

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	128.65	131.19	+2.51	+1.31
EUR	1.0897	1.0795	▼0.0115	▼0.0073
AUD	0.7062	0.6923	▼0.0154	▼0.0177
SGD	1.3116	1.3235	+0.0137	+0.0099
CNY	6.7449	6.7980	+0.0669	+0.0135
INR	82.25	81.84	▼0.34	+0.32
IDR	14897	14893	+13	▼92
MYR	4.2636	4.2587	+0.0120	+0.0147
PHP	53.68	53.68	▼0.18	▼0.80
THB	33.00	32.96	+0.17	+0.09

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.525%	+13.2 bp	+2.1 bp
JPY (10YR)	0.496%	▼0.2 bp	+0.5 bp
EUR* (10YR)	2.193%	+11.3 bp	▼4.6 bp
AUD (5YR)	3.114%	▼14.1 bp	▼19.3 bp
SGD (5YR)	2.783%	▼0.3 bp	▼0.3 bp
CNY (5YR)	2.677%	▼0.3 bp	▼4.1 bp
INR (5YR)	7.107%	▼3.8 bp	▼9.7 bp
IDR (5YR)	6.256%	▼2.9 bp	▼19.7 bp
MYR (5YR)	3.449%	▼2.2 bp	▼6.3 bp
PHP (5YR)	5.778%	+2.0 bp	+2.1 bp
THB (5YR)	2.060%	+0.2 bp	+0.5 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,926.01	▼0.38%	▼0.15%
N225 (JP)	27,509.46	+0.39%	+0.46%
STOXX 50 (EU)	4,257.98	+0.40%	+1.91%
ASX (AU)	4,339.71	+0.86%	+1.90%
STI (SG)	3,384.29	+0.61%	▼0.29%
SHCOMP (CN)	3,263.41	▼0.68%	▼0.04%
SENSEX (IN)	60,841.88	+1.52%	+2.55%
JSE (ID)	6,911.73	+0.31%	+0.18%
KLSE (MY)	1,490.47	+0.04%	▼0.47%
PSE (PH)	7,027.38	+0.59%	▼0.35%
SET (TH)	1,688.36	+0.34%	+0.42%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	266.19	▲2.00%	▲4.13%
COPPER (LME)	8,951.25	▲0.85%	▲3.15%
IRON ORE (CN)	125.56	+0.74%	+1.10%
GOLD	1,864.97	▲2.50%	▲3.27%
OIL (WTI)	73.39	▼3.28%	▼7.89%

Three Take-aways:

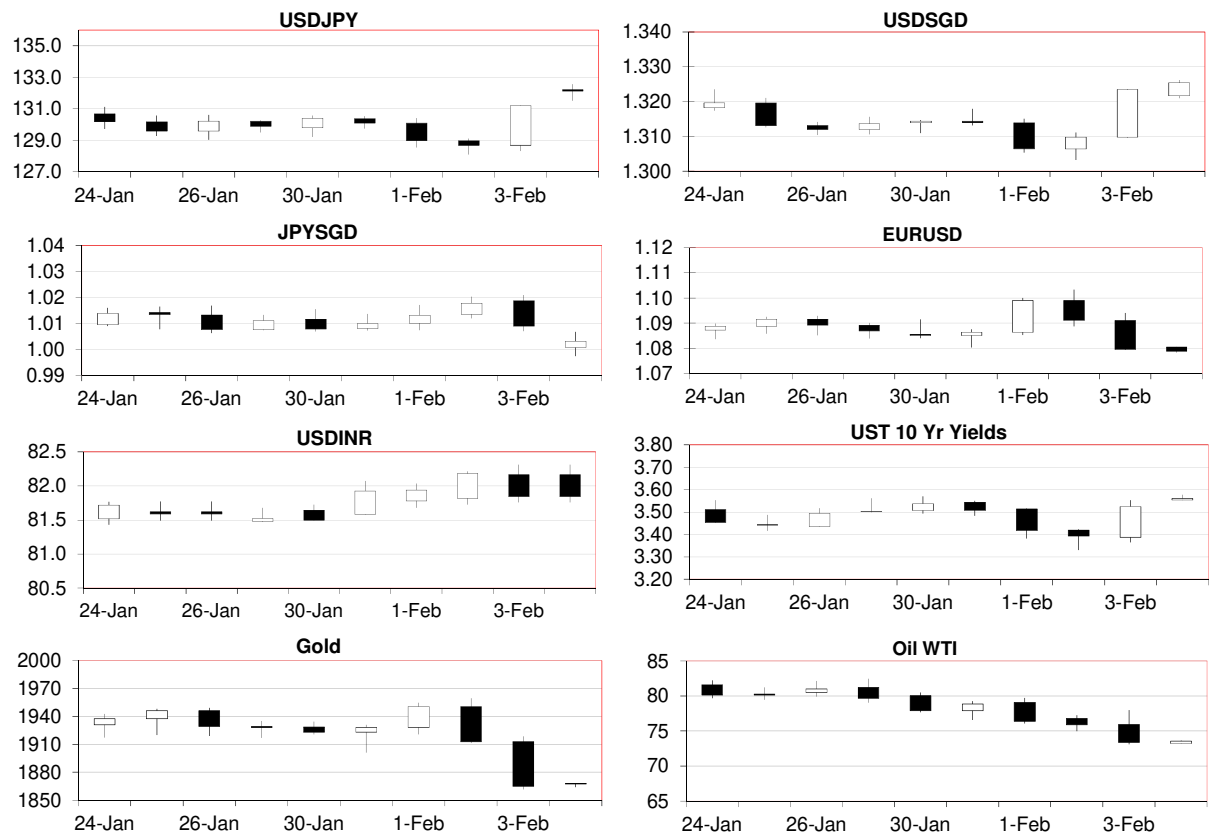
- 1) Robust US jobs data pushes US asset markets back into 'risk off'.
- 2) Fed rate hike expectations extended beyond March but rate cut expectations for end-23 sustained.
- 3) Indonesia Q4 GDP may not be as weak as expected, but this will be as good as it gets.

Robust(ed)

- The robust January US employment report ended the 'risk on' streak for US asset markets on Friday. The economy added 517k jobs in January from an upwardly revised 260k jobs in December, knocking expectations of a slowdown to 188k out of the park.
- The unemployment rate eased to 3.4% from 3.5% in December; wage growth slowed to 0.3% MoM from 0.4% in December.
- The jump in ISM Services to 55.2 in January from 49.2 in December also contributed to the impression of resilient growth and elevated price pressures.
- Subsequently, Fed rate hikes were re-priced for an increased probability of hikes beyond March into May and June. However, markets stuck to rate cut expectations by end-2023.
- Shifting rate hike expectations led US equities to close lower (S&P: -1.0%; NASDAQ: -1.6%; Dow Jones: -0.4); UST yields to end higher across the curve led by the front-end and belly.
- 2-year yields popped above 4.3% before settling lower while 10-year yields rose to close to 3.55% but retreated to 3.524% levels.
- The DXY index broke 103.1 levels undoing the easing that followed after the FOMC meeting.
- This pushed the G10 complex to end in red versus USD with NOK and GBP leading the way;
- AUD/USD fought to cross 0.69 levels but barely succeeded;
- USD/JPY is testing 132 levels on higher UST yields while
- EUR/USD losses were backstopped by hawkish ECB intentions; pair holding at 1.079.
- Within EM Asia, THB was hurt the most last week as the positive impact of China re-opening appeared to be hitting its limit;

OVERNIGHT RESULTS

(JP) Services PMI (Jan F): 52.3 (Prelim: 52.4) | (SG) Retail Sales/Ex Auto YoY (Dec): 7.4%/9.5% (Mkt: 5.8%/--; Nov: 6.5%/9.0%) | (CN) Caixin Services PMI (Jan): 52.9 (Mkt: 51.0; Dec: 48.0) | (EZ) PPI YoY (Dec): 24.6% (Mkt: 22.4%; Nov: 27.0%) | (US) Change in Non-farm Payrolls (Jan): 517k (Mkt: 188k; Dec: 260k) | (US) ISM Services Index (Jan): 55.2 (Mkt: 50.5; Dec: 49.2) | (US) Unemployment Rate (Jan): 3.4% (Mkt: 3.6%; Dec: 3.5%) | **Central Banks: Fed's Daily Speaks**

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	132.03	EUR/USD	1.0790
USD/SGD	1.3251	USD/THB	33.55
JPY/SGD	1.0036	USD/MYR	4.259

Forecast

USD/JPY	129.00 - 133.00
EUR/USD	1.0700 - 1.0500
AUD/USD	0.6850 - 0.7150
USD/SGD	1.3100 - 1.3300
JPY/SGD	0.9850 - 1.0310
USD/CNH	6.7400 - 6.8500
USD/INR	81.60 - 82.30
USD/IDR	14850 - 15080
USD/MYR	4.220 - 4.320
USD/PHP	53.00 - 54.90
USD/THB	32.50 - 33.20

Today's Direction

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

- Despite a 2023 growth upgrade from IMF, CNY/CNH remain under pressure while INR regained some lost ground from earlier last week but pressures from the Adani fallout remain elevated;
- PHP gains remained intact as BSP continued to strike a hawkish note while IDR gains maybe poised to hold as Q4 GDP growth beats expectations, necessitating that BI remains hawkish through H1 2023.

Indonesia Q4 GDP: Some Resilience With Incoming Signs of Weakness

- Tracking estimates suggest that Q4 GDP growth slowed only modestly to 5.6% YoY from 5.7% in Q3 underscored by resilient private consumption and still strong export growth.
- But this maybe as good as it gets. Incipient signs of a growth slowdown into 2023 are becoming more evident including from the collapse in December import growth, weakening consumer confidence and still elevated core inflation.
- This gives Bank Indonesia (BI) motive to end its rate hiking cycle, especially with headline inflation coming off from recent highs. We still, however, one final 25bp hike from BI in Q3.
- Although headline inflation eased to 5.3% YoY in January from 5.5% in December, the details show that much of the easing was from transportation and utilities inflation.
- Food inflation remained stable while services inflation in certain categories rose in January, necessitating BI to remain hawkish and vigilant of inflationary risks.
- IDR, in the near-term, is supported by a weak USD sentiment. But with risk sentiment still flippanant, IDR depreciation risks persist.

FX Daily Outlook

- EUR/USD: Losses were backstopped by hawkish ECB intentions, with the pair holding at 1.079.
- USD/JPY: Volatile USD sentiment, higher UST yields puts pressure on JPY; pair to test 133 levels.
- USD/SGD: Strong US labour markets may send pair to 1.33 levels
- AUD/USD: 0.69 may be the floor as RBA takes center stage this week following higher Q4 CPI.

TODAY'S EVENTS

(ID) GDP YoY/QoQ (Q4): (Mkt: 4.9%/0.4%; Q3: 5.7%; 1.8%) | (TH) CPI YoY (Jan): (Mkt: 5.1%; Dec: 5.9%) | (EZ) Retail Sales YoY/MoM (Dec): (Mkt: -2.7%/-2.5%; Nov: -2.8%/0.8) | (EZ) Sentix Investor Confidence (Feb): (Mkt: -13.5; Jan: -17.5)

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