

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.36	151.65	+0.30	+0.23
EUR	1.0785	1.0743	▼0.0047	▼0.0094
AUD	0.6524	0.6489	▼0.0032	▼0.0051
SGD	1.3486	1.3523	+0.0030	+0.0063
CNY	7.2301	7.2308	+0.0084	+0.0194
INR	83.40	83.40	+0.00	▼0.02
IDR	15912	15890	+35	+92
MYR	4.7265	4.7305	+0.0055	+0.0067
PHP	56.25	56.26	+0.03	▼0.14
THB	36.36	36.42	+0.03	+0.02

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.309%	+10.9 bp	+6.4 bp
JPY (10YR)	0.739%	+1.2 bp	+0.5 bp
EUR* (10YR)	2.298%	+0.0 bp	▼7.4 bp
AUD (5YR)	3.620%	+0.9 bp	▼4.0 bp
SGD (5YR)	3.039%	▼0.7 bp	+3.1 bp
CNY (5YR)	2.220%	+2.9 bp	▼0.6 bp
INR (5YR)	7.055%	+0.0 bp	▼5.6 bp
IDR (5YR)	6.581%	▼1.8 bp	+2.5 bp
MYR (5YR)	3.659%	+2.8 bp	+8.5 bp
PHP (5YR)	6.146%	+8.0 bp	+8.4 bp
THB (5YR)	2.236%	▼0.1 bp	▼1.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	39,566.85	▼0.60%	+0.64%
N225 (JP)	39,803.09	▼1.40%	▼1.51%
STOXX 50 (EU)	5,083.42	+0.00%	+0.78%
ASX (AU)	4,338.05	+0.00%	+0.59%
STI (SG)	3,234.89	+0.34%	+1.15%
SHCOMP (CN)	3,077.38	+1.19%	+1.69%
SENSEX (IN)	74,014.55	+0.49%	+1.62%
JSE (ID)	7,205.06	▼1.15%	▼2.34%
KLSE (MY)	1,544.02	+0.52%	+0.42%
PSE (PH)	6,979.81	+1.10%	+1.85%
SET (TH)	1,379.48	+0.11%	+0.51%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	292.33	+0.70%	+1.18%
COPPER (LME)	8,766.51	+0.00%	+0.10%
IRON ORE (CN)	101.99	+1.89%	▲7.68%
GOLD	2,251.44	+0.97%	+3.67%
OIL (WTI)	83.71	+0.65%	+2.15%

Three Take-Aways:

- 1) "Good news is bad news" as strong US data dent Fed pivot optimism, underpinning yields and USD.
- 2) JPY intervention risks remain elevated, and PBoC grip on CNY is also set to be firm.
- 3) Oil surges despite risk off as prospects of OPEC+ curbs and threats of geo-political flares conspire.

Intervention & Intimidation
The Global Policy Edition:

- **Hawkish, "higher for longer" intervention** that *delays and/or dampens pivot* is now **cause for intimidation**, which is invoking broad-based "risk off". Notably, this has **shaken down exuberance** to the point where **"good (data) news is bad (market) news"**.

- Put differently, the **idea that strong US data could intervene in**, and possibly partially inhibit, the **Fed's pre-existing rate cut plans** has started to **intimidate markets into dialling back on over-done pivot optimism** from earlier.

- This results are evident, in the **conspiracy of bond market sell-off** from a more emphatic push back of Fed rate cuts priced (and corresponding rise in UST yields), and **pivot unwind "risk off"**.

- Attendant USD resilience is a reflection of both calibrated policy expectations and haven reflex from "risk off". And no surprises that this is at the expense of G10 and EM currencies alike; with low yielders hit by sharp UST yield surge while higher-bets currencies are dented by "risk off".

The FX Edition:

- Inevitably, this wave of pivot dial-back "risk off", which is *supportive of the USD*, **accentuates pre-existing downside tendencies in the JPY and CNY**.

- Consequently, **JPY intervention risks** and **intimidation of CNH bears** are set to mount.

- To be sure, **Japanese MoF officials have been sounding warnings of "bold action"**, which is really **euphemism for intervention**, if the **JPY strays below current range** (around 30-year lows).

- And so, some **degree of intervention is arguably necessitated** if indeed the **USD/JPY breaks above the 152-handle**. If nothing else, to follow through on the warning *on grounds of credibility*.

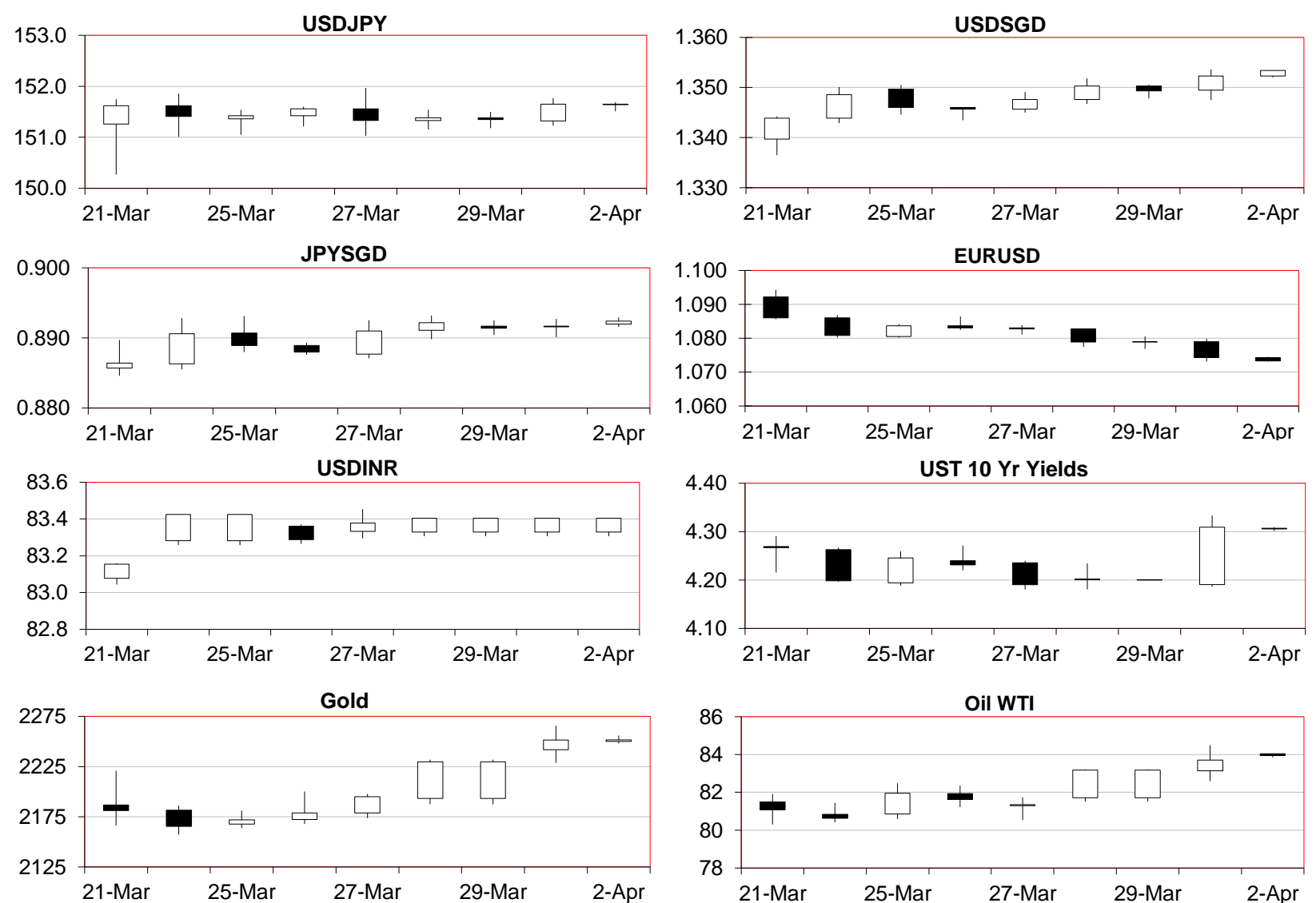
- That **broad-based USD strength** rather than cavalier speculation is to blame *is consolation, not absolution, for Japanese MoF authorities committed to JPY backstop*.

OVERNIGHT RESULTS

(SG) PMI-Mfg/Electronic (Mar): 50.7/50.8 (Feb: 50.6/50.4)

(US) JOLTS Job Openings (Feb): 8756k (Mkt: 8775k; Jan: 8748k)

(US) Double-Counted Orders, Number of (Feb F): 1.3%/0.7% (Mkt: 1.4%/0.7%; prelim: 1.4%/0.7%)


TODAY'S COMMENTS & FORECAST
Open

USD/JPY	151.59	EUR/USD	1.0737
USD/SGD	1.3526	USD/THB	36.60
JPY/SGD	0.8923	USD/MYR	4.738

Forecast

USD/JPY	151.00 - 152.10
EUR/USD	1.0680 - 1.0820
AUD/USD	0.6440 - 0.6570
USD/SGD	1.3480 - 1.3580
JPY/SGD	0.8863 - 0.8993
USD/CNH	7.2480 - 7.2800
USD/INR	83.35 - 83.80
USD/IDR	15850 - 15960
USD/MYR	4.747 - 4.763
USD/PHP	56.10 - 56.60
USD/THB	36.50 - 36.80

Today's Direction

	Bull	Bear
USD/SGD	3	5
USD/JPY	2	6

- Similarly, **backstopping the CNY** (and indirectly the CNH) will be a **key motivation for the PBoC**. Although this will likely be *predominantly accomplished via a stronger fixing*.

- In particular, with markets likely to regulate within the 2% implied bands for USD/CNY.

- Admittedly, the **PBoC need not resort to active (or heavy) intervention**.

- But that's because intimidation. Specifically, **downside CNY boundaries implied by currency bands** (pegged off the fixing) will be **intimidating enough to keep speculators at berth**.

- Especially as **quasi capital controls and onshore currency levers** that bestow far more **effective control over onshore CNY** and by extension CNH guidance to the PBoC.

The Oil Edition:

- In Oil markets, **surge in Brent to flirt with \$90** too reflects **intervention and intimidation**.

- Specifically, **risk of OPEC+ intervention** to tighten further or for longer (to offset US supply buffer) and the **intimidation of geo-political flares**, led by Iran's threat to "punish".

- It is no coincidence that ahead of the OPEC+ meeting, Brent crude prices are heading towards fiscal break-even levels of \$90+. The **Saudi-led cartel has made scant effort to mask desire for higher crude prices** or *defiance of US efforts to soften energy prices*.

- With record US crude production dampening oil prices, thereby dulling the intended OPEC+ curb impact, **OPEC+ possible counter-intervention may entail extending or deepening curbs**.

- That's **despite fattening tail risks of sharply higher crude prices from geo-political flares**.

- Iran's vow to "punish" Israel for air strikes on its embassy in Syria may not imminently threaten oil supplies, but **must intimidate on broader energy supply impact from conflict**.

FX Daily Outlook

- EUR/USD: Measured traction above mid-1.07 remains wary of resilient USD.

- USD/JPY: 152 intervention risks remain "live" limiting lift from higher long-end UST yields.

- USD/SGD: Stronger SNY fix could help dampen above the 1.35 handle; but pullback limited too.

- AUD/USD: Modest traction on less dovish RBA caveats; but pick-up above 0.65 remains shallow.

TODAY'S EVENTS

(CH) Caixin China PMI Services (Mar): (Mkt: 52.7; Feb: 52.5)

(US) ADP Employment Change (Mar): (Mkt: 155k; Feb: 140k)

(US) ISM Services Index (Mar): (Mkt: 52.8; Feb: 52.6)

(EZ) CPI/Core YoY (Mar): (Mkt: 2.5%/3.0%; Feb: 2.6%/3.1%)

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