

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.32	151.62	+0.28	+0.27
EUR	1.0839	1.0837	+0.0000	+0.0047
AUD	0.6582	0.6579	▼0.0009	+0.0058
SGD	1.3482	1.3487	+0.0002	▼0.0006
CNY	7.2348	7.2332	+0.0000	+0.0108
INR	83.30	83.29	▼0.15	▼0.11
IDR	15869	15845	▼48	▼10
MYR	4.7465	4.7475	+0.0073	+0.0225
PHP	56.49	56.52	+0.15	+0.29
THB	36.68	36.65	▼0.07	+0.26

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.402%	+9.2 bp	+20.1 bp
JPY (10YR)	0.789%	+0.1 bp	+6.2 bp
EUR* (10YR)	2.399%	+3.8 bp	+10.1 bp
AUD (5YR)	3.747%	▼6.4 bp	+13.6 bp
SGD (5YR)	3.129%	▼1.9 bp	+8.3 bp
CNY (5YR)	2.177%	+0.0 bp	▼1.4 bp
INR (5YR)	7.091%	+2.7 bp	+3.6 bp
IDR (5YR)	6.579%	▼1.1 bp	▼2.0 bp
MYR (5YR)	3.672%	▼0.3 bp	+4.1 bp
PHP (5YR)	6.214%	+1.0 bp	+14.8 bp
THB (5YR)	2.270%	+0.6 bp	+3.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,904.04	+0.80%	▼2.27%
N225 (JP)	38,992.08	▼1.96%	▼3.41%
STOXX 50 (EU)	5,014.75	▼1.10%	▼1.35%
ASX (AU)	4,313.94	▼0.79%	▼0.56%
STI (SG)	3,218.26	▼0.52%	▼0.18%
SHCOMP (CN)	3,069.30	+0.00%	+0.92%
SENSEX (IN)	74,248.22	+0.03%	+0.81%
JSE (ID)	7,286.88	+0.45%	▼0.03%
KLSE (MY)	1,555.25	+0.13%	+1.25%
PSE (PH)	6,745.46	▼1.20%	▼2.29%
SET (TH)	1,375.58	+0.12%	▼0.17%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	297.58	+0.42%	+2.51%
COPPER (LME)	9,208.50	▲0.36%	+5.04%
IRON ORE (CN)	98.91	+0.56%	▲1.19%
GOLD	2,329.75	+1.69%	+4.48%
OIL (WTI)	86.91	+0.37%	#VALUE!

### Three Take-Aways:

- 1) US NFP outperformance pushed back rate cut expectations to July as UST yields soared.
- 2) EUR recovery prospects remain restrained as retail sales contraction seep growth worries.
- 3) BSP to hold rates on inflation upside and two way growth risks amid stronger USD environment.

### Not Rolling Over

- **US exceptionalism was in full swing** last Friday. **Non-farm payrolls surged to 303k** to trigger a rout in USTs as UST yields soared (2Y:+10.3bp; 10Y: +9.2bp) and US equities rose across the board (Nasdaq: +1.2%; S&P 500: +1.1%; Dow: +0.8%) in defiance of prospects of higher borrowing costs.

- Within the report, job gains continued to be services skewed led by government, healthcare and education services and wage gains stayed robust as average hourly earnings rose 0.3% MoM.

- Concomitantly, the household survey showed a resilient labour market as the **unemployment rate ticked lower to 3.8% in March despite an increase in labour force participation rates.**

- Consequently, this print aligns with the conditional approach brought forth by Fed's Kashkari and **pushed back market expectations of a rate cut to July.**

- While the softer ISM services last week as leading indicator should be duly acknowledged though not over played, it is also worth a reminder that **labour data in itself tend to be lagging indicators and in fact the tendency of labour hoarding (reluctance to let go of workers) imply that labour markets are often the last to roll over.** Most of the early adjustments to activity slowdown have often come through hours worked, though this has yet to materialise.

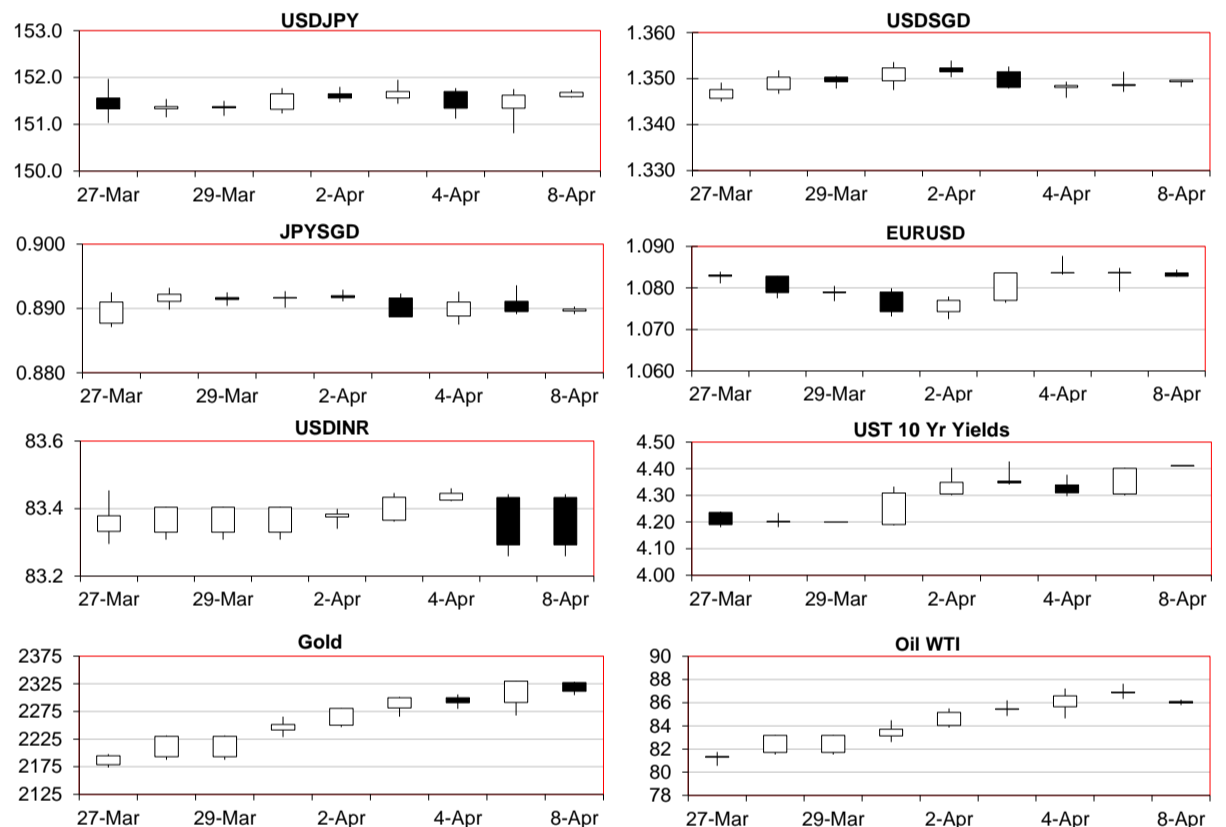
- Skepticism perhaps was retained in the Greenback with the DXY falling to sustain above mid-104 following the post NFP surge despite higher UST yields. Reflecting so, EUR recovered to just below mid-1.08 after testing sub-1.08. Rallies remain restrained with retail sales contracting more than expected. AUD remain unable to test 66 cents.

- The USD/JPY rose slightly to above mid-151 kept in check by stretched hawkish interpretations of Governor Ueda's comment on importance on FX impact on economy and inflation which really ought to be standard fare from an economist. Elsewhere, USD/SGD buoyed above mid-1.34.

### OVERNIGHT RESULTS

(SG) Retail Sales/Ex Auto YoY (Feb): 8.4%/9.4% (Mkt: 1.9%/-; Jan: 1.6%/-1.8%) | (TH) CPI/Core YoY (Mar): -0.5%/0.4% (Mkt: -0.4%/0.4%; Feb: -0.8%/0.4%) | (PH) CPI YoY (Mar): 3.7% (Mkt: 3.8%; Feb: 3.4%) | (US) NFP/Unemployment rate (Mar): 303k/3.8% (Mkt: 214k/3.8%; Feb: 275k/3.9%) | (EZ) Retail Sales MoM (Feb): -0.5% (Mkt: -0.4%; Jan: 0.1%)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	151.69	EUR/USD	1.0830
USD/SGD	1.3493	USD/THB	36.67
JPY/SGD	0.8896	USD/MYR	4.746

### Forecast

USD/JPY	150.50 - 152.00
EUR/USD	1.0800 - 1.0900
AUD/USD	0.6540 - 0.6630
USD/SGD	1.3410 - 1.3560
JPY/SGD	0.8822 - 0.9010
USD/CNH	7.2200 - 7.2600
USD/INR	83.40 - 83.70
USD/IDR	15850 - 15950
USD/MYR	4.735 - 4.760
USD/PHP	56.35 - 56.70
USD/THB	36.50 - 36.90

### Today's Direction

	Bull	:	Bear
USD/SGD	5	:	2
USD/JPY	3	:	4

### BSP: Diminished Hawkish Tendencies, No Dovish Intent

- We expect the **BSP to stand pat today** as they retain hawkish tendencies, albeit slightly diminished. This follows from the less hawkish tone in February's policy statement which noted that the latest survey shows inflation expectations to be more firmly anchored, compared to the Dec statement which noted the need for "sufficiently tight" monetary policy to anchor expectations. However, this is **by no means that upside risks to inflation have been eliminated.** March Inflation ticked up to 3.7% YoY (Feb: 3.4%) with food inflation contributing 2.1pp. Notably, rice inflation accelerated to 24.3% YoY, with three consecutive month of >20% YoY growth.

- Meanwhile, **two-way growth risks remains.** While nascent signs of exports growth (in particular semiconductors) are encouraging, weakening domestic trade cast doubts.

- Even as Governor Remolona remarked that BSP need not wait for Fed easing before cutting the key rate, unless the market goes "crazy" and the PHP weakens sharply, **we retain our base case that BSP would not front-run the Fed in cutting rates insofar that excessive currency weakness is watched by BSP.** Point being, a stable PHP is not a foregone conclusion especially given recent geopolitical flares which could incite risk-off fears and fuel import-led inflation.

- **Easing via macroprudential measures however could come first,** which BSP had already alluded to. However, BSP had caveated that RRR would not be cut insofar that BSP is still hawkish. As such, **we do not think the RRR will be cut today,** as this would be an implicit dovish signal, which could exert undue pressure on the PHP at a time of elevated UST yields and stronger USD.

### FX Daily Outlook

- EUR/USD: Retail contraction and ECB front running prospect restrain EUR upside.
- USD/JPY: Higher oil prices and UST yields impart buoyancy above mid-150 to cautious test of 152.
- USD/SGD: Higher UST yields to buoy pair above 1.34.
- AUD/USD: Strong USD backdrop check AUD bulls above mid-66 cents.

### TODAY'S EVENTS

(JP) BoP Current Account Balance (Feb): (Mkt: ¥3078.7b; Jan: ¥438.2b) | (JP) Labor/Real Cash Earnings YoY (Feb): (Mkt: 1.8%/-1.4%; Jan: 2.0%/-0.6%) | (JP) Eco Watchers Survey Current/Outlook SA (Mar): (Mkt: 51.6/63.3; Feb: 51.3/53.0) | (MY) Industrial Production YoY (Feb): (Mkt: 1.7%; Jan: 4.3%) | (EZ) Sentix Investor Confidence (Apr): (Mkt: -9.3; Mar: -10.5)

Central Bank Policy: BSP Overnight Borrowing Rate

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