

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.65	127.86	▼1.05	+2.24
EUR	1.0810	1.0853	+0.0065	▼0.0035
AUD	0.7417	0.7450	+0.0076	▼0.0001
SGD	1.3673	1.3631	▼0.0047	+0.0007
CNY	6.4154	6.4192	+0.0257	+0.0510
INR	76.48	76.21	▼0.30	+0.03
IDR	14357	14356	+12	▼7
MYR	4.2867	4.2823	+0.0268	+0.0508
PHP	52.48	52.48	+0.02	+0.45
THB	33.84	33.76	+0.01	+0.19

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.832%	▼10.4 bp	+13.3 bp
JPY (10YR)	0.253%	+0.5 bp	+1.3 bp
EUR* (10YR)	0.857%	▼5.3 bp	+9.1 bp
AUD (5YR)	2.797%	+7.2 bp	+4.7 bp
SGD (5YR)	2.419%	+4.4 bp	▼3.2 bp
CNY (5YR)	2.608%	+3.5 bp	+10.0 bp
INR (5YR)	6.765%	▼2.1 bp	▼7.1 bp
IDR (5YR)	6.047%	+7.0 bp	+19.9 bp
MYR (5YR)	3.729%	+13.0 bp	+14.9 bp
PHP (5YR)	5.110%	▼0.5 bp	+1.9 bp
THB (5YR)	2.045%	+7.7 bp	+22.0 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	35,160.79	+0.71%	+1.72%
N225 (JP)	27,217.85	+0.86%	+1.39%
STOXX 50 (EU)	3,896.81	+1.72%	+1.80%
ASX (AU)	4,236.24	+0.39%	+0.58%
STI (SG)	3,335.32	+0.85%	▼0.21%
SHCOMP (CN)	3,151.05	▼1.35%	▼1.12%
SENSEX (IN)	57,037.50	+1.02%	▼2.23%
JSE (ID)	7,227.36	+0.39%	▼0.49%
KLSE (MY)	1,593.75	+0.80%	▼0.21%
PSE (PH)	7,142.42	+1.49%	+2.26%
SET (TH)	1,680.35	+0.28%	+0.36%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	307.24	+0.11%	▲0.31%
COPPER (LME)	10,196.00	▲0.83%	▲0.86%
IRON ORE (CN)	153.57	+0.05%	▲0.10%
GOLD	1,957.77	+0.39%	▲1.01%
OIL (WTI)	102.75	+0.19%	▼1.44%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	128.01	EUR/USD	1.0850
USD/SGD	1.3637	USD/THB	33.80
JPY/SGD	1.0653	USD/MYR	4.284

Forecast

USD/JPY	127.00 - 130.00
EUR/USD	1.0720 - 1.0860
AUD/USD	0.7350 - 0.7470
USD/SGD	1.3600 - 1.3730
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.4400 - 6.4800
USD/INR	75.80 - 76.80
USD/IDR	14320 - 14400
USD/MYR	4.2500 - 4.2900
USD/PHP	52.10 - 52.70
USD/THB	33.50 - 34.00

Today's Direction

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

Mixed Markets

- US equities traded mixed on Wednesday (S&P500: -0.06%; NASDAQ: -1.2% and Dow Jones: +0.7%) with Netflix's specific 35% share tumble grabbing headlines; US equity futures show some lost ground has been re-gained.

- Even with Mary Daly and Charles Evans reiterating the Fed's intention to expedite/front-load rate hikes, UST markets seemed to take a breather, taking cues from European bonds.

- UST yields on the 10 and 30 year parts of curve came off more than 10bp and the curve bull-flattening. It remains to be seen if this flattening will sustain.

- Especially as the Beige book acknowledged that while geopolitical developments created uncertainty and clouded the outlook, inflationary pressures remained strong.

- Ahead of the US Fed Chair Powell and ECB President Lagarde IMF panel discussion on the global economy scheduled for tonight, market focus will remain on inflation and the Ukraine-Russia situation.

- On the former, latest data point to still rising global inflationary pressures: New Zealand's headline inflation print accelerated to 6.9% in Q4, the fastest in 32 years, but was lower than the 7.1% expected by consensus.

- It, nonetheless, justified the RBNZ's decision to raise rates by 50bp at its 13 April meeting with markets now pricing in a similar magnitude of hikes for the next meeting on 25 May.

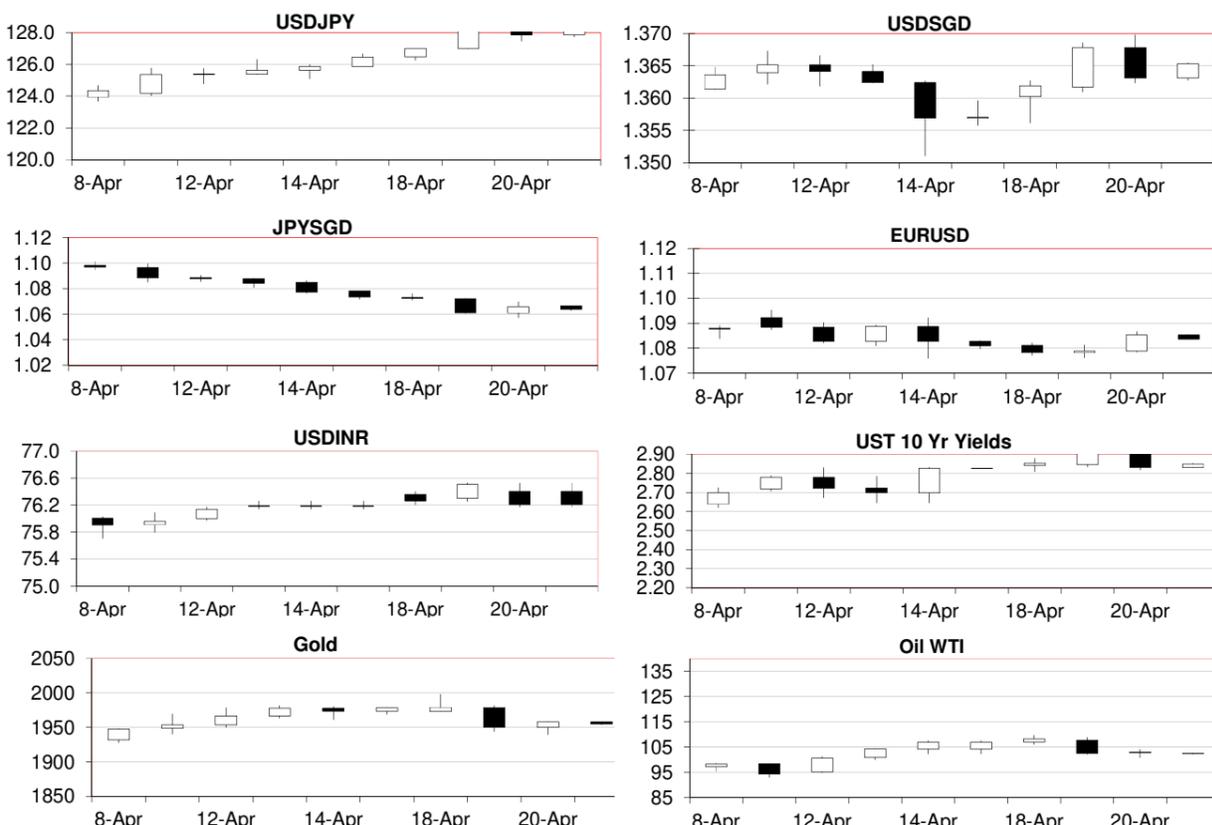
- Although global oil prices have stabilised for the moment on account of weaker demand from China, which has been hit by its worst Covid outbreak, there are signs that supply tightness will increase from protests in Libya and lower Russian output.

- Meanwhile, the rally in coal prices boosted AUD/USD to 0.743 levels while other commodity currencies including CAD also got a boost overnight.

- EUR/USD climbed to 1.086 levels before backing down slightly while the upward climb in USD/JPY was stalled overnight, with price action this morning suggesting a resumption of the upward trend towards mid-128 levels.

OVERNIGHT RESULTS

(EZ) Ind Pdtm MoM (Feb): 0.7% (Mkt: 0.7%; Jan: -0.7%) | (EZ) Trade Balance (Feb): -€7.6b (Jan: -€27.2b) | (US) Existing Home Sales (Mar): 5.77m (Mkt: 5.748m; Feb: 6.02m) | (US) Fed Beige Book Release | (CH) 1Y/5Y Loan Prime Rate: 3.70%/4.60% (Mkt: 3.65%/4.55%; Prev: 3.77%/4.65%) | (CN) West Bank M2 M3 YoY Rate | Feds Daly, Evans & Bostic speak | ECB's Rehn speaks

Past Two Weeks Movement

EM Asia FX: Still Reeling

- Notwithstanding the price action on Wednesday, hawkish rhetoric from US Fed members, a general bias towards higher UST yields and sustained dollar demand along with CNY depreciation pressure has weighed on EM Asia FX this week.

- The standout in terms of Fed hawkish was James Bullard, who alluded to the possibility of a 75p hike, while real yields turning positive territory for the first in two years.

- This coincided with the relatively high fix of USD/CNY on Wednesday; with China exposed to the growth hit from the continued lockdown in Shanghai and the government's general resolve to hold true to a 'zero covid' policy.

- The double whammy of general USD strength and CNY weakness exacerbated the sell-off in MYR with USD/MYR breaking 4.29 levels but settling below this level on Wednesday.

- Notwithstanding, MYR has been impacted by hawkish Fed speak since mid-March.

- The declines in PHP and THB of 0.4% and 0.3% versus USD also speak to the exposures of these economies to China (mainly tourism and trade) but also the more fundamental 'twin deficit' (fiscal and current account deficits) vulnerabilities.

- While IDR's surprising relative resilience despite a more growth focused BI (and higher government yields) may imply some 'catch-up' depreciation down the road.

- Similarly, INR stability reflecting stable to lower global oil prices may not entirely sustain as Ukraine-Russia tensions remain.

FX Daily Outlook

- EUR/USD: Dips below 1.08 levels may not be on the cards unless Lagarde is extremely dovish.

- USD/JPY: A pull back in UST yields providing some respite for the pair, albeit temporary.

- USD/SGD: Softer EUR, JPY and slip in CNY/CNH tempts 1.37 test.

- AUD/USD: Coal price support holding pair above 0.74 levels.

TODAY'S EVENTS

(US) Initial Jobless Claims (Apr 16): (Mkt: 180k; Prev: 185k) | (US) Philadelphia Fed Business Outlook (Apr): (Mkt: 21.7; Mar: 27.4) | (US) Leading Index (Mar): (Mkt: 0.3%; Feb: 0.3%) | (EZ) CPI/Core YoY (Mar F): (Mkt: 7.5%/3.0%; Prelim: 7.5%/3%) | (EZ) Consumer Confidence (Apr A): (Mkt: -20; Mar: -18.7) | (JP) Machine Tool Orders YoY (Mar F): (Prelim: 30.2%)

Important Information

This publication has been prepared by Mizuho Bank, Ltd. (“Mizuho”) and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a “financial instrument”), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom’s Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho’s prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

Singapore: Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

Japan: Mizuho is authorised and regulated by the Financial Services Agency of Japan.

United Kingdom / European Economic Area: In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK’s regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc (“MHI”). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: This publication is not a “research report” as defined in Commodity Futures Trading Commission (“CFTC”) Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. (“MSUSA”) is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.