

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	127.91	127.23	▼0.91	▼1.68
EUR	1.0679	1.0638	▼0.0075	▼0.0150
AUD	0.7186	0.7123	▼0.0055	▼0.0251
SGD	1.3741	1.3791	+0.0048	+0.0113
CNY	6.5533	6.5566	▼0.0028	+0.1631
INR	76.65	76.58	▼0.11	+0.07
IDR	14411	14411	▼47	+67
MYR	4.3526	4.3555	▼0.0015	+0.1000
PHP	52.27	52.27	▼0.15	▼0.20
THB	34.25	34.22	+0.18	+0.47

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.721%	▼9.9 bp	▼21.6 bp
JPY (10YR)	0.245%	▼0.2 bp	▼0.3 bp
EUR* (10YR)	0.815%	▼2.2 bp	▼9.5 bp
AUD (5YR)	2.878%	▼4.0 bp	+15.3 bp
SGD (5YR)	2.414%	+2.1 bp	+3.9 bp
CNY (5YR)	2.603%	+0.0 bp	+3.0 bp
INR (5YR)	6.768%	+2.2 bp	▼1.8 bp
IDR (5YR)	6.301%	▼1.5 bp	+32.4 bp
MYR (5YR)	3.897%	+5.7 bp	+29.8 bp
PHP (5YR)	5.218%	+6.3 bp	+10.3 bp
THB (5YR)	2.315%	▼1.6 bp	+34.7 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,240.18	▼2.38%	▼4.79%
N225 (JP)	26,700.11	+0.41%	▼1.06%
STOXX 50 (EU)	3,721.36	▼0.96%	▼2.86%
ASX (AU)	4,105.76	▼0.01%	▼2.70%
STI (SG)	3,322.05	▼0.53%	+0.45%
SHCOMP (CN)	2,886.43	▼1.44%	▼9.63%
SENSEX (IN)	57,356.61	+1.37%	+1.58%
JSE (ID)	7,232.15	+0.22%	+0.46%
KLSE (MY)	1,596.68	+0.42%	+0.98%
PSE (PH)	6,980.02	▼0.58%	▼0.82%
SET (TH)	1,668.97	▼0.38%	▼0.40%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	302.67	+1.38%	▲1.38%
COPPER (LME)	9,863.50	+0.81%	▲4.07%
IRON ORE (CN)	150.39	+0.44%	▲2.02%
GOLD	1,905.51	+0.40%	▲2.29%
OIL (WTI)	101.70	+3.21%	▼0.84%

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	4.355

Forecast

USD/JPY	126.80 - 128.80
EUR/USD	1.0580 - 1.0760
AUD/USD	0.7080 - 0.7250
USD/SGD	1.3720 - 1.3830
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.5550 - 6.6150
USD/INR	76.30 - 77.50
USD/IDR	14400 - 14600
USD/MYR	4.3500 - 4.3880
USD/PHP	52.00 - 52.80
USD/THB	34.15 - 34.50

Today's Direction

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

Unable to Musk Concerns

- Equity markets were unable to mask concerns as Wall St fell 2.4%-2.8%, with Nasdaq leading with a near-4% tumble that appears to be catalyzed by Tesla's plunge.
 - More pointedly, markets could not mask Musk concerns, Specifically, it appears Elon Musk's bid for Twitter cast a harsh glare on the ability of tech stocks to turn a decent profit, proliferating as wider earnings fears; especially with rich earnings expectations priced in.
 - But to suggest that Elon Musk is to blame for the convulsion of "risk off", with total disregard for an aggressively hawkish Fed now priced for 250-275bps of cumulative hikes in 2022, would be tantamount to gas-lighting.

Gas What?

- To be fair to Musk, the backdrop of a hawkish Fed set for aggressive rate hikes, likely to be accompanied by a fairly unforgiving liquidity drain (QT), is what fuels this sell-off.
 - So much so that UST yields are perversely down, now that the hawkish Fed narrative is feeding into risks of slowdown consistent with earnings downturn.
 - 10Y yields fell 8bp to 2.74% while 2Y yields have backed down 13bps to a touch below 2.5%.
 - Softer UST yields helping to rein in the UST-JGB spread has helped to offset the impact from a stronger USD (from haven demand), allowing the USD/JPY to slip below mid-127.
 - But otherwise, USD bulls appear to rule the roost virtually unchallenged.
 - Especially with the EUR slumping below mid-1.06 amid worrying stagflation risks confronting the ECB, entrenching the policy dilemma.
 - What's more, news that Russia has turned off gas supplies to Poland and Bulgaria, carrying out its threat of "complete suspension of supplies" unless paid in Russian roubles, weighs on the EUR insofar that this is considered a threat to other European nations reliant on Russian gas.

OVERNIGHT RESULTS

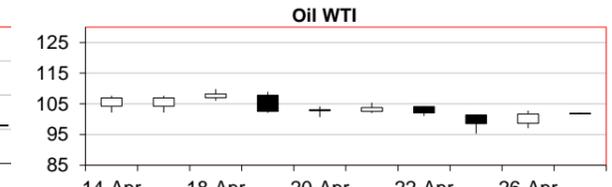
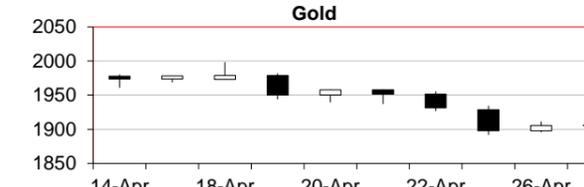
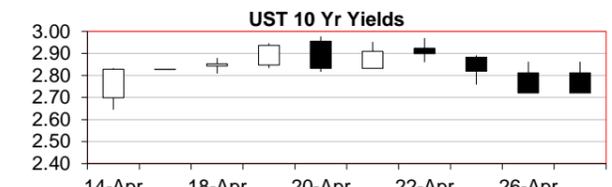
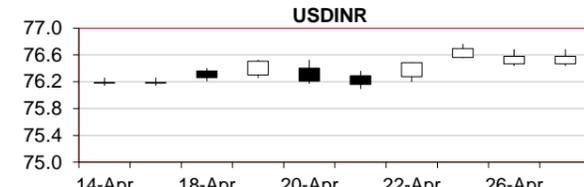
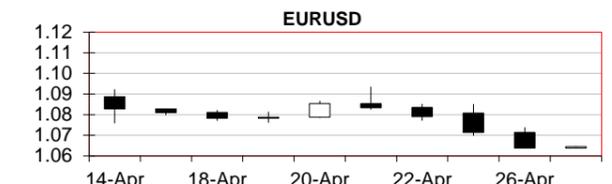
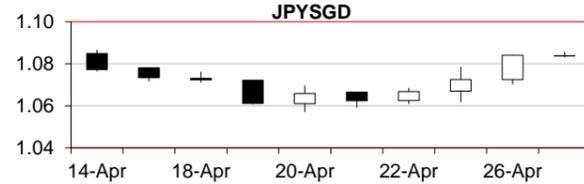
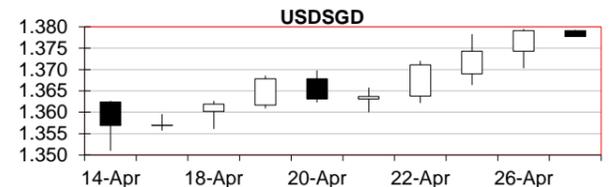
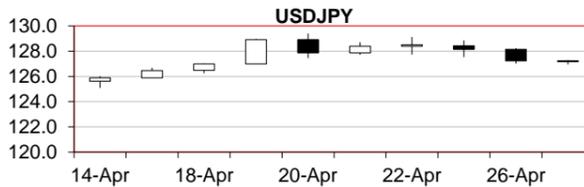
(SG) Ind Pdtm YoY (Mar): 3.4% (Mkt: 2.0%; Feb: 17.5%) | (TH) Trade Bal (Mar): \$1460m (Mkt: -\$100m; Feb: \$123m)

(US) New Home Sales (Mar): 763K (Mkt: 768k; Feb: 835k) | (US) Richmond Fed Mfg (Apr): 14 (Mkt: 9; Mar: 13)

(US) Conf. Board Consumer Confidence (Apr): 107.3 (Mkt: 108.4; Mar: 107.6)

(US) Durable Goods Orders/Nondef Ex Air (Mar P): 0.8%/1.0% (Mkt: 1.0%/0.5%; Feb: -2.1%/-0.2)

* Past Two Weeks Movement *



- Elsewhere, USD/CNH only just fend off a sustained break above 6.60, despite foreign currency RR cuts. To be sure, this is a reflection of sweeping USD dominance rather than peculiar CNY weakness. And with EUR and CNY slump USD/SGD looks set to break above 1.38; although not at odds with a higher S\$NEER levels after the re-centring.

Will RBA Hawks be Stirred by Inflation?

- The consensus is for a significant step-up in Australia's inflation, given the global nature of energy and wider food price shocks. Question is, whether there will be signs of widening and entrenching inflation pressures that could trigger a dramatically more hawkish RBA.
 - Notwithstanding, China and India, Indonesia's biggest palm oil export markets, will come under pressure to look for alternatives, likely from Malaysia.
 - To be sure, market expectations of a more hawkish RBA are likely to be validated by the inflation outrun in Q1 CPI data. But on its own, the CPI data may hold little new information insofar that first order price shocks would not have had time to bleed through more widely.
 - Especially insofar that recent some soft spots in the job market.
 - Alongside risks of China's demand set back conspiring with unintended demand destruction from a hawkish Fed, the RBA's hawkish inflection will fall short of catching up with the Fed.
 - Policy divergence will still be the overarching theme, albeit being tempered at the margin as the RBA moves closer to 65-90ps of hikes in 2022; with lift-off starting most likely in June.

FX Daily Outlook

- EUR/USD: EUR slump on Russia's gas disruptions and a strong USD; 1.06 break a real danger.
 - USD/JPY: Softer UST yields help offset a firmer USD; pre-BoJ consolidation around 127.
 - USD/SGD: EUR and CNY pressured may prompt a sustained 1.38 break.
 - AUD/USD: Watch for two-way swings from CPI; but fade rallies ahead of 0.73.

TODAY'S EVENTS

(KR) Consumer Confidence (Apr): 103.8 (Mar: 103.2) | (CH) Industrial Profits YoY (Mar): (Feb: 4.2%)

(AU) CPI/Trimmed Mean YoY (Q1): (Mkt: 4.6%/3.4%; Q4: 3.5%/2.6%)

(US) Trade Balance (Mar): (Mkt: -\$105.0b; Feb: -\$106.3b) | (US) Pending Homes Sales MoM (Mar): (Mkt: -1.0%; Feb: -4.1%)

(Central Banks): ECB's Lagarde speaks | ECB's Lane speaks | ECB's Muller speaks

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