

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	154.39	154.72	+0.44	+2.96
EUR	1.0618	1.0619	▼0.0005	▼0.0238
AUD	0.6418	0.6402	▼0.0040	▼0.0227
SGD	1.3648	1.3650	+0.0020	+0.0202
CNY	7.2396	7.2378	▼0.0003	+0.0055
INR	83.52	83.54	+0.09	+0.22
IDR	16172	16175	+330	+330
MYR	4.7945	4.7957	+0.0157	+0.0479
PHP	57.00	57.00	+0.18	+0.50
THB	36.72	36.61	+0.00	+0.24

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.667%	+6.6 bp	+30.6 bp
JPY (10YR)	0.871%	+0.7 bp	+7.1 bp
EUR* (10YR)	2.486%	+4.6 bp	+11.5 bp
AUD (5YR)	3.961%	+5.5 bp	+16.1 bp
SGD (5YR)	3.330%	+4.4 bp	+14.6 bp
CNY (5YR)	2.119%	▼0.2 bp	▼3.5 bp
INR (5YR)	7.192%	+2.1 bp	+6.6 bp
IDR (5YR)	6.867%	+28.8 bp	+28.8 bp
MYR (5YR)	3.741%	+1.8 bp	+4.2 bp
PHP (5YR)	6.728%	+9.2 bp	+40.3 bp
THB (5YR)	2.370%	+0.0 bp	+7.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	37,798.97	+0.17%	▼2.79%
N225 (JP)	38,471.20	▼1.94%	▼3.27%
STOXX 50 (EU)	4,916.99	▼1.35%	▼1.48%
ASX (AU)	4,260.41	▼1.81%	▼1.53%
STI (SG)	3,144.76	▼1.22%	▼2.87%
SHCOMP (CN)	3,007.07	▼1.65%	▼1.36%
SENSEX (IN)	72,943.68	▼0.62%	▼2.33%
JSE (ID)	7,164.81	▼1.68%	▼1.68%
KLSE (MY)	1,535.00	▼0.49%	▼1.19%
PSE (PH)	6,404.97	▼2.40%	▼4.99%
SET (TH)	1,396.38	+0.00%	▼0.34%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	296.84	▲0.45%	+0.04%
COPPER (LME)	9,355.10	▲1.52%	+0.78%
IRON ORE (CN)	107.48	▲1.53%	+1.42%
GOLD	2,382.89	▲0.02%	+1.28%
OIL (WTI)	85.36	▼0.06%	+0.15%

Three Take-Aways:

- 1) Fed Chair Powell giving clearer affirmation of delaying rate cuts sent UST yields rising.
- 2) IMF warns of rising US fiscal debt even as global growth projections receive a mild upgrade.
- 3) EM-Asia FX will brace for further headwinds and may see more central bank action.

Kicking Policy Cans

- Fed Chair Powell gave UST bears another shot in the arm as he affirmed that 'more time is needed' to gain confidence that inflation is on track to achieve their 2% target, effectively kicking the 'rate cut' can down the road. Similarly, San Francisco Fed's Daly reiterated the lack of urgency to cut rates as policy was in a good place.

- The same though could not be said of fiscal policy as the IMF warned that the US fiscal stance was out of line with long term fiscal sustainability. This tainted the improved picture of a slight upgrade in global growth. US growth also received added optimism as industrial production rising 0.4% MoM in March was accompanied by an upwardly revised figure for February.

- While UST yields soared (2Y:+6.7bp; 10Y: +6.6bp), US equities stayed weak with the S&P 500 down 0.2%, Nasdaq edged 0.1% lower and Dow eked out 0.2% gain.

- USD gained further traction, rising against all G10 peers. The USD/JPY soared above mid-154.

- The EUR remains hovering just above 1.06 with investor sentiments in Germany displaying deeper worries about the current situation while upgrading their future expectations. Amid this mixed backdrop, ECB's Lagarde displayed her conditional readiness to cut rates in a reasonably short order. Down Under, AUD declined towards 64 cents. The USD/SGD was ascended to mid-1.36 and EM-Asia FX will have to brace for more headwinds today and may lead to further central bank action.

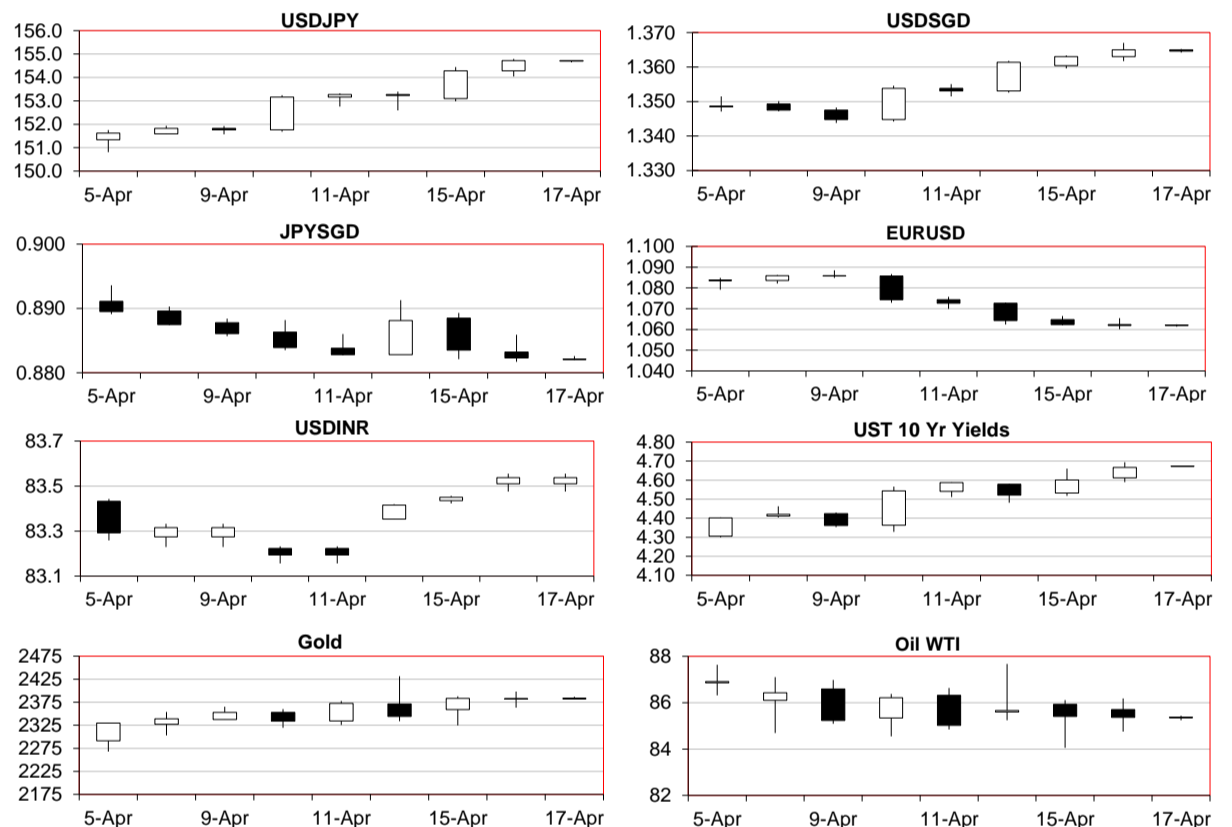
EM Asia-FX: Pushing Limits

- EM Asia FX currencies have come under pressure since the start of the week, with some currencies overachieving and even breaching multi-year highs following China's mixed data release.

OVERNIGHT RESULTS

(CH) Industrial Production YoY (Mar): 4.5% (Mkt: 6.0%) | (CH) Retail Sales YoY (Mar): 3.1% (Mkt: 4.8%) | (CH) Fixed Assets Ex Rural YTD YoY (Mar): 4.5% (Mkt: 4.0%; Feb: 4.2%) | (CH) GDP YoY/SA QoQ (1Q): 5.3%/1.6% (Mkt: 4.8%/1.5%; 4Q: 5.2%/1.2%) | (CH) Property Investment YTD YoY (Mar): -9.5% (Mkt: -9.2%; Feb: -9.0%) | (US) Building Permits/Housing Starts (Mar):1458k/1321k (Mkt: 1510k/1482k; Feb: 524k/1521k) | (US) Industrial Production MoM (Mar): 0.4% (Mkt: 0.4%; Feb: 0.1%) | (GE) ZEW Survey Current/Expectations (Apr): -79.2/42.9 (Mkt: -76.0/35.5; Mar: -80.5/31.7)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	154.69	EUR/USD	1.0621
USD/SGD	1.3647	USD/THB	36.69
JPY/SGD	0.8840	USD/MYR	4.794

Forecast

USD/JPY	154.00 - 155.00
EUR/USD	1.0570 - 1.0680
AUD/USD	0.6380 - 0.6480
USD/SGD	1.3600 - 1.3700
JPY/SGD	0.8774 - 0.8896
USD/CNH	7.2650 - 7.2980
USD/INR	83.40 - 83.80
USD/IDR	16000 - 16200
USD/MYR	4.778 - 4.805
USD/PHP	56.85 - 57.30
USD/THB	36.60 - 37.00

Today's Direction

	Bull	:	Bear
USD/SGD	3	:	1
USD/JPY	1	:	3

- This has prompted central bank jawboning and actual interventions, which suggests that EM Asia Central Banks appear to be pushed to an increasingly tight spot.

- BSP expressed reluctance on another rate hike, noting on Monday that "a hawkish stance doesn't equate to another rate hike". But the fall in reserves on FX interventions, which motivated BSP to "change" intervention strategies, presents the tradeoff of further PHP weakness which would fuel import-led inflation or further drawing down on reserves. Notably, BSP now see 57 - a level which BSP had previously signalled possible intervention at - as a "weak support level", which could setup further USDPHP rally, even as yesterday's USDPHP gains were restrained at 57.

- Meanwhile, BI conducted FX interventions as USDIDR breached 16,000 (a level last seen since Apr'20), marking the second announced intervention this month. While citing risk-off behind the rupiah weakness, the intervention efforts perhaps provide little solace that this episode of IDR weakness would be "temporary" (which BI had alluded to in early April) and raises the probability of a hike at next week's BI meeting. Point being, with geo-political flares unlikely to be defused in the near-term and domestic inflation edging up (driven by high food prices), the real rate disadvantage vis-a-vis the US is unlikely to fade soon.

- Elsewhere, further MYR weakness could force BNM's hand to conduct FX interventions. BNM had remarked on Monday that it was ready to intervene to ensure financial markets remain orderly, a change from comments in March which showed preference to encourage repatriation of foreign investment income to increase inflows.

FX Daily Outlook

- EUR/USD: Retention of sub-1.06 risks as ECB unlikely to be derail by final print of EZ CPI.
- USD/JPY: 155 intervention risks continue to restrain even as buoyancy is retained.
- USD/SGD: Mixed China optimism impart buoyancy above 1.36.
- AUD/USD: AUD weakness to consolidate for trading around 64 cents.

TODAY'S EVENTS

(JP) Trade Balance (Mar): -¥366.5b (Mkt: -¥323.4b; Feb: -¥377.8b) | (SG) Non-oil Domestic/Electronic Exports YoY (Mar): (Mkt: -7.2%/-; Feb: -0.1%/5.2%) | (EZ) CPI/Core YoY (Mar F): (Mkt: 2.4%/2.9%; prelim: 2.4%/2.9%)

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