

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.21	128.14	▼0.36	+1.15
EUR	1.0739	1.0713	▼0.0077	▼0.0069
AUD	0.7180	0.7178	▼0.0066	▼0.0171
SGD	1.3749	1.3743	+0.0032	+0.0124
CNY	6.5491	6.5594	+0.0580	+0.1923
INR	76.64	76.70	+0.21	+0.43
IDR	14454	14458	+101	+104
MYR	4.3556	4.3570	+0.0320	+0.1015
PHP	52.42	52.42	+0.09	+0.15
THB	34.00	34.04	+0.10	+0.37

\*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.820%	▼7.9 bp	▼3.3 bp
JPY (10YR)	0.247%	▼0.3 bp	+0.2 bp
EUR* (10YR)	0.837%	▼13.5 bp	▼0.5 bp
AUD (5YR)	2.918%	+0.0 bp	+29.3 bp
SGD (5YR)	2.393%	▼7.0 bp	▼1.9 bp
CNY (5YR)	2.603%	+0.0 bp	+3.5 bp
INR (5YR)	6.746%	▼6.9 bp	▼4.2 bp
IDR (5YR)	6.316%	+13.7 bp	+37.3 bp
MYR (5YR)	3.840%	+2.3 bp	+24.1 bp
PHP (5YR)	5.155%	▼9.0 bp	+4.9 bp
THB (5YR)	2.331%	+11.5 bp	+36.3 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	34,049.46	+0.70%	▼1.05%
N225 (JP)	26,590.78	▼1.90%	▼0.78%
STOXX 50 (EU)	3,757.59	▼2.15%	▼2.37%
ASX (AU)	4,106.36	▼1.78%	▼2.97%
STI (SG)	3,339.59	▼0.64%	+1.11%
SHCOMP (CN)	2,928.51	▼5.13%	▼8.36%
SENSEX (IN)	56,579.89	▼1.08%	▼1.03%
JSE (ID)	7,215.98	▼0.13%	▼0.82%
KLSE (MY)	1,589.98	▼0.75%	+0.56%
PSE (PH)	7,020.83	+0.32%	+0.35%
SET (TH)	1,675.33	▼0.90%	+0.44%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	298.54	▲1.87%	▲5.51%
COPPER (LME)	9,783.80	▲3.26%	▲4.99%
IRON ORE (CN)	149.73	▲2.32%	▲3.51%
GOLD	1,897.83	▲1.75%	▲4.10%
OIL (WTI)	98.54	▼3.46%	▼8.94%

**Brief Respite?**

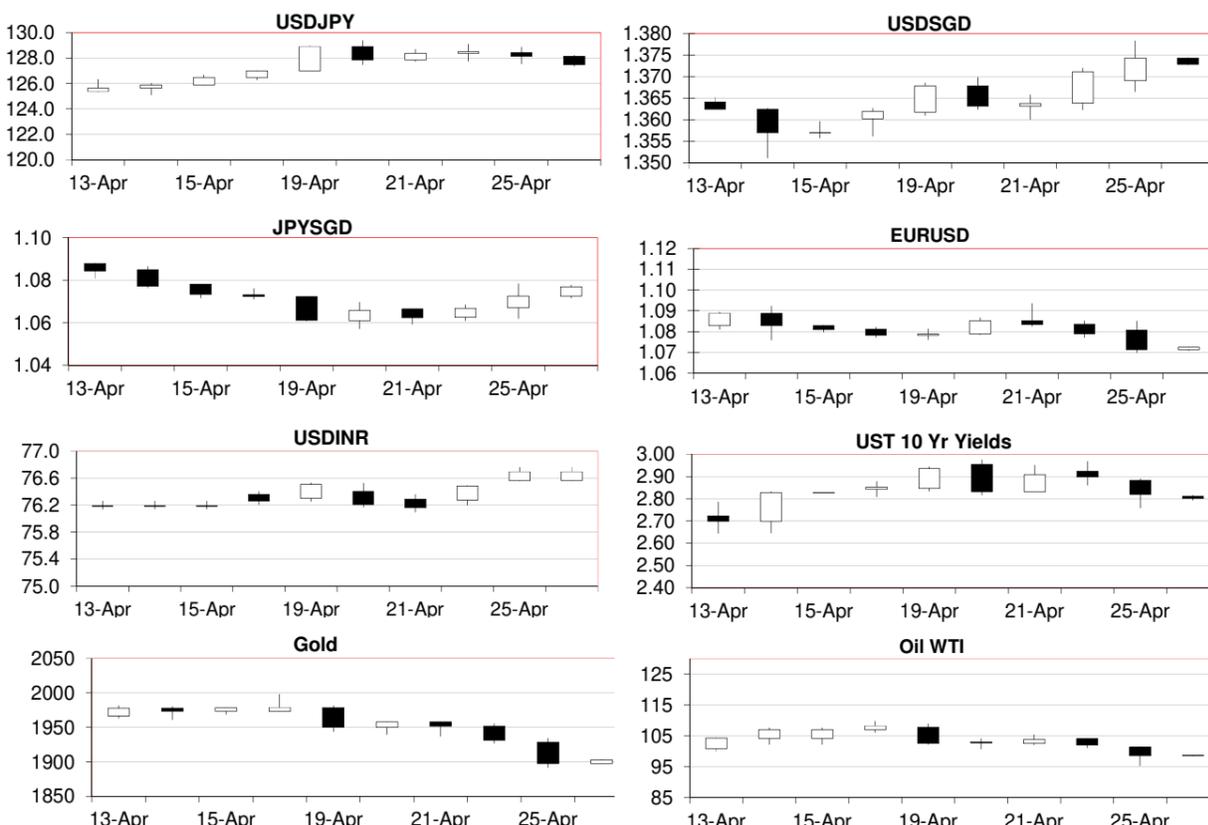
- Elon Musk's bid to acquire Twitter pushed up the company's shares boosting a general upbeat NASDAQ (+1.3%); S&P (+0.6%) and Dow Jones (+0.7%) also halted losses.
- US equities may be taking advantage of the Fed blackout period with no hawkish rate hike reminders coming through, similar to UST yields which eased across most tenors.
- 10 year yields fell 9.4bp to 2.81% while 30-year yields fell 7.1bp to 2.878%; shorter tenor yields on the 2 year fell to a lesser extent (2.6bp).
- The rise in equity and bond prices coincided with a stronger USD as concerns around the economic recovery in China took precedence, with the COVID-19 wave persisting (arguably worsening) even as the authorities strictly adhere to the 'covid-zero' policy.
- This concern has also weighed on commodity prices with WTI prices holding below USD100/barrel and Brent around USD102/barrel.
- Commodity weakness combined with USD strength weighed on the G10 complex with NON, SEK and AUD taking the biggest losses. JPY was the only currency to hold onto marginal gains with USD/JPY around 127.6 levels.
- Within EM Asia, CNY was under the most pressure followed by KRW. The modest upside surprise in the advanced Q1 GDP print for Korea did little for USD/KRW, as the print confirmed that the economy had slowed from Q4 given the Omicron wave and rising energy costs.
- Specific details show that investment in facilities and construction were the weakest link while government spending and export momentum remained intact.
- USD/MYR edged towards 4.36 levels as dollar strength continues to outweigh the positive effect of elevated commodity prices.
- Indeed, Indonesia's palm oil export ban (more below) could further boost this advantage.

**Indonesia: Palm Oil Pains**

- Starting 28 April, President Jokowi announced that Indonesia will not export cooking oil and its raw material (namely palm oil).

**OVERNIGHT RESULTS**

(SI) CPI/Core YoY (Mar): 5.4%/2.9% (Mkt:4.7%/2.5%; Feb: 4.3%/2.2%) | (US) Dallas Fed Mfg Activity (Apr): 1.1 (Mkt: 4.8; Mar:8.7) | Chicago Fed Nat Activity Index (Mar): 0.44 (Mkt: 0.45; Feb: -0.51)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	127.78	EUR/USD	1.0713
USD/SGD	1.3738	USD/THB	34.10
JPY/SGD	1.0752	USD/MYR	4.354

**Forecast**

USD/JPY	127.00 - 130.00
EUR/USD	1.0650 - 1.0900
AUD/USD	0.7120 - 0.7400
USD/SGD	1.3640 - 1.3750
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.4500 - 6.7000
USD/INR	76.00 - 77.00
USD/IDR	14500 - 14520
USD/MYR	4.3000 - 4.3700
USD/PHP	52.00 - 52.80
USD/THB	33.80 - 34.50

**Today's Direction**

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

- This decision comes after other efforts to increase domestic supplies, including setting aside stipulated amounts for domestic use, yielded limited results.
- The duration of the ban is uncertain as the aim is to tame the rise in domestic cooking oil prices, which in April climbed 66% YoY following a 44% rise in March.
- Redirecting export oriented supply to the domestic economy may reduce retail cooking oil prices albeit with a lag, and ease some food inflation and associated inflation expectations; but the export losses will be significant.
- Palm oil (including CPO) accounted for over 10% of total export value; we estimate that if the ban remains in force for a month, it can shave upto 0.2% of GDP of the current account.
- This will weaken the external position, exacerbating 'twin (current and fiscal) deficit' concerns and making the currency (IDR) more vulnerable to bouts of sell-offs, as was witnessed after the announcement of the ban. USD/IDR popped higher to 14460 from 14360 levels.
- Admittedly this <1% drop in IDR versus USD is not incongruous with regional trends and absent a sharp and sustained IDR sell-off, the ban with its desired effect to lower retail cooking oil prices will allow Bank Indonesia to hold off on immediate rate hikes.
- There is, however, some confusion around the products the ban entails, with the possibility that it might exclude CPO. If this is the case, it will dilute the trade impact of the ban.
- Notwithstanding, China and India, Indonesia's biggest palm oil export markets, will come under pressure to look for alternatives, likely from Malaysia.

**FX Daily Outlook**

- EUR/USD: EUR bears hold fort as a break below 1.07 cannot be ruled out.
- USD/JPY: Reprieve from UST rally maybe short-lived as hawkish Fed outcomes still loom.
- USD/SGD: CNY/CNH weakness to keep the pressure on the pair.
- AUD/USD: Commodity support may be outdone by USD strength to keep pair below 0.72 levels.

**TODAY'S EVENTS**

(KR) GDP YoY (Q1 A): 3.1% (Mkt: 3.0%; Q4: 4.2%) | (SI) Industrial Production YoY (Mar): (Mkt: 0.3%; Feb: 17.6%) | (US) New Home Sales (Mar): (Mkt: 774k; Feb: 772k) | (US) Conf. Board Consumer Confidence (Apr): (Mkt: 108.4; Mar: 107.2) | (US) Richmond Fed Manufact. Index (Apr): (Mkt: 8.0; Mar: 13.0) | (US) Durable Goods Orders/Nondef Ex Air (Mar P): (Mkt: 1%/0.4%; Feb: -2.1%/-0.2%) | (JP) Jobless Rate (Mar): (Mkt: 2.7%; Feb: 2.7%)

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