

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.03	128.38	+0.52	+2.50
EUR	1.0929	1.0834	▼0.0019	+0.0006
AUD	0.7456	0.7374	▼0.0076	▼0.0045
SGD	1.3605	1.3637	+0.0006	+0.0068
CNY	6.4453	6.4507	+0.0315	+0.0723
INR	76.12	76.16	▼0.05	▼0.02
IDR	14343	14344	▼12	+0
MYR	4.2879	4.2890	+0.0067	+0.0585
PHP	52.37	52.37	▼0.11	+0.34
THB	33.81	33.82	+0.07	+0.25

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.910%	+7.8 bp	+8.2 bp
JPY (10YR)	0.251%	▼0.2 bp	+2.0 bp
EUR* (10YR)	0.948%	+9.1 bp	+10.6 bp
AUD (5YR)	2.830%	+3.3 bp	+20.5 bp
SGD (5YR)	2.412%	▼0.7 bp	+9.1 bp
CNY (5YR)	2.583%	▼2.5 bp	+5.1 bp
INR (5YR)	6.800%	+3.5 bp	▼3.6 bp
IDR (5YR)	6.096%	+4.9 bp	+21.8 bp
MYR (5YR)	3.705%	▼2.4 bp	+14.6 bp
PHP (5YR)	5.125%	+1.5 bp	+3.2 bp
THB (5YR)	2.133%	+8.8 bp	+30.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,792.76	▼1.05%	+0.99%
N225 (JP)	27,553.06	+1.23%	+1.40%
STOXX 50 (EU)	3,928.03	+0.80%	+2.06%
ASX (AU)	4,238.12	+0.04%	+0.14%
STI (SG)	3,348.46	+0.39%	+0.38%
SHCOMP (CN)	3,079.81	▼2.26%	▼4.52%
SENSEX (IN)	57,911.68	+1.53%	▼0.73%
JSE (ID)	7,276.19	+0.68%	+0.56%
KLSE (MY)	1,598.32	+0.29%	+0.16%
PSE (PH)	7,061.49	▼1.13%	+1.10%
SET (TH)	1,690.55	+0.61%	+0.97%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	309.21	+0.64%	▲0.87%
COPPER (LME)	10,272.00	+0.75%	▲0.25%
IRON ORE (CN)	153.35	▲0.14%	▲1.15%
GOLD	1,951.62	▲0.31%	▲1.12%
OIL (WTI)	103.79	+1.01%	▼2.95%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	128.43	EUR/USD	1.0835
USD/SGD	1.3652	USD/THB	33.91
JPY/SGD	1.0630	USD/MYR	4.290

Forecast

USD/JPY	127.00 - 130.00
EUR/USD	1.0720 - 1.0900
AUD/USD	0.7300 - 0.7470
USD/SGD	1.3600 - 1.3730
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.4500 - 6.4900
USD/INR	75.90 - 76.80
USD/IDR	14320 - 14400
USD/MYR	4.2600 - 4.2950
USD/PHP	52.15 - 52.70
USD/THB	33.60 - 34.10

Today's Direction

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

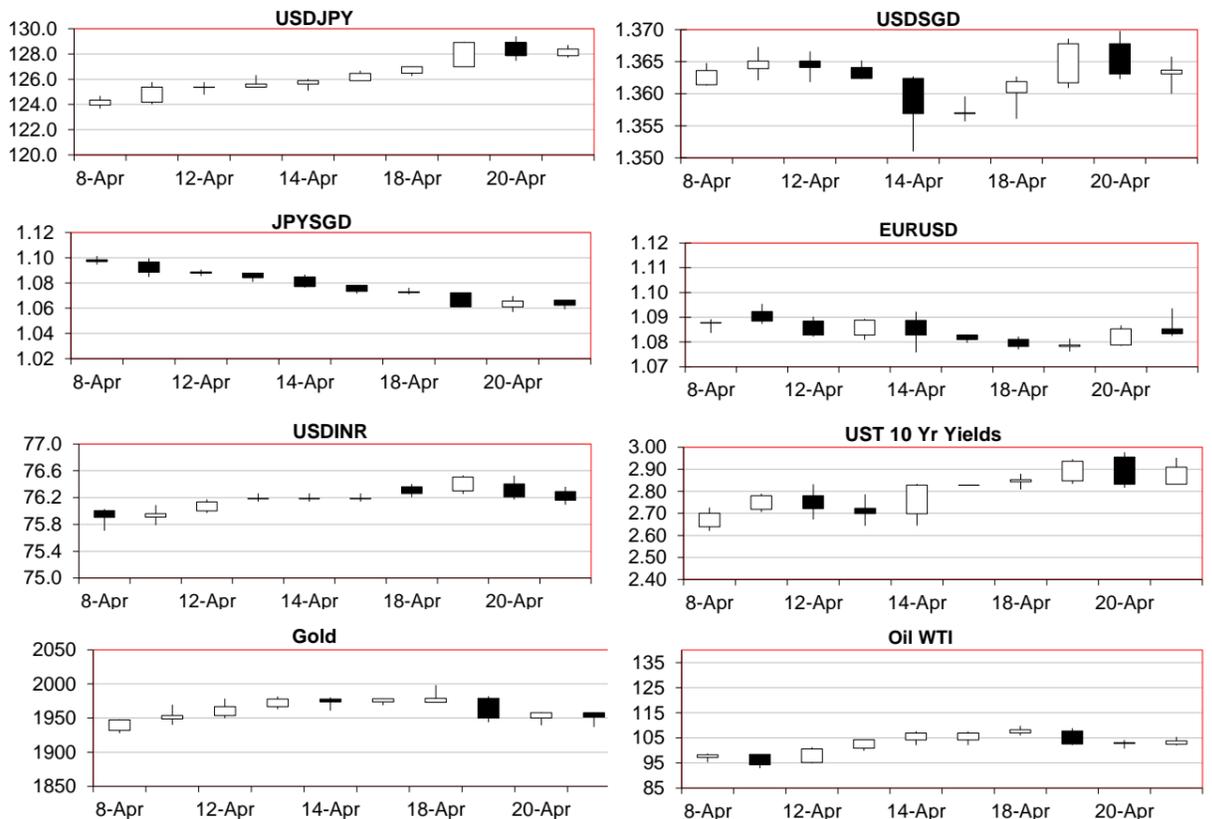
Powell Echoed

- With the Fed's blackout period looming, Chairman Powell's hawkish communication was clearly echoed by markets (FX, USTs and equities).
 - Aside from putting "50bps will be on the table in May", he showed comfort to the idea of front-end loading while citing the support of fellow FOMC officials for one or more 50bps hikes.
 - He reiterated his take on labour market being unsustainably hot which aligns with the earlier release of initial jobless claims which continued declining, albeit at a slower than expected pace.
 - Powell's signals reverberated through equities as the tech heavy Nasdaq sank 2.1% while the S&P500 and Dow dropped 1.5% and 1.1% respectively.
 - The US treasuries selloff emphatically echoed Powell's hawkish signals, UST bulls were battered as 2Y yields surged 10.7bps while 10Y yields rose 7.7bps in a bear flattener. Nonetheless, the 10-2Y spread remains at a steady 23bps perhaps echoing belief in the Fed Chair's growth outlook.
 - Underpinned by higher US yields, USD reigned supreme against G10 peers also echoed Powell.
 - Consequently, USD/JPY rose 0.4% towards mid-128 as BoJ convergence with Fed is not in sight, though this will be complicated by March headline inflation printing at 1.2% this morning as weaker JPY exacerbate domestic cost.
 - EUR gave up gains (surge above 1.09) from hawkish Belgian Central Bank Governor Pierre Wunsch stating that ECB policy rate above zero by year-end is a no brainer and ECB Vice President Luis de Guindos suggesting the possibility of raising rates in July, dipping back below mid-1.08 as Lagarde stayed on her optionality path did not echo similar degree of sentiments.
 - EUR bulls were also not helped by the slight softening of Eurozone's March final CPI print.
 - Similarly, AUD weakened 1.2% to just above mid 0.73 while USD/SGD rose towards mid-1.36.
 - Ending the week, EM-Asia FX also looks set to echo and reverberate with deference to the USD though policy convergence in some countries may restrain excessive weakness.

OVERNIGHT RESULTS

(US) Initial Jobless Claims (Apr 16): 184k (Mkt: 180k; Prev: 185k; Revised: 186k) | (US) Philadelphia Fed Business Outlook (Apr): 21.7 (Mkt: 21.4; Mar: 27.4) | (US) Leading Index (Mar): 0.3% (Mkt: 0.3%; Feb: 0.3%) | (EZ) CPI/Core YoY (Mar F): 7.4%/2.4% (Mkt: 7.5%/3.0%; Prelim: 7.5%/3%) | (EZ) Consumer Confidence (Apr A): -16.9 (Mkt: -20; Mar: -18.7) | (JP) Machine Tool Orders YoY (Mar F): 30.0% (Prelim: 30.2%)

* Past Two Weeks Movement *



The BoK's New Governor

- Dr Rhee Chang-yong took office yesterday as BoK's governor serving for a four year term.
 - The inflation task facing him is clear on his inauguration as data release affirmed heightened price pressures with producer price growth printing at 8.8% YoY in March, up 1.3% from Feb.
 - With this backdrop, he has signalled hawkish tendencies (via his confirmation hearings) to tame inflation and slow household debt growth through "signals of interest rates" and the BoK will adjust the accommodative extent of policy while ensuring growth momentum is not hurt.
 - While growth concerns have cast him as having a dovish slant, characterisation of monetary policy as "accommodative" will erase much doubt about the current policy being neutral and sets the stage for further rate hikes.
 - Nonetheless, overshooting above neutral will be ruled out amid growth concerns alongside his attempts to engineer a soft landing for household debt.
 - While another 25bps hike takes nominal policy rate to 1.75%, subsequent hikes will be premised on excessively negative real rates as inflation forecast at each juncture thus far is lifted by more than policy. This was also a critique of the Fed by Rhee's Harvard mentor Lawrence Summers.
 - On Governor Rhee, while his international organisations credentials as IMF director and Chief Economist at ADB is well reported, his domestic experience as vice-Chairman of the FSC and Chairman of the Securities Commission also aligns with his push for greater policy coordination as he has proposed for weekly/monthly meetings with key economic agencies.

FX Daily Outlook

- EUR/USD: Without ECB support, EUR set to remain weak as rallies towards 1.09 fade.
 - USD/JPY: US yields more to support 128 rather than pull towards mid-129.
 - USD/SGD: Cautious testing of 1.37 as CNH weakness and US yields pull the pair higher.
 - AUD/USD: Consolidation around mid-0.73 as China worries and wider Fed divergence weighs.

TODAY'S EVENTS

(JP) CPI YoY/CPI Ex Fresh Food, Energy (Mar): 1.2%/-0.7% (Mkt: 1.2%/-0.8%; Feb: 0.9%/-1.0%)
 (MY) CPI YoY (Mar): (Mkt:2.3%; Feb: 2.2%) | (EZ) PMI Mfg/Services (Apr P): (Mkt: 54.9/55.0; Mar: 56.5/55.6)
 Central Banks: Lagarde Speaks

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