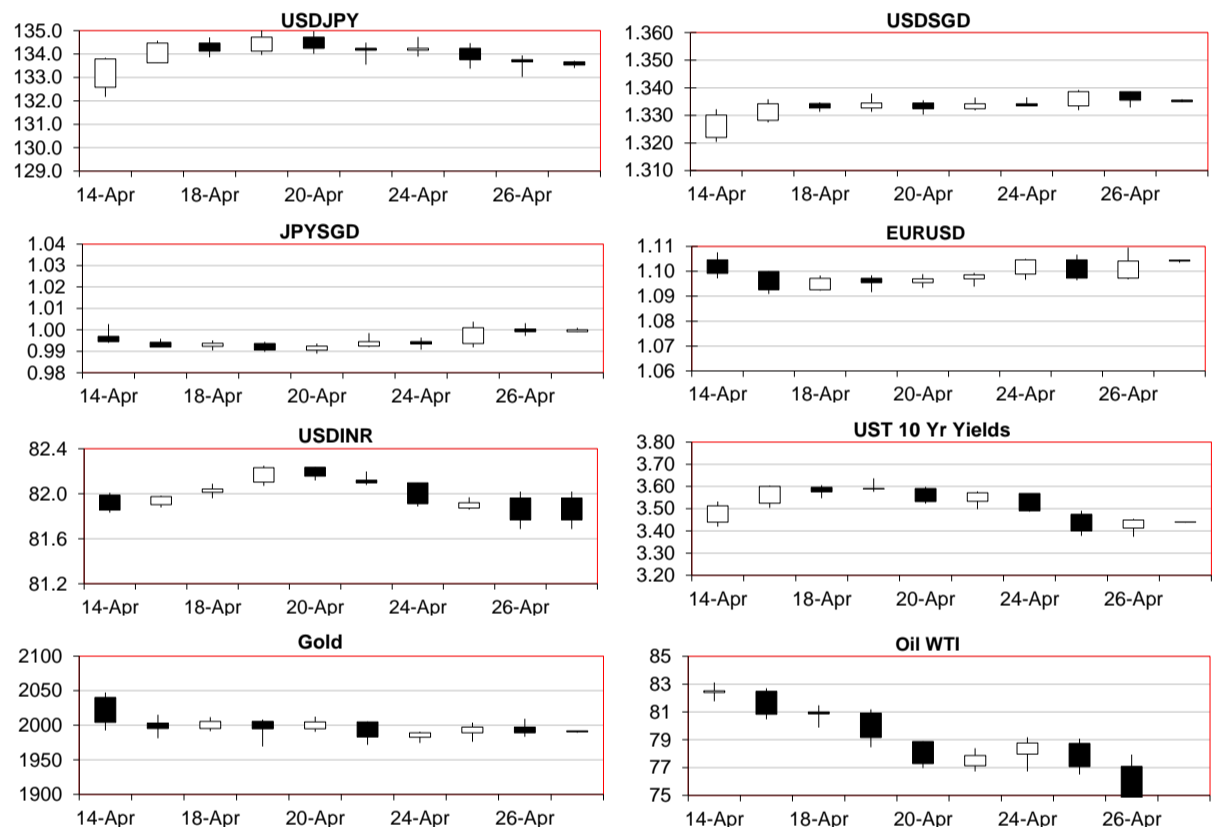
- Governor Ueda's inaugural meeting will kick off with *a policy review, not a hawkish revolt*.

- In fact, the *policy review to be undertaken has a neutral starting point*, which assumes a *dispassionate assessment* to better align policy to economic realities; *rather than the pre-determined hawkish agitation* to abandon YCC that markets have been too eager to ascribe.

**OVERNIGHT RESULTS**

(SG) Industrial Pdt'n YoY (Mar): -4.2% (Mkt: -6.1%; Feb:-9.7%)

(US) Durable Goods Order / Non-def. Ex. Air (Mar P): 3.2%/-0.4% (Mkt: 0.7%/-0.1%; Feb: -1.2%/-0.1%)

**Past Two Weeks Movement**


- To be sure, this is *not to negate any case for augmenting YCC further down the road*.

- *Nor does it preclude the case for calibrated rate adjustment out of NIRP to effectively ZIRP*.

- *But these will be implemented after careful consideration, and not in haste*.

- Especially given the enlarged tail risks that the BoJ will have to deal with.

- *For one, the looming risks of a global downturn led by sharp pressures on external demand is one reason to exercise restraint in abandoning policy stimulus*.

- And arguably, an *unforced late-cycle tightening may be the worst policy error* at this stage.

- *Second*, despite nascent evidence of welcome wage inflation, the *durability of the 2% inflation target that may be sustained after the cost-shock is debatable*.

- So, *restraint on revoking stimulus may be warranted*; not just from a cyclical error view-point but also a structural policy setting stance.

- Finally, with the worst of JPY depreciation pressures behind us now, the *need for an urgent (a high-cost tightening so as to stabilize the JPY has also dissipated considerably*.

- Which reinforces incentives/reasons for BoJ patience.

- Knowing this, the *focus of at this BoJ meeting will be on updated economic forecasts*; as well as guidance on the thinking of the BoJ on the *appropriateness of current policy settings*.

- Especially in the context of rapidly shifting global economic sands.

- And so, even if initially inspired by potential for tightening sooner rather than later, *JPY bulls looking for excuses to rally on BoJ cues may come up short*; as underlying restraint surfaces.

**FX Daily Outlook**

- EUR/USD: Softer USD amid banking woes provides buoyancy, but 1.11+ is where air may thin.
- USD/JPY: Pre-BoJ JPY bulls may be tempted to test sub-133; but at their own peril.
- USD/SGD: EUR buoyancy is diluted by caution elsewhere limiting pullback ahead of 1.33-figure.
- AUD/USD: Softer commodities dragging; shallow dips below 0.66 watched.

**TODAY'S EVENTS**

(KR) Business Survey - Mfg/Non-Mfg (May): 72/76 (Apr: 69/75) | (SG) Unemployment Rate SA (Q1): (Q1: 2.0%)

(AU) Export/Imports Price Index QoQ (Q1): (Mkt: -2.6%/0.5%; Q4: -0.9%/1.8%)

(CH) Industrial Profits YTD YoY (Mar): (Feb: -22.9%) (US) GDP Annualized QoQ (Q1 A): (Mkt: 2.0%; Q4: 2.6%)

(US) Consumption QoQ (Q1 A): (Mkt: 4.3%; Q4: 1.0%) | (US) Core PCE QoQ (Q1 A): (Mkt: 4.7%; Q4: 4.4%)

(US) Pending Homes Sales MoM (Mar): (Mkt: 0.7%; Feb: 0.8%) | (US) Kansas City Fed Mfg (Apr): (Mkt: -2; Mar: 0)

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