

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.08	128.91	+1.92	+3.53
EUR	1.0801	1.0788	+0.0006	▼0.0040
AUD	0.7386	0.7374	+0.0025	▼0.0082
SGD	1.3653	1.3678	+0.0059	+0.0037
CNY	6.3763	6.3935	+0.0264	+0.0278
INR	76.31	76.51	+0.24	+0.37
IDR	14344	14344	▼10	▼19
MYR	4.2553	4.2555	+0.0000	+0.0235
PHP	52.46	52.46	+0.20	+0.34
THB	33.70	33.75	+0.08	+0.17

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.936%	+8.3 bp	+21.5 bp
JPY (10YR)	0.248%	+0.3 bp	+0.3 bp
EUR* (10YR)	0.910%	+6.8 bp	+12.0 bp
AUD (5YR)	2.725%	+10.0 bp	▼7.2 bp
SGD (5YR)	2.375%	▼3.7 bp	▼12.5 bp
CNY (5YR)	2.573%	+0.5 bp	+6.5 bp
INR (5YR)	6.786%	▼0.2 bp	+3.3 bp
IDR (5YR)	5.977%	+3.4 bp	+14.5 bp
MYR (5YR)	3.599%	+0.0 bp	+0.9 bp
PHP (5YR)	5.115%	+0.9 bp	+1.7 bp
THB (5YR)	1.968%	+0.0 bp	+14.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,911.20	+1.45%	+2.02%
N225 (JP)	26,985.09	+0.69%	+2.47%
STOXX 50 (EU)	3,830.76	▼0.47%	▼0.02%
ASX (AU)	4,219.72	▼0.29%	+0.22%
STI (SG)	3,307.13	+0.12%	▼0.69%
SHCOMP (CN)	3,194.03	▼0.05%	▼0.60%
SENSEX (IN)	56,463.15	▼1.23%	▼3.61%
JSE (ID)	7,199.23	▼1.05%	▼0.22%
KLSE (MY)	1,581.14	+0.00%	▼1.00%
PSE (PH)	7,037.74	+0.60%	+2.06%
SET (TH)	1,675.62	+0.45%	+0.08%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	306.90	▲2.86%	+1.33%
COPPER (LME)	10,281.50	▲0.16%	▲0.43%
IRON ORE (CN)	153.49	▲1.09%	▲1.50%
GOLD	1,950.09	▲1.46%	▲0.85%
OIL (WTI)	102.56	▼5.22%	+1.95%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	129.32	EUR/USD	1.0794
USD/SGD	1.3677	USD/THB	33.78
JPY/SGD	1.0576	USD/MYR	4.260

Forecast

USD/JPY	127.80 - 129.70
EUR/USD	1.0720 - 1.0850
AUD/USD	0.7300 - 0.7450
USD/SGD	1.3600 - 1.3730
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.3950 - 6.4400
USD/INR	76.10 - 76.80
USD/IDR	14320 - 14400
USD/MYR	4.2450 - 4.2800
USD/PHP	52.10 - 52.70
USD/THB	33.60 - 33.95

Today's Direction

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

US Home Run ...

- For all appearances, a now rarely seen combination of rallying equities and yields seems like a home run for the bulls\*. And the catalyst is ostensibly upbeat data on homes.  
 - Specifically, significantly stronger housing starts and building permits.  
 - And the psyche behind this bullish optimism is allegedly relief that the rate-sensitive housing market is holding up amid a hawkish Fed and anticipatory surge in yields.  
 - As such, US equity market cheer have been unfettered by a further 8bp jump in 10Y UST yields to 2.94% (2Y: +14.4bp to 2.59%); with equity bulls managing a fairly broad-based rally on Wall St (Dow and S&P500 up 1.5%-1.6%) alongside a 2.2% surge on Nasdaq.  
 - And indeed, home run for bulls were all concentrated in US markets as the USD dug its heels in to assert dominance; with EUR languishing at sub-1.08 and AUD fumbling below 0.74.  
 - SGD has given up all of the post-MAS gains and more, as USD/SGD lifted to high-1.36 in deference to USD strength, while USD/JPY flirts with 129!

\*Notably in a bona fide bull market, equities rise in spite of, and not merely in the absence of, rising yields.

... but Home to Roost (on IMF Downgrades)?

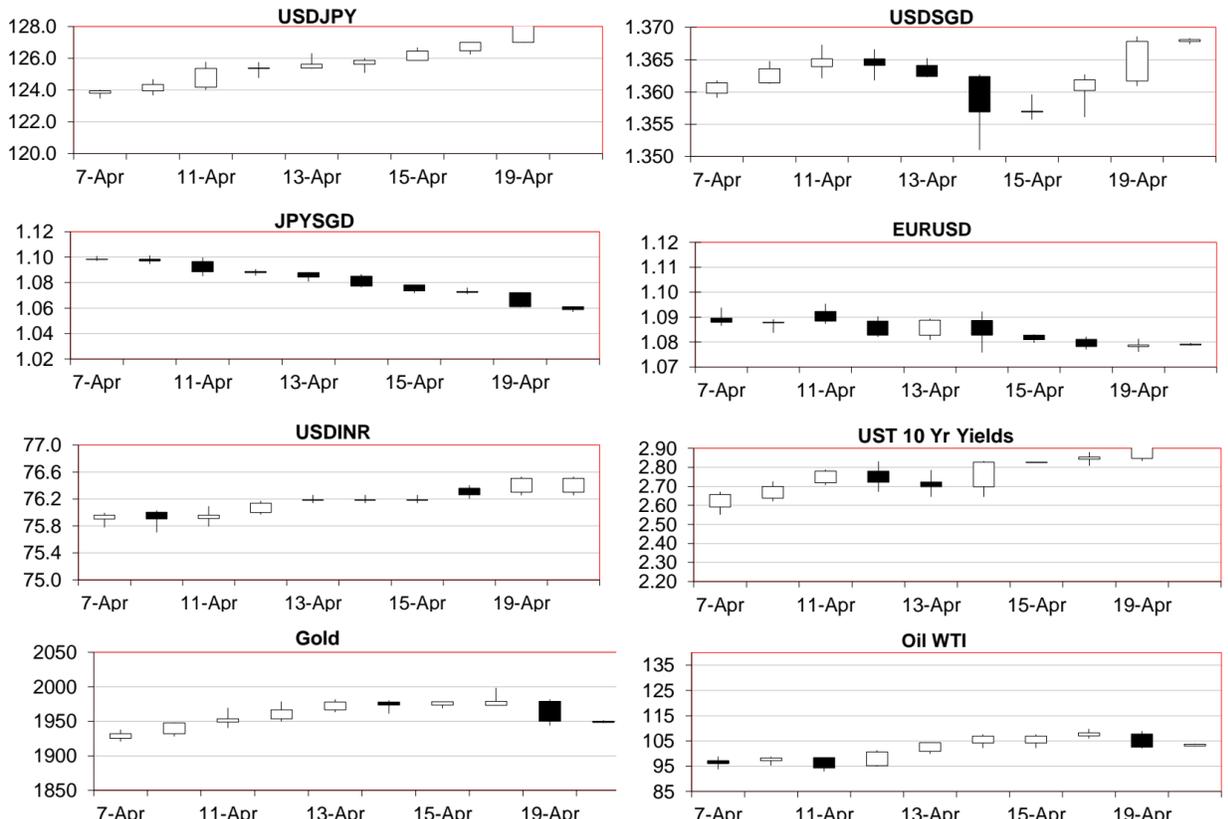
- Whereas it would be misguided to interpret the apparent US "home run" for broad-based "risk on" elsewhere as sobering growth downgrades by the IMF in the April edition of the World Economic Outlook (WEO) come home to roost.  
 - For the record, the IMF cut 2022 (2023) global growth by 0.8%-pts (0.2%-pts) to 3.6% (3.6%); culminating in a total of 1.3%-pts cut to 2022 growth projections since October 2021.  
 - This cut comprised of 0.6%-pt cut for Advanced economies (to 3.3%) and 1.0%-pt cut for EMs (to 3.8%). Insofar that the cuts were premised on the war in Ukraine, EZ endured the largest cuts amongst AEs (EZ: -1.1%-pt to 2.8%); with Russia cut a staggering 11.3%-pt to -8.5%.  
 - Across the Atlantic, US was cut 0.4%-pt to 3.7%, while China has also been cut 0.4%-pt (to 4.4%). With higher Oil, India's 0.8%-pts cut to 8.2% appears modest, while ASEAN-5 is revised down by 0.3%-pt to 5.3%. Even with these cuts, risks may be tilted to the downside.

OVERNIGHT RESULTS

(JP) Industrial Production YoY (Feb F): 0.5% (Prelim: 0.2%)

(US) Housing Starts/Building Permits (Mar): 1793K/1873KK (Mkt: 1740K/1820K; Feb: 1788K[rev: +19K]/1865K[rev: +7K])

\* Past Two Weeks Movement \*



- Particularly in the context of dissipating fiscal space for prolonged stimulus cruelly juxtaposed against mounting risks of sharply higher financing burden; as the inherited debt step-up from COVID collides with rising global rates (led by a hawkish Fed).

Why LPR Cut May Not Salvage

- At the risk of sounding dismissive right off the bat, even if PBoC delivers on a LPR cut, it is unlikely to salvage the disappointing RRR cuts from Friday (15th Apr).  
 - Fact is, a measured cut in the LPR appears now to be the bare minimum to not disappoint expectations and simply doesn't make the cut for an emphatic easing.  
 - Especially given that pre-existing drag to the Chinese economy from the liquidity travails of the property sector, regulatory crackdown in tech, is now compounded by COVID as well as global geopolitical headwinds delivering dual shocks of cost-push and demand destruction.  
 - Whereas, not unlike the measured RRR cut (effective 25th Apr) of 25bps for major banks (to 11.25%) and 50bps for smaller banks (9.00%), a restrained LPR trim is also likely to fall short as a panacea to economic woes. For one, the restraint in stimulus delivered alongside the lack of a clear path out from the liquidity crunch of property developers is underwhelming.  
 - Crucially, doubts about access to easier funding remain a bugbear despite headline easing.  
 - Point being, lack of confidence amongst banks and businesses alike, amid property sector pain, warn of impediments to both credit demand and supply. And inadvertent restraints on actual lending may mute intended stimulus; revealing risks of "too little too late" stimulus.

FX Daily Outlook

- EUR/USD: A dovish-leaning Lagarde keeping pressure on; consolidation on either side of 1.08.  
 - USD/JPY: Roaring to 129-130 on soaring UST yields.  
 - USD/SGD: Soft EUR, JPY and slip in CNH tempts 1.37 test; consolidating sub-1.37 for now.  
 - AUD/USD: Sufficiently soft data watering down May hike bets to dampen traction above 0.74.

TODAY'S EVENTS

(AU) Westpac Leading Index MoM (Mar): -0.35% (Feb: -0.15%; rev: to 0.38%) | (JP) Trade Bal (Mar): -¥412.4b (Mkt: -¥74.5b; Feb: -¥669.7b)  
 (JP) Exports/Imports YoY (Mar): 14.7%/31.2% (Mkt: 17.5%/28.9%; Feb: 19.1%/34.1%) | (EZ) Ind Pdn MoM (Feb): (Mkt: 0.7%; Jan: -1.3%)  
 (EZ) Trade Balance (Feb): (Jan: -€27.2b) | (EZ) Existing Home Sales (Mar): (Mkt: 5.748m; Feb: 6.02m)  
 (US) Fed Beige Book Release | (CH) 1Y/5Y Loan Prime Rate: (Mkt: 3.65%/4.55%; Prev: 3.70%/4.60%)  
 (Central Banks): PBoC Policy Rate | Feds Daly, Evans & Bostic speak | ECB's Rehn speaks

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