

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	154.26	154.64	+0.25	+1.37
EUR	1.0682	1.0643	▼0.0030	▼0.0083
AUD	0.6451	0.6421	▼0.0014	▼0.0117
SGD	1.3593	1.3622	+0.0017	+0.0091
CNY	7.2395	7.2387	+0.0001	+0.0017
INR	83.52	83.54	+0.01	+0.35
IDR	16185	16175	▼45	+330
MYR	4.7816	4.7855	▼0.0075	+0.0377
PHP	57.19	57.20	+0.01	+0.70
THB	36.76	36.77	▼0.01	+0.16

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.633%	+4.5 bp	+4.6 bp
JPY (10YR)	0.869%	▼1.4 bp	▼0.2 bp
EUR* (10YR)	2.497%	+3.2 bp	+3.4 bp
AUD (5YR)	3.932%	▼8.8 bp	+3.3 bp
SGD (5YR)	3.313%	▼3.1 bp	▼1.2 bp
CNY (5YR)	2.111%	▼0.7 bp	▼2.0 bp
INR (5YR)	7.197%	+0.5 bp	+11.4 bp
IDR (5YR)	6.905%	▼4.5 bp	+32.6 bp
MYR (5YR)	3.751%	▼1.8 bp	+5.2 bp
PHP (5YR)	6.703%	▼6.5 bp	+13.3 bp
THB (5YR)	2.474%	▼5.3 bp	+10.4 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	37,775.38	+0.06%	▼1.78%
N225 (JP)	38,079.70	+0.31%	▼3.46%
STOXX 50 (EU)	4,936.57	+0.46%	▼0.61%
ASX (AU)	4,290.02	+0.40%	▼0.75%
STI (SG)	3,187.66	+1.05%	▼1.24%
SHCOMP (CN)	3,074.23	+0.09%	+1.32%
SENSEX (IN)	72,488.99	▼0.62%	▼3.40%
JSE (ID)	7,166.81	+0.50%	▼1.65%
KLSE (MY)	1,544.76	+0.28%	▼0.56%
PSE (PH)	6,523.19	+1.13%	▼2.31%
SET (TH)	1,361.02	▼0.43%	▼2.53%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	295.60	+0.39%	+0.02%
COPPER (LME)	9,652.00	+1.71%	+4.80%
IRON ORE (CN)	111.18	+0.69%	+4.48%
GOLD	2,379.04	+0.76%	+0.27%
OIL (WTI)	82.73	+0.05%	▼2.69%

### Three Take-Aways:

- 1) USD strength on hawkish Fed leanings and possibility that hikes were back on the table.
- 2) Bonds and equities broadly sold off amid expectations of a prolonged higher interest rate environment.
- 3) Malaysia growth to rebound on favourable base effects, modest expansion to manufacturing sector.

### Hawkish Leanings

- **USD strength rebounded** after a brief reprieve yesterday on IMF's warnings of US's unsustainable fiscal path and attendant debt position. The strength was fuelled by hawkish leanings in FedSpeak.

- Further to seeing **no urgency to cut rates**, Fed Williams' comments that he saw **some possibility (if warranted) in rate hikes**, albeit not his "baseline expectation", likely triggered fears that hikes were back on the table. Meanwhile, Fed Bostic reiterated his anticipation of **just one rate reduction this year**, noting that the path of dis-inflation is likely to be slower than people expected. Early this morning, Fed Kashkari's comments that the Fed could "potentially" hold rates steady all year would likely continue to buoy the USD. Lower-than-expected jobless claims, which suggested some resilience in the labour market and consequently wage outcomes, gave support to the hawkish tilt. **UST yields continued their climb higher** (2Y: +5.4bps; 10Y: +4.5bps).

- As markets readjust **expectations to a prolonged higher interest rate environment**, the upside surprise to business outlook provided little cheer to **equity markets**, which broadly traded lower (S&P: -0.2%; Dow: +0.1%; Nasdaq: -0.5%).

- **USD/JPY** traded around mid-154 levels after briefly testing 154 handle. USD/JPY was little moved by the joint statement from US Treasury Secretary Yellen, Japanese Finance Minister Suzuki and South Korean Finance Minister Choi which noted the recent sharp depreciation of the JPY and KRW and raises the possibility of intervention efforts.

- **EUR** fell below mid-1.06 amid continued ECB rhetoric on a June cut.

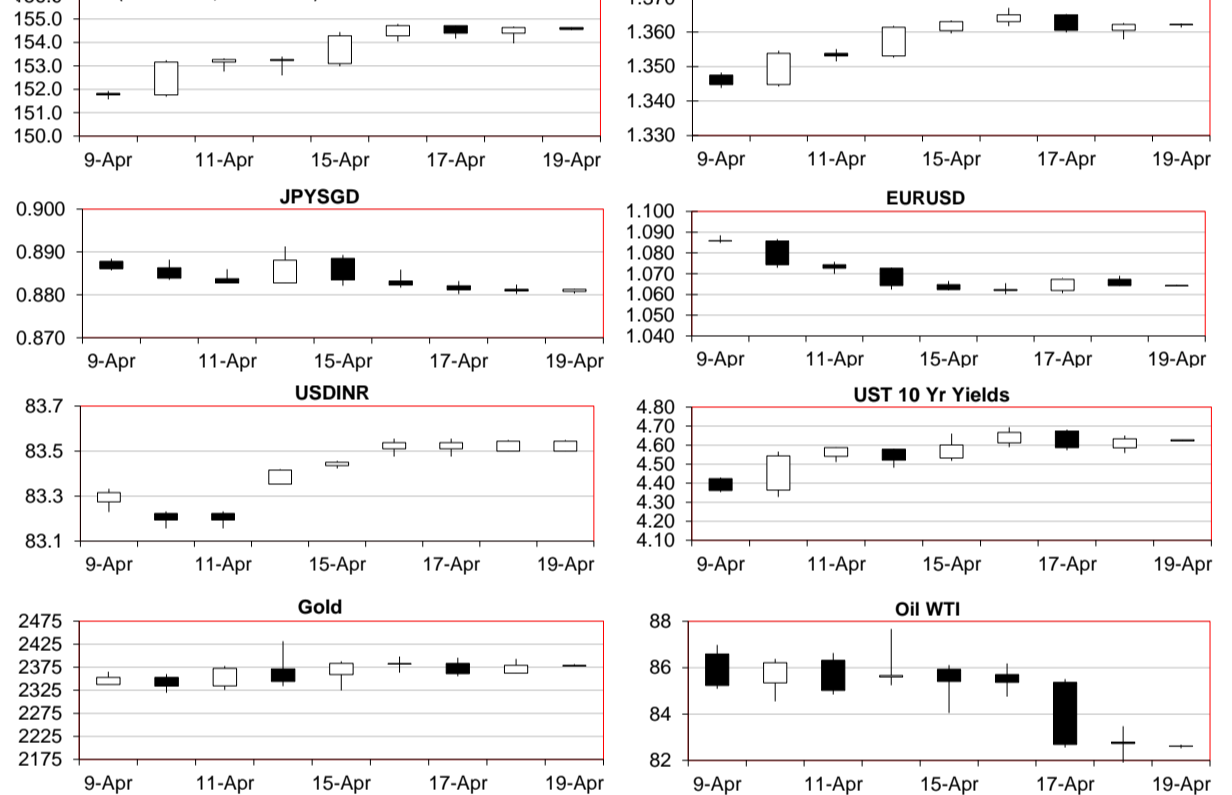
- Elsewhere, **USD/SGD** and **AUD** hovered around 1.36 levels and mid-64 cents respectively..

### Malaysia Q1 GDP: Growth Rebound

- We expect Malaysia's first quarter GDP to expand by 3.9% YoY from 3.0% in Q4'23. While the acceleration is in part due to favourable base effects, this would nonetheless be a **growth rebound** from Q4'23, where growth slowed -2.1% sequentially on a seasonally adjusted basis.

### OVERNIGHT RESULTS

**Past Two Weeks Movement\***  
(AU) Natl CPI/Ex Fresh Food, Energy YoY (Mar): 2.7%/2.9% (Mkt: 2.8%/3.0%; Feb: 2.8%/3.2%) | (US) Initial Jobless Claims:212k (Mkt: 215k; prev: 212k) | (US) Philadelphia Fed Business Outlook (Apr): 15.5 (Mkt: 2.3; Mar: 3.2) | (EZ) ECB Current Account SA (Feb): 29.5b (Jan: 39.3b) | (JP) Tertiary Industry Index MoM (Feb): 1.5% (Mkt: 0.5%; Jan: -0.5%)



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	154.60	EUR/USD	1.0643
USD/SGD	1.3621	USD/THB	36.82
JPY/SGD	0.8810	USD/MYR	4.786

### Forecast

USD/JPY	154.00 - 155.00
EUR/USD	1.0600 - 1.0700
AUD/USD	0.6370 - 0.6480
USD/SGD	1.3560 - 1.3670
JPY/SGD	0.8748 - 0.8877
USD/CNH	7.2300 - 7.2600
USD/INR	83.40 - 83.70
USD/IDR	15950 - 16350
USD/MYR	4.770 - 4.820
USD/PHP	56.80 - 57.50
USD/THB	36.60 - 37.10

### Today's Direction

	Bull	:	Bear
USD/SGD	2	:	1
USD/JPY	1	:	2

- In particular, we expect to see a **modest expansion to the manufacturing sector** from the slight 0.1% YoY contraction in Q4'23. Monthly industrial production data points to encouraging signs that the slump in electrical/electronics products have bottomed.

- However, we **remain relatively conservative on the magnitude of growth** as manufacturing sector as a whole still underperform the overall industrial sector. Moreover, on the external front, while average exports (on a volume basis) of manufactured goods in Jan-Feb have accelerated 25.2% from compared to the same period a year ago, imports of manufactured goods (which are lower-valued) have also accelerated 28.5%.

- Meanwhile, on the domestic front, **food & beverages industrial production growth has moderated sharply** in recent months, which could be an **indication of stretched consumer wallets**. Notably, retail sales have been trending downwards as consumer confidence falls.

- Next, we expect **services sector to accelerate** (Q4'23: 4.2%) as we expect more tourist arrivals and consequently **higher tourism expenditures during the Lunar New Year period**. Q1'24 could also be the quarter where the effects of visa-free entry for Chinese tourists (who spend more on average compared to other nationalities) effective in Dec'23 start to show.

- Meanwhile, **agriculture growth should still pose modest growth** (Q4'23: 1.9%) while construction would continue to hold up on large-scale infrastructure projects.

- All in, signs of external demand for manufactured goods are certainly encouraging, but strains domestically still warrant a watchful eye.

### FX Daily Outlook

- EUR/USD: Restrained rallies above mid-1.06 on hawkish Fed and expectations of June ECB cut.
- USD/JPY: Test of 155 plausible on higher UST yields and faster-than-expected JP disinflation.
- USD/SGD: Trade above 1.36 as stronger USD and firmer CNH tussle.
- AUD/USD: Lower Oil and higher UST yields could test 64 cents.

### TODAY'S EVENTS

(JP) Natl CPI/Ex Fresh Food, Energy YoY (Mar): 2.7%/2.9% (Mkt: 2.8%/3.0%; Feb: 2.8%/3.2%) | (MY) GDP YoY (1Q A): (Mkt: 3.9%; 4Q: 3.0%) | (MY) Exports/Imports YoY (Mar): (Mkt: -2.9%/6.0%; Feb: -0.8%/4.7%) | (PH) BoP Overall (Mar): (Feb: -\$196m)

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