

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	125.29	126.46	+0.58	+2.12
EUR	1.0909	1.0810	▼0.0018	▼0.0067
AUD	0.7444	0.7395	▼0.0024	▼0.0063
SGD	1.3539	1.3570	+0.0001	▼0.0066
CNY	6.3694	6.3715	▼0.0069	+0.0065
INR	76.17	76.18	+0.00	+0.28
IDR	14344	14344	+0	▼18
MYR	4.2300	4.2355	+0.0050	+0.0145
PHP	52.18	52.03	+0.00	+0.45
THB	33.67	33.57	+0.00	▼0.05

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.828%	+0.0 bp	+12.8 bp
JPY (10YR)	0.241%	+1.0 bp	+1.1 bp
EUR* (10YR)	0.842%	+0.0 bp	+13.5 bp
AUD (5YR)	2.625%	+0.0 bp	▼13.2 bp
SGD (5YR)	2.321%	+0.0 bp	▼11.7 bp
CNY (5YR)	2.532%	+0.0 bp	+2.4 bp
INR (5YR)	6.836%	+0.0 bp	+23.5 bp
IDR (5YR)	5.878%	+0.0 bp	+18.1 bp
MYR (5YR)	3.573%	+1.4 bp	+10.0 bp
PHP (5YR)	5.096%	+0.3 bp	+2.6 bp
THB (5YR)	1.825%	+0.0 bp	+13.7 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,451.23	+0.00%	▼0.78%
N225 (JP)	27,093.19	▼0.29%	+0.40%
STOXX 50 (EU)	3,848.68	+0.00%	▼0.25%
ASX (AU)	4,232.12	+0.00%	▼0.61%
STI (SG)	3,335.85	+0.00%	▼1.40%
SHCOMP (CN)	3,211.25	▼0.45%	▼1.25%
SENSEX (IN)	58,338.93	+0.00%	▼1.86%
JSE (ID)	7,235.53	+0.00%	+0.34%
KLSE (MY)	1,589.01	▼0.42%	▼1.14%
PSE (PH)	6,984.90	+0.00%	▼0.47%
SET (TH)	1,674.34	+0.00%	▼0.69%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	311.92	+0.00%	+4.60%
COPPER (LME)	10,297.50	+0.00%	▲0.07%
IRON ORE (CN)	156.10	+0.62%	+0.39%
GOLD	1,978.24	+0.23%	+1.58%
OIL (WTI)	106.95	+0.00%	+8.84%

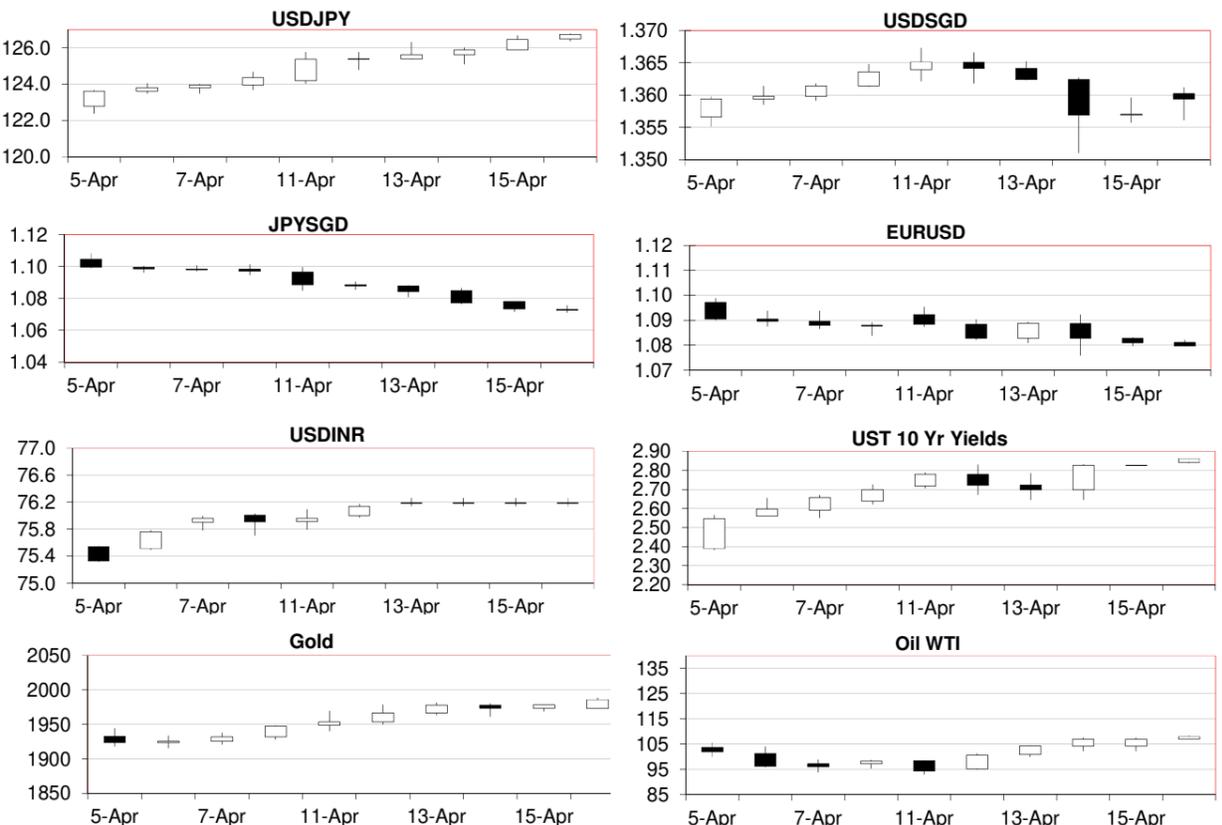
Deciphering Central Bank Actions

- Markets will spend some time digesting the stance and actions from global central banks last week while also dealing with rising commodity prices to start this week.
- Last week, BoK followed MAS' hawkish lead by hiking its policy rate by another 25bp while on the contrary, ECB indicated that rate hikes are on the cards in Q3 once its asset purchase program ends (without giving a specific date), disappointing market expectations.
- EUR/USD price action indicated as much with the pair dropping to near 1.076 levels before closing at 1.080 levels.
- Elsewhere in the G10 space, the USD bias was clear with CHF, AUD, GBP and JPY clearly on the back foot. USD/JPY is now trading at 126.7 levels with a break above 127 on the cards.
- While BI is the most prominent central bank meeting this week, there will a lot of focus on the various Fed members scheduled to speak especially as the relief from the lower US core inflation print last week looks to be short-lived.
- Inflation concerns are back to fore exacerbated by rising commodity prices from the Russia-Ukraine situation; US natural gas prices jumped to their highest intraday price since 2008 as threats of a defacto embargo from Europe on Russia gas looms.
- Similarly, global oil prices have jumped: Brent is at USD113/barrel and WTI at USD108/barrel.
- After some moderation in yields across the UST curve, yields have started to rise again with the 10-year yields rising to 2.8275%.
- At the opposite end of the central banking spectrum was PBoC's Friday announcement of a 25bp RRR cut for big banks (from 11.50% to 11.25%) and 50bp for smaller banks (from 9.50% to 9.00%) effective from 25 April.
- This cut will do little for lifting growth momentum as Shanghai's lockdown, geopolitical tensions and property sector concerns go largely unaddressed: to that end, today's Q1 GDP release will in all likelihood confirm the economy's struggle for "escape velocity" from -4% growth rates.

OVERNIGHT RESULTS

(US) Industrial Production MoM (Mar): 0.9% (Mkt: 0.4%; Feb: 0.9%) | (US) Empire Manufacturing (Apr): 24.6 (Mkt: 1.0; Mar: -11.8) | (US) Capacity Utilisation (Mar): 78.3% (Mkt: 77.8%; Feb: 77.7%) | (Central Banks): PBoC announcement on RRR cuts

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	126.62	EUR/USD	1.0815
USD/SGD	1.3581	USD/THB	33.63
JPY/SGD	1.0726	USD/MYR	4.235

Forecast

USD/JPY	125.00 - 127.20
EUR/USD	1.0720 - 1.0850
AUD/USD	0.7350 - 0.7480
USD/SGD	1.3520 - 1.3630
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.3700 - 6.3980
USD/INR	75.70 - 76.50
USD/IDR	14300 - 14400
USD/MYR	4.2200 - 4.2400
USD/PHP	51.85 - 52.50
USD/THB	33.40 - 33.80

Today's Direction

	Bull	Bear
USD/SGD	2	4
USD/JPY	2	4

China Q1 GDP: Struggling for Traction

- At odds with the ambitious 5.5% growth target (even after accounting for the softened "around 5.5%" rendition of this target), Q1 GDP is set to struggle for "escape velocity" from -4% rate.
- Arguably, base effects accentuate the slowdown. But there is no denying that underlying activity has been hobbled by since late-2021; as revealed in sharp Q4 2021 GDP deceleration to 4%.
- And at least for H1 2022, it appears that there will be no meaningful relief in sight from troubling headwinds; some of which are entirely self-inflicted, conspiring with external threats.
- For one, while there may be signs of relief measures for the property sector crunch coming through, it is a long way off a resolution that may restore confidence.
- And so, a quarter to 30% of the economy remains under significant strain. And despite efforts by LGFVs and other state-driven boost, this could remain a key impediment to a rebound.
- What's more, COVID lockdowns in Shanghai following other cities also continue to impose supply disruptions as well as erode confidence; both of which potentially pose a drawn out drag.
- Finally, the geo-political crisis in the form of the war in Ukraine also poses headwinds in the form of energy, food and industrial metal price shocks.
- The upshot being, without the coincidence exceptional stimulus and fortuitous relief from global price pressures, Beijing's 5.5% growth target appears a tad too ambitious for 2022. We there for revise down our 2022 growth forecast to 4.5-5.0%.

FX Daily Outlook

- EUR/USD: Disappointing ECB meeting outcome put the breaks on hawkish intentions.
- USD/JPY: Break above 127 levels on the cards as dollar bias remains.
- USD/SGD: Even after MAS's decisive tightening 1.36 levels look to return.
- AUD/USD: Despite commodity price boost, push above 74 cents looks hard to sustain.

TODAY'S EVENTS

(SG) Non-oil Domestic Exports YoY (Mar): 7.7% (Mkt: 1.6%; Feb: 9.4%) | (CH) GDP YoY (Q1): (Mkt: 4.3%; Q4: 4.0%) | (CH) Fixed Assets Ex Rural YTD YoY (Mar): (Mkt: 8.4%; Feb: 12.2%) | (CH) Industrial Production YoY (Mar): (Mkt: 4%; Feb: 4.3%) | (CH) Retail Sales YoY (Mar): (Mkt: -3.0%; Feb: 1.7%) | (ID) Trade Balance (Mar): (Mkt: USD3.0b; Feb: USD3.8b) | (MA) Trade Balance (Mar): (Mkt: MYR22.45b; Feb: MYR19.8b) | (IN) WPI YoY (Mar): (Mkt: 13.3%; Feb: 13.1%)

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