

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	131.78	132.66	+1.47	+2.27
EUR	1.0782	1.0726	▼0.0069	▼0.0125
AUD	0.6926	0.6883	▼0.0040	▼0.0177
SGD	1.3237	1.3278	+0.0043	+0.0134
CNY	6.7818	6.7964	▼0.0016	+0.0441
INR	82.61	82.74	+0.90	+1.24
IDR	15058	15055	+162	+85
MYR	4.2598	4.2587	+0.0000	+0.0157
PHP	54.40	54.40	+0.73	▼0.16
THB	33.51	33.68	+0.72	+0.96

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.640%	+11.5 bp	+10.3 bp
JPY (10YR)	0.505%	+0.9 bp	+2.1 bp
EUR* (10YR)	2.296%	+10.3 bp	▼2.2 bp
AUD (5YR)	3.206%	+9.2 bp	▼8.5 bp
SGD (5YR)	2.839%	+5.6 bp	▼0.5 bp
CNY (5YR)	2.686%	+0.9 bp	▼2.5 bp
INR (5YR)	7.171%	+6.4 bp	▼8.8 bp
IDR (5YR)	6.353%	+9.7 bp	▼9.2 bp
MYR (5YR)	3.449%	+0.0 bp	▼9.9 bp
PHP (5YR)	5.806%	+2.8 bp	+4.1 bp
THB (5YR)	2.067%	+0.7 bp	▼0.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,891.02	▼0.10%	+0.52%
N225 (JP)	27,693.65	+0.67%	+0.95%
STOXX 50 (EU)	4,205.45	▼1.23%	+1.13%
ASX (AU)	4,303.90	▼0.83%	+0.91%
STI (SG)	3,385.93	+0.05%	+0.23%
SHCOMP (CN)	3,238.70	▼0.76%	▼0.94%
SENSEX (IN)	60,506.90	▼0.55%	+1.69%
JSE (ID)	6,873.79	▼0.55%	+0.02%
KLSE (MY)	1,490.47	+0.00%	▼0.59%
PSE (PH)	6,936.61	▼1.29%	▼0.49%
SET (TH)	1,682.11	▼0.37%	+0.05%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	266.21	+0.01%	▲2.99%
COPPER (LME)	8,838.00	▲1.27%	▲3.81%
IRON ORE (CN)	124.25	▲1.04%	+0.66%
GOLD	1,867.48	+0.13%	▲2.90%
OIL (WTI)	74.11	+0.98%	▼4.87%

Three Take-aways:

- 1) Fed's Bostic signalling higher peak rates before Powell's speech tonight sent UST yields soaring.
- 2) Market expectations of Fed's peak rate now a full 25bp higher than post-FOMC; US equities tumbled.
- 3) The RBA to lift their cash rate by 25bp amid broad based inflationary pressures.

Risk Off Resurgence

- Following from the blowout jobs report, Atlanta Fed President Bostic has led the way to signal the possibility of higher peak rates before Fed Chair Powell who is due to speak tonight.

- Markets have adjusted their pricing of peak rates close to his base case of the Fed fund rate at 5.1%. Notably, peak rates are now a full rate hike (25bp) higher compared to post FOMC (2 Feb).

- The brutal UST sell off certainly reflected such sentiments as UST yield curve bear flattened with the 2Y yields soaring 18.4bp while 10Y yields were up 11.5bp.

- US equities tumbled in familiar fashion with the rate sensitive tech heavy Nasdaq leading losses with a 1% decline while S&P500 and Dow was down 0.6% and 0.1% respectively.

- With the surge in UST yields, the USD continue to strengthened against all G10 peers as the DXY touch 103.6. USD/JPY surged 1.1% to above mid-132 while EUR fell 0.7% towards 1.07.

- In EM-Asia, the USD/SGD rose a mild 0.4% looking to test 1.33 today if Fed Chair Powell delivers hawkish policy signals.

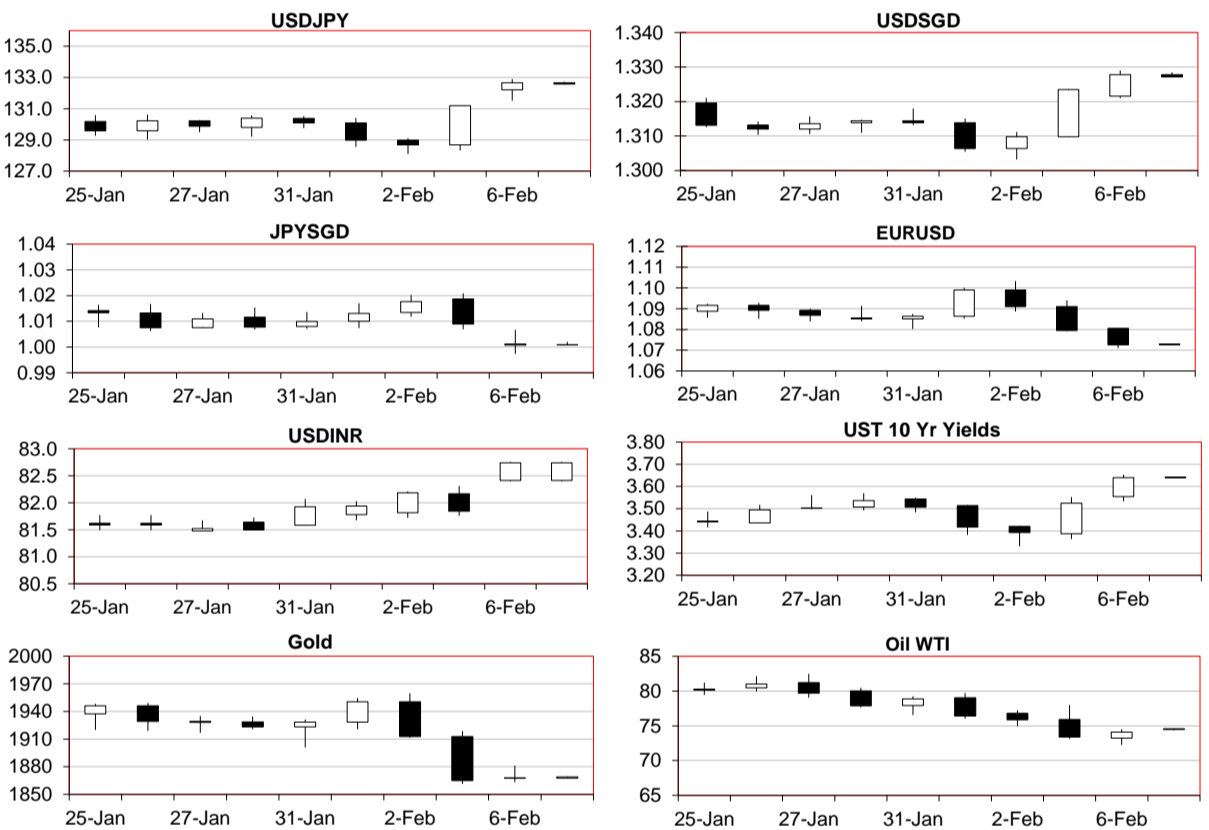
- Down under, the AUD sank below 0.69 as support from CNY/CNH fades on rising geo-political tensions. While it may be tempting to assign AUD strength to the impending RBA hike today, it is worth nothing that AUD strength is far from a given considering the real return erosion from higher domestic inflation as well as the RBA's subsequent upside policy room being more constrained than the Fed. (See below for more details).

- Meanwhile, Thailand's inflation print saw core inflation in January remain rather sticky at 3.0% (from 3.1% in Dec) despite headline inflation slipping to 5.0% (from 5.9%).

OVERNIGHT RESULTS

(ID) GDP YoY/QoQ (Q4): 5.0%/0.4% (Mkt: 4.9%/0.4%; Q3: 5.7%; 1.8%) | (TH) CPI YoY (Jan): 5.0% (Mkt: 5.1%; Dec: 5.9%) |

(EZ) Retail Sales YoY/MoM (Dec): -2.8%/-2.7% (Mkt: -2.7%/-2.5%; Nov: -2.8%/0.8) | (EZ) Sentix Investor Confidence (Feb): -8.0 (Mkt: -13.5; Jan: -17.5)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	132.63	EUR/USD	1.0729
USD/SGD	1.3278	USD/THB	33.77
JPY/SGD	1.0012	USD/MYR	4.270

Forecast

USD/JPY	130.00 - 133.50
EUR/USD	1.0600 - 1.0790
AUD/USD	0.6800 - 0.7070
USD/SGD	1.3180 - 1.3350
JPY/SGD	0.9873 - 1.0269
USD/CNH	6.7600 - 6.9000
USD/INR	82.40 - 83.30
USD/IDR	14950 - 15120
USD/MYR	4.250 - 4.310
USD/PHP	54.00 - 54.90
USD/THB	33.28 - 33.80

Today's Direction

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

- While we expect the BoT to hike further in March to arrest inflation, further policy room may also similarly be limited considering the elevated household debt burden.

RBA: A Finely Calibrated 25bp

- Amid a backdrop of slowing rate increases by the central bank peers, a 25bp hike by the RBA is far from straightforward.

- Accelerating from Q3's 7.3%, headline inflation exceeded market expectations to hit 7.8% in Q4. Trimmed mean CPI YoY reached 6.9%.

- A decline in employment (-14.6k) for Dec dragged down by reduction in part time (-32.2k) does not change the picture of a tight labour market supported by strong full time employment (+17.6k)

- Declining housing prices continue to contrast against rising rents posing a stark dilemma for the RBA balancing the risks from lower consumption hit by lower property wealth and real incomes against their inflation mandate.

- Inflow of foreign workers and students will also support rental prices in the months ahead.

- Imported inflationary pressures also remain stubborn as import prices continued to climb in Q4. While a strong AUD tempers these pressures, they are by no mean quelled.

- On balance, the RBA is warranted to take a 25bp hike doused with plentiful allusion to the possibility of pausing in March amid emphasis on mortgage related risks.

- Nonetheless, the case for this to be the final hike is far from cast in stone; with a more measured 15bp hike to 3.50% later on the table.

FX Daily Outlook

- EUR/USD: Hawkish Powell speech to restrain attempts for the pair to retake 1.08; sub-1.07 likely.

- USD/JPY: Higher domestic wage data only an early restrain before venturing for cautious 133 test.

- USD/SGD: Exploring 1.33 remains on the cards as US yields look towards Powell speech.

- AUD/USD: RBA speech may induce volatility though unable to life above 0.70.

TODAY'S EVENTS

(JP) Labor/Real Cash Earnings YoY (Dec): 4.8%/0.1% (Mkt: 2.5%/-1.5%; Nov: 1.9%/-2.5%) | (JP) Coincident Index/Leading Index (Dec P): (Mkt: 97.1/98.9; Nov: 99.3/97.4) | (AU) Trade Balance (Dec): (Mkt: A\$12450m; Nov: A\$13201m) |

(MY) Industrial Production YoY (Dec): (Mkt: 4.5%; Nov: 4.8%) | (PH) CPI YoY (Jan): (Mkt: 7.6%; Dec: 8.1%) |

(US) Trade Balance (Dec): (Mkt: -\$68.6b; Nov: -\$61.1b)

Central Banks: Fed Chair Powell Speaks

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