

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	151.83	153.16	+1.40	+1.46
EUR	1.0856	1.0743	▼0.0114	▼0.0093
AUD	0.6626	0.6512	▼0.0117	▼0.0053
SGD	1.3446	1.3538	+0.0090	+0.0057
CNY	7.2327	7.2343	+0.0020	+0.0011
INR	83.17	83.19	▼0.12	▼0.24
IDR	15869	15845	+0	▼75
MYR	4.7502	4.7478	+0.0000	▼0.0082
PHP	56.22	56.49	+0.00	+0.04
THB	36.32	36.37	+0.00	▼0.34

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.544%	+18.2 bp	+19.6 bp
JPY (10YR)	0.806%	+0.6 bp	+1.0 bp
EUR* (10YR)	2.435%	+6.4 bp	+4.0 bp
AUD (5YR)	3.763%	▼3.7 bp	▼1.6 bp
SGD (5YR)	3.184%	+0.0 bp	+5.3 bp
CNY (5YR)	2.149%	▼0.5 bp	▼2.8 bp
INR (5YR)	7.083%	▼4.3 bp	▼0.6 bp
IDR (5YR)	6.579%	+0.0 bp	▼1.9 bp
MYR (5YR)	3.699%	+0.0 bp	+2.8 bp
PHP (5YR)	6.325%	+0.0 bp	+13.6 bp
THB (5YR)	2.323%	+3.2 bp	+5.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,461.51	▼1.09%	▼1.70%
N225 (JP)	39,581.81	▼0.48%	+0.33%
STOXX 50 (EU)	5,000.83	+0.20%	▼1.35%
ASX (AU)	4,339.84	+0.31%	+0.30%
STI (SG)	3,237.52	+0.00%	+0.46%
SHCOMP (CN)	3,027.34	▼0.70%	▼1.37%
SENSEX (IN)	75,038.15	+0.47%	+1.57%
JSE (ID)	7,286.88	+0.00%	+1.67%
KLSE (MY)	1,553.51	+0.00%	+1.07%
PSE (PH)	6,741.07	+0.00%	▼1.79%
SET (TH)	1,408.17	+0.50%	+2.36%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	297.86	+0.38%	+0.90%
COPPER (LME)	9,240.45	▲0.46%	+0.98%
IRON ORE (CN)	105.36	▲0.58%	+5.00%
GOLD	2,334.04	▲0.80%	+1.48%
OIL (WTI)	86.21	+1.15%	+0.91%

Three Take-Aways:

- Hot underlying US CPI incite risk-off as UST and US equities sold off. USD reigns.
- ECB to hold; that a cut is still imminent likely to restrain EUR rebound prospects post-decision.
- Sticky inflation guides a hold by MAS & BoK, with former having front-loaded policy tightening earlier.

Points and Signs

- US CPI turned up the heat with core inflation at 0.4% MoM and core services up 0.7% MoM.
- The risk-off environment was prevalent as markets sold off. UST yields soared emphatically led by the front end (2Y: +23.0bp; 10Y: +18.2b) and US equities declined across the board.
- Fed fund futures are now pricing slightly in less than 2 rate cuts this year. As such, markets point to a late Q3 cut marking a hawkish take to FOMC minutes allusion to cuts at some point this year and may also diminish their signalling of slowing of the pace of balance sheet run-off.
- Unsurprisingly, the USD reigned. While USD/JPY has surged to cross 153, the absence of intervention is a reflection of the wider JGB-UST spread which is necessitates a structurally different JPY level and not a sign to dismiss intervention risks.
- AUD sank towards 65 cents and EUR plummeted to below mid-1.07 ahead of ECB tonight.

ECB: Dovish Concessions

- The ECB is getting to a cut, but just not yet. Amid the talk of rate cuts in the past few weeks, comments by ECB speakers are littered with caveats on data dependency.
- Accordingly, a hold at this juncture would provide the time required for ECB to see further evidence of wage growth and gain more confidence about the dis-inflation process.
- But this hold would not be a hawkish one. Instead, the decision would be watched for the extent of dovish concessions and so, any EUR rebound post-decision would likely to be restrained.

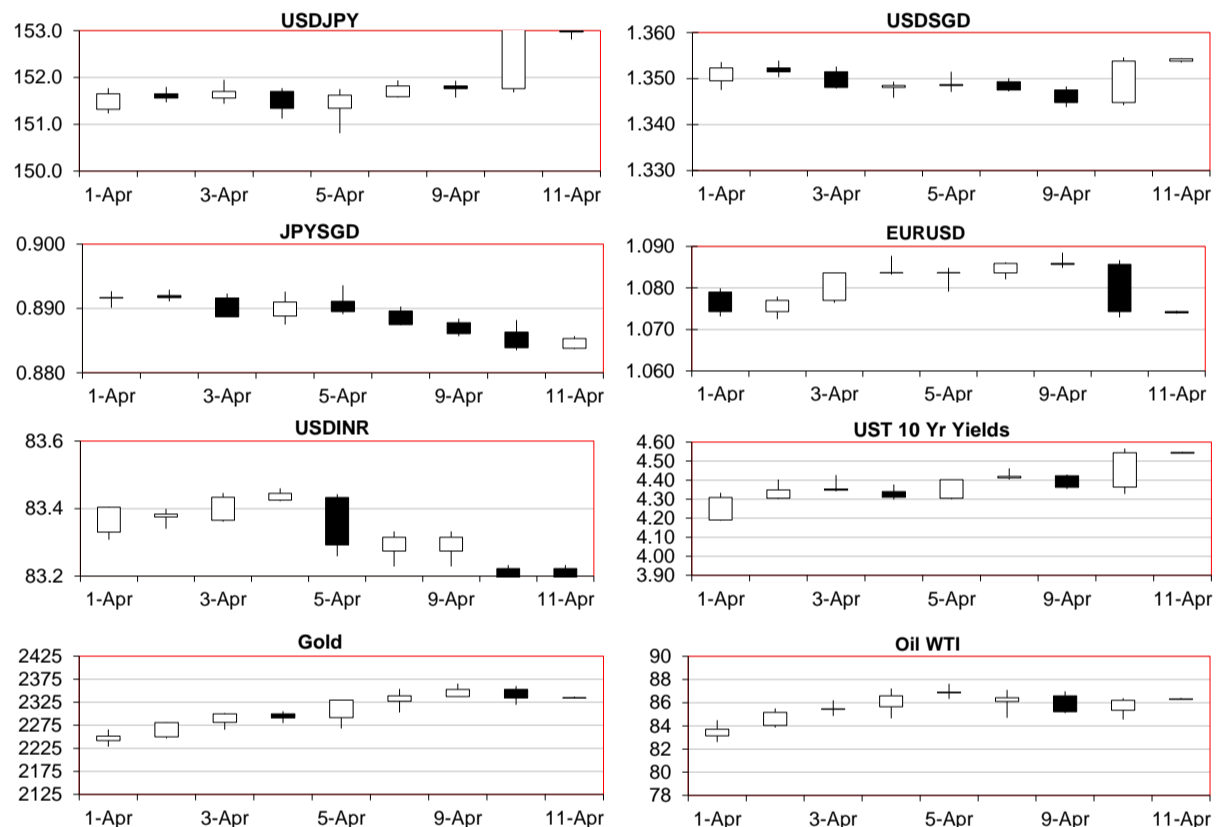
MAS: A Compelling Hold

- The case for the MAS to stay on hold (at the 12th April meeting) is compelling. The rhetoric too is likely to be materially unchanged; that is, fairly balanced, without relenting on prevailing restriction. This anticipated policy hold is however not due to a lack of change in economic

OVERNIGHT RESULTS

(TW) CPI/Core YoY (Mar): (Mkt: 2.5%/-; Feb: 3.1%/2.9%) | (JP) Machine Tool Orders (Mar P): -3.8% (Feb: -8.0%) | (TW) Exports/Imports YoY (Mar): 18.9%/7.1% (Mkt: 7.5%/-1.6%; Feb: 1.3%/-17.8%) | (US) CPI/Core YoY (Mar): 3.5%/3.8% (Mkt: 3.4%/3.7%; Feb: 3.2%/3.8%) | (US) Real Avg Hourly Earning YoY (Mar): 0.6% (Feb: 1.1%) | (JP) PPI YoY (Mar): 0.8% (Mkt: 0.8%; Feb: 0.6%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	152.95	EUR/USD	1.0741
USD/SGD	1.3541	USD/THB	36.74
JPY/SGD	0.8853	USD/MYR	4.748

Forecast

USD/JPY	150.50 - 153.50
EUR/USD	1.0700 - 1.0800
AUD/USD	0.6470 - 0.6600
USD/SGD	1.3490 - 1.3580
JPY/SGD	0.8788 - 0.9023
USD/CNH	7.2400 - 7.2700
USD/INR	83.40 - 83.80
USD/IDR	15810 - 15920
USD/MYR	4.740 - 4.765
USD/PHP	56.50 - 56.70
USD/THB	36.50 - 36.90

Today's Direction

	Bull	Bear
USD/SGD	4	0
USD/JPY	4	0

conditions. Instead, reflecting opposing, and largely offsetting, shifts in the underlying growth and inflation dynamics. As a consequence of which, the MAS has two-way options to consider in the context of mounting policy tensions.

- Admittedly, sticky inflation with recent upswing is inconvenient. But a lot of inflation containment work has been done upfront. And this backdrop of aggressive, pro-active inflation assault means that a bumpy dis-inflation path is not cause for policy consternation. As such, the MAS can afford to comfortably hold and watch, especially as stickier non-tradable (than tradable) inflation, diminishes need to (over-) tighten. So retaining some hawkish bias, but not so much the intent as it may be the policy sweet spot. In turn, this will underpin our rich and restrained characteristics of S\$NEER that, barring unforeseen shocks/volatility.

Bank of Korea: Concerns Underpin Coordination

- The BoK is set to keep rates unchanged tomorrow on sticky headline inflation on high food prices. While government's efforts (e.g. subsidies, releasing stockpiles, expanding import quotas) introduced in Mar have curtailed some price increases, expiry of discounts on some agriculture products may diminish the dis-inflation effects from the increase in supply.
- A small spike in inflation expectations as well as poorer consumer sentiments adds to the case for a hold as further dis-inflation prints will be required before policy normalisation. However, some dovish communications from BoK could be expected on slowing core inflation momentum amid balanced two sided risks.

FX Daily Outlook

- EUR/USD: ECB front run continue to restrain EUR rebound prospects.
- USD/JPY: Intervention prospects to imply caution approaching mid-153.
- USD/SGD: With MAS likely to hold tmr, buoyancy above 1.35 ought to be retained.
- AUD/USD: AUD recovery above 66 cents too far a stretch even if China outperforms.

TODAY'S EVENTS

(CH) CPI/PPI YoY (Mar): (Mkt: 0.4%/-2.8%; Feb: 0.7%/-2.7%) | (PH) Exports/Imports YoY (Feb): (Mkt: 9.8%/3.5%; Jan: 9.1%/-7.6%) | (US) Initial Jobless Claims: (mkt: 215k; prev: 221k) | (US) PPI/Core YoY (Mar): (Mkt: 2.2%/2.3%; Feb: 1.6%/2.0%)

Central Bank Policy Decision: ECB Main Refinancing Rate

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