

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	130.20	130.14	▼0.02	+2.91
EUR	1.0521	1.0521	+0.0014	▼0.0117
AUD	0.7112	0.7096	+0.0046	▼0.0027
SGD	1.3853	1.3843	▼0.0021	+0.0052
CNY	6.6085	6.6085	+0.0000	+0.0519
INR	76.53	76.52	+0.00	▼0.06
IDR	14499	14497	+0	+86
MYR	4.3537	4.3538	+0.0000	▼0.0017
PHP	52.54	52.38	+0.00	+0.11
THB	34.47	34.51	+0.25	+0.29

*compared with previous day CLOSE(NY)

Govt Bond Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	2.971%	▼1.0 bp	+25.1 bp
JPY (10YR)	0.231%	+0.0 bp	▼1.4 bp
EUR* (10YR)	0.965%	▼0.3 bp	+15.0 bp
AUD (5YR)	3.197%	+18.0 bp	+31.9 bp
SGD (5YR)	2.397%	+0.0 bp	▼1.7 bp
CNY (5YR)	2.637%	+0.0 bp	+3.4 bp
INR (5YR)	6.823%	+0.0 bp	+5.5 bp
IDR (5YR)	6.322%	+0.0 bp	+2.1 bp
MYR (5YR)	3.908%	+0.0 bp	+1.1 bp
PHP (5YR)	5.094%	+0.3 bp	▼12.4 bp
THB (5YR)	2.386%	+8.6 bp	+7.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,128.79	+0.20%	▼0.34%
N225 (JP)	26,818.53	+0.00%	+0.44%
STOXX 50 (EU)	3,761.19	+0.77%	+1.07%
ASX (AU)	4,186.77	+0.04%	+1.97%
STI (SG)	3,356.90	+0.00%	+1.05%
SHCOMP (CN)	3,047.06	+0.00%	+5.57%
SENSEX (IN)	56,975.99	+0.00%	▼0.66%
JSE (ID)	7,228.91	+0.00%	▼0.04%
KLSE (MY)	1,600.43	+0.00%	+0.23%
PSE (PH)	6,721.08	+0.00%	▼3.71%
SET (TH)	1,652.29	▼0.91%	▼1.00%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	306.78	▲0.77%	+1.36%
COPPER (LME)	9,405.75	▲3.73%	▲4.64%
IRON ORE (CN)	150.77	+0.00%	+0.25%
GOLD	1,868.12	+0.27%	▲1.96%
OIL (WTI)	102.41	▼2.62%	+0.70%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	130.12	EUR/USD	1.0509
USD/SGD	1.3857	USD/THB	34.47
JPY/SGD	1.0650	USD/MYR	4.354

Forecast

USD/JPY	129.40 - 131.30
EUR/USD	1.0470 - 1.0620
AUD/USD	0.7030 - 0.7170
USD/SGD	1.3790 - 1.3900
JPY/SGD	1.1641 - 1.1851
USD/CNH	6.6200 - 6.6950
USD/INR	76.30 - 77.20
USD/IDR	14430 - 14580
USD/MYR	4.3430 - 4.3760
USD/PHP	52.20 - 52.70
USD/THB	34.20 - 34.55

Today's Direction

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

Upping the Hawkish Ante

- Aggressive hawkish Fed expectations, which extend well beyond the FOMC decision today (where a 50bps hike is considered a done deal), have upped the ante for central banks elsewhere. So much so that a hawkish RBA surprise hardly provided a fillip for AUD.
 - For markets expecting a 15bp hike, the mild hawkish surprise from the RBA's 25bp hike to lift the cash rate to 0.35% was reinforced by RBA Governor Lowe's allusion to "further increases ... be(ing) necessary over the months ahead" amid bumped up inflation projections.
 - But clearly, far more aggressive hawkish Fed expectations building, which have sent 10Y and 2Y UST yields up to test above 3% and 2.8% respectively, rule the roost.
 - Accordingly, USD bulls continue to impose. This has curtailed AUD rebound (from mid-0.70), which is struggling to regain traction above 0.71 despite the RBA's hawkish surprise.
 - EUR is also struggling to get any sustained lift from low-1.05 levels, while USD/JPY is remains buoyed above 130; driven by the surge in UST yields (and in the aftermath of a dovish BoJ).
 - In sympathy, with a soft EUR and elevated USD/JPY, USD/SGD is buoyed around mid-1.38.
 - On the whole, EM Asia FX markets could struggle to confidently attempt shaking off USD strength as China uncertainties subdue CNH in thinner markets from Golden Week holiday.
 - Especially ahead of the FOMC meeting later in the US session (2am, Thu SG time), where hawkish expectations have continued continue to build rapidly.
 - In particular, fuelled by US data underpinning resilient activity (factory orders, durable goods orders, etc.) alongside signs of a job labour market (quit rates and job openings).
 - Upshot: The stage is set for Fed hawks to up the ante by front-loading and doubling down.

FOMC: Flaunting a "Hawkish Double"

- At the May FOMC, potentially the most pivotal meet for 2022, the Fed is poised to unleash a "hawkish double"; in every sense of that term.

OVERNIGHT RESULTS

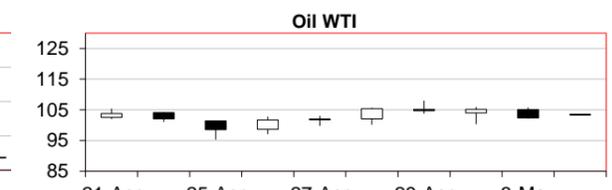
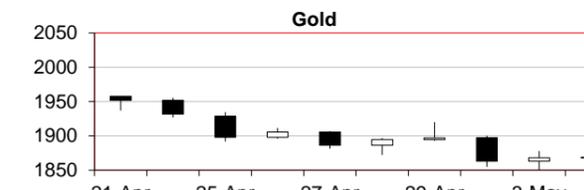
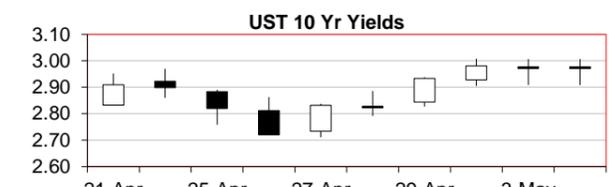
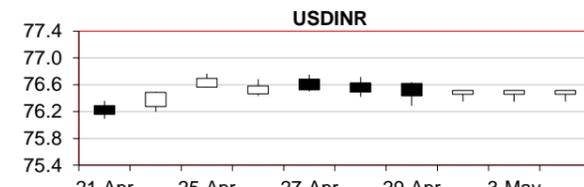
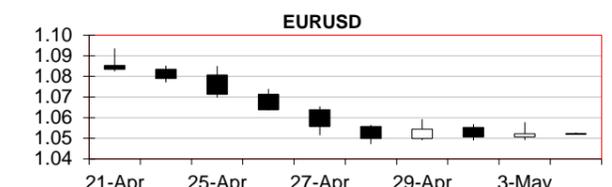
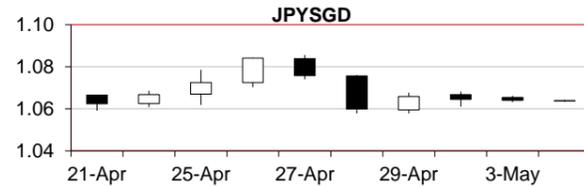
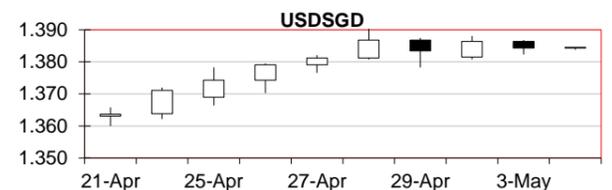
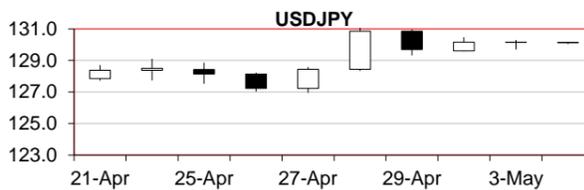
RBA Hiked Cash Rate by 25bp (Mkt: 15bp) to 0.35% characterizing it as business as usual.

(KR) CPI/Core YoY (Apr): 4.8%/3.6% (Mkt: 4.4%/--; Mar: 4.1%/3.3%) | (US) Factory Orders (Mar): 2.2% (Mkt: 1.2%; Feb: 0.1%)

(US) Durable Goods Orders/Nondefence Ex-air MoM (Mar F): 1.1%/1.3% (Prelim: 0.8%/1.0%)

(US) JOLTS Job Openings (Mar): 11.55m (Mkt: 11.20m; Feb: 11.34m) | (EZ) Unemployment Rate (Mar): 6.8% (Mkt: 6.8%)

* Past Two Weeks Movement *



- And for the record, the Fed's "hawkish double" plan will be unfettered by the unexpected contraction in Q1 GDP; particularly insofar that it was a reflection of inventory drawdown and net trade (whereas domestic demand remained resilient).

- Instead run-away inflation will be the overriding motivation, if not all-consuming obsession.

- That being the case, a double amplitude 50bps hike (to 0.75%-1.00%) virtually guaranteed.

- What's more, double tightening, with accompanying balance sheet run-off, is likely to be featured on the menu; given unanimous support for sooner and stronger QT at March FOMC.

- OIS markets have fully priced a 50bps hike, with marginal bets on a 75bps (first floated by Bullard), emboldened by hawkish Fed comments all but spelling out a 50bp hike for May.

- But that's not all. The OIS markets have priced in a pretty aggressive rate hike path, of at least two more "double" 50bp hikes in June and July; with cumulative 275bp hikes for 2022.

- In other words, the bets are that with just 6 meetings to spread 225-250bps of hikes (beyond the 25bps in March), the Fed may have 3-4 "double amplitude (50bp) hikes" in 2022.

- With so much hawkishness baked in, it would be remiss not to question whether markets could "sell the fact", especially on "data-dependence" caveats less strident in hawkish cues.

- Possibly. But "double tightening" with a flag off of balance sheet run-off (whether slated for May or June) is more likely than not to keep hawkish Fed positions in play. Which is to say that any "sell the fact" post-FOMC dip in UST yields and/or USD (if any at all) may be limited.

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