

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.06	128.50	+0.12	+2.04
EUR	1.0807	1.0790	▼0.0044	▼0.0020
AUD	0.7314	0.7244	▼0.0130	▼0.0151
SGD	1.3646	1.3711	+0.0074	+0.0141
CNY	6.4733	6.5014	+0.0507	+0.1299
INR	76.36	76.49	+0.33	+0.30
IDR	14361	14357	+13	+13
MYR	4.3187	4.3250	+0.0360	+0.0895
PHP	52.32	52.33	▼0.04	+0.30
THB	33.93	33.94	+0.12	+0.37

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.899%	▼1.1 bp	+7.1 bp
JPY (10YR)	0.250%	▼0.1 bp	+0.9 bp
EUR* (10YR)	0.972%	+2.4 bp	+13.0 bp
AUD (5YR)	2.918%	+8.8 bp	+29.3 bp
SGD (5YR)	2.463%	+5.1 bp	+14.2 bp
CNY (5YR)	2.603%	+2.0 bp	+7.1 bp
INR (5YR)	6.815%	+1.5 bp	▼2.1 bp
IDR (5YR)	6.179%	+8.3 bp	+30.1 bp
MYR (5YR)	3.817%	+11.2 bp	+24.4 bp
PHP (5YR)	5.245%	+12.0 bp	+14.9 bp
THB (5YR)	2.216%	+8.3 bp	+39.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,811.40	▼1.05%	▼1.86%
N225 (JP)	27,105.26	+1.23%	+0.04%
STOXX 50 (EU)	3,840.01	+0.80%	▼0.23%
ASX (AU)	4,180.65	+0.04%	▼1.22%
STI (SG)	3,361.11	+0.39%	+0.76%
SHCOMP (CN)	3,086.92	▼2.26%	▼3.87%
SENSEX (IN)	57,197.15	+1.53%	▼1.96%
JSE (ID)	7,225.61	+0.68%	▼0.14%
KLSE (MY)	1,601.97	+0.29%	+0.82%
PSE (PH)	6,998.59	▼1.13%	+0.20%
SET (TH)	1,690.59	+0.61%	+0.97%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	304.23	▲1.61%	▲2.47%
COPPER (LME)	10,113.25	▲1.55%	▲1.79%
IRON ORE (CN)	153.29	▲0.04%	▲1.80%
GOLD	1,931.60	▲1.03%	▲2.36%
OIL (WTI)	102.07	+1.01%	▼2.95%

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	128.62	EUR/USD	1.0810
USD/SGD	1.3701	USD/THB	33.97
JPY/SGD	1.0653	USD/MYR	4.335

Forecast

USD/JPY	127.00 - 130.00
EUR/USD	1.0680 - 1.0900
AUD/USD	0.7200 - 0.7470
USD/SGD	1.3610 - 1.3750
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.4500 - 6.5500
USD/INR	76.00 - 76.80
USD/IDR	14330 - 14400
USD/MYR	4.2900 - 4.3500
USD/PHP	52.15 - 52.70
USD/THB	33.70 - 34.20

Today's Direction

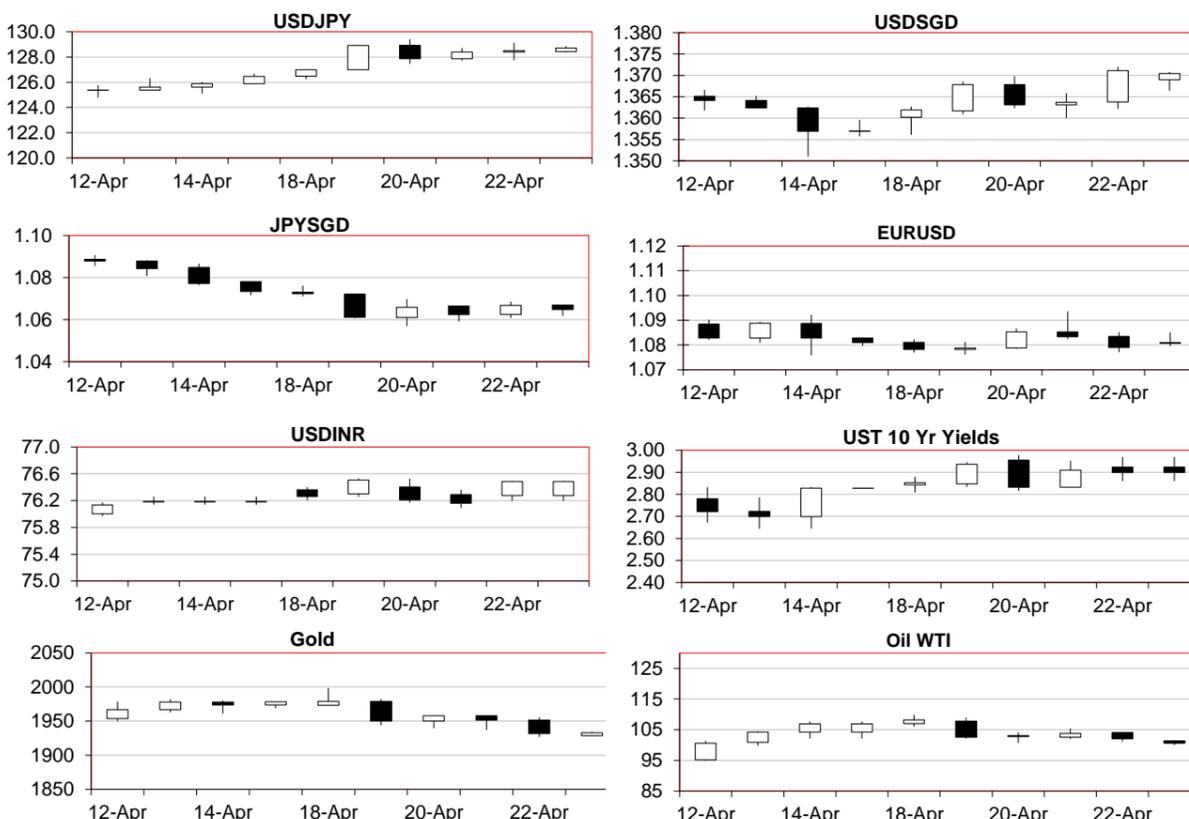
	Bull	Bear
USD/SGD	2	4
USD/JPY	2	4

USD Dominance Spreads

- The USD certainly remained king last Friday as the DXY surged past 101, gaining against all G10 peers and most EM-Asia currencies as a slight dip in UST yields was no dampener given the elevation imparted through the week.
- The stronger USD was certainly not helping stocks as pounding continued for US equities with all three indices dropping 2.6-2.8% as disappointing earnings and higher borrowing costs worry.
- Admittedly, UST yields were down 1.5 and 1.1 bps for 2y and 10Y respectively as Cleveland Fed's Mester pushed back on 75bps in favour of **more methodical approach** rather than shock of 75bps, though her methodical view was a "few more" 50bps hike after May's 50bps.
- As **USD reigned**, JPY was the least hit among G10 peers, with USD/JPY inching up 0.1% to mid-128 but this was no consolation considering the 10% decline since the start of the year.
- EUR dropped 0.4% as ECB-Fed divergence continues to weigh while geo-political conflict in Ukraine looks to enter a new phase as US and Europe send in heavy weapons for Ukraine.
- EUR bulls will look to Macron's victory, though relief will likely prove temporary.
- Alongside weaker energy prices as Brent crude prices decreased 1.6%, **AUD plummeted 1.8% to mid-0.72 as the hawkish Fed tendencies overwhelm more cautious RBA rate increases.**
- In EM-Asia, USD/SGD rose above 1.37, with **USD dominance spreading** as CNH buckle 0.7% faced with **China-US yields inverting and widening** while various lockdowns straining economic fundamentals have little end in sight.
- **USD dominance was also evident in the MYR weakening 0.8%** (USD/MYR rose above 4.32), as headline inflation at 2.2% for Mar (similar to Feb) dials back some urgency for BNM to hike rates.
- Given that Malaysia's **core inflation has reached 2% alongside fiscal subsidies valiantly placing a ceiling on prices**, BNM's need to pre-emptively anchor inflation in Q3 should not be easily dismissed.
- With elevated US yields and USD dominance, **gold was also not spared** as prices dipped 1% to US\$1930/ounce.
- With FOMC silence this week, more attention will turn to the deluge of data surrounding activity, jobs and prices and positions will increasingly ramp up in anticipation for FOMC next week.

OVERNIGHT RESULTS

(MY) CPI YoY (Mar): 2.2% (Mkt:2.3%; Feb: 2.2%) | (EZ) PMI Mfg/Services (Apr P): 55.3/57.7 (Mkt: 54.9/55.0; Mar: 56.5/55.6)

*** Past Two Weeks Movement ***

Korea Q1 GDP: Headwinds Abound

- Faced with multiple headwinds, **Korea's Q1 2022 GDP growth on YoY basis (release on Tue morning) is likely to step down from the 4.2% in Q4 2021 to below 3.5%, closer to pre-Covid growth trends.**
- On the trade front, Korea's **terms of trade has declined** considerably largely due to the surge in import price arising from higher energy costs with the escalation of Brent crude prices.
- Semiconductor and **electronics exports will find it difficult to offset** given supply chain constraints while freight services bolster in terms of pricing power as demand turns inelastic.
- As such, current account balance over Jan-Feb relative to a year ago has fallen with the weakness likely to persist into March. Therefore, **downside bias to GDP outturn may likely stem from the external front.**
- As Omicron cases picked up over Jan-Feb, retail sales growth weakened from the double digit growth figures seen in Q4 and may improve in the coming months as social restrictions are eased.
- More worryingly, equipment investment growth also stepped down as supply chain disruptions were already prevalent in the first two months and we can expect further dents ahead to investments as business confidence decrease due to geo-political spillovers and tightening global financial conditions alter business cost calculus.
- With **growth steady near pre-Covid trends, BoK's new Governor Rhee will not be deterred in his pursuit of futher rate hikes** to tame inflation and looks set for a further 25bps hike.

FX Daily Outlook

- EUR/USD: Consolidation below 1.08 as growth concerns may add on to Fed-ECB divergence.
- USD/JPY: 129 looks to be crossed repeatedly while sustainability above mid-129 doubtful.
- USD/SGD: CNH weakness may assist the USD/SGD consolidate above 1.37.
- AUD/USD: Likely settlement near 0.72; China worries and lower iron ore prices may lead lower.

TODAY'S EVENTS

(JP) PPI Services YoY (Mar): 1.3% (Mkt: 1.2%; Feb: 1.1%) | (JP) Leading Index CI/Coincident Index (Feb F): (Prelim: 100.9/95.5)
 (SI) CPI/Core YoY (Mar): (Mkt:4.7%/2.5%; Feb: 4.3%/2.2%) | (GE) IFO Business Climate/Expectations (Apr): (Mkt: 89.0/83.5; Mar: 90.8/85.1) | (US) Dallas Fed Mfg Activity (Apr): (Mkt: 4.8; Mar:8.7) | Chicago Fed Nat Activity Index (Mar): (Mkt: 0.45; Feb: -0.51)
 Central Banks: ECB Panetta Speaks

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