

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	130.47	131.36	▼0.23	+0.17
EUR	1.0742	1.0678	▼0.0062	▼0.0117
AUD	0.6942	0.6917	▼0.0019	▼0.0006
SGD	1.3251	1.3303	+0.0046	+0.0068
CNY	6.7984	6.8145	+0.0281	+0.0165
INR	82.40	82.50	▼0.02	+0.66
IDR	15134	15134	+39	+241
MYR	4.3282	4.3342	+0.0177	+0.0755
PHP	54.42	54.43	▼0.04	+0.75
THB	33.63	33.79	+0.32	+0.83

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.732%	+7.4 bp	+20.7 bp
JPY (10YR)	0.502%	+0.3 bp	+0.6 bp
EUR* (10YR)	2.364%	+6.1 bp	+17.1 bp
AUD (5YR)	3.504%	+6.6 bp	+39.0 bp
SGD (5YR)	2.936%	+4.5 bp	+15.3 bp
CNY (5YR)	2.686%	+0.8 bp	+0.9 bp
INR (5YR)	7.284%	+3.0 bp	+17.7 bp
IDR (5YR)	6.361%	+9.7 bp	+10.5 bp
MYR (5YR)	3.567%	+5.5 bp	+11.8 bp
PHP (5YR)	5.918%	▼15.6 bp	+14.0 bp
THB (5YR)	2.091%	+2.6 bp	+3.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,869.27	+0.50%	▼0.17%
N225 (JP)	27,670.98	+0.31%	+0.59%
STOXX 50 (EU)	4,197.94	▼1.23%	▼1.41%
ASX (AU)	4,312.89	▼0.49%	▼0.62%
STI (SG)	3,360.69	+0.04%	▼0.70%
SHCOMP (CN)	3,260.67	▼0.30%	▼0.08%
SENSEX (IN)	60,682.70	▼0.20%	▼0.26%
JSE (ID)	6,880.33	▼0.25%	▼0.45%
KLSE (MY)	1,474.59	+0.68%	▼1.07%
PSE (PH)	6,876.79	+0.50%	▼2.14%
SET (TH)	1,664.57	▼0.28%	▼1.41%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	272.67	+0.81%	+2.43%
COPPER (LME)	8,828.76	▲1.38%	▲1.37%
IRON ORE (CN)	125.38	+0.57%	▲0.14%
GOLD	1,865.57	+0.20%	+0.03%
OIL (WTI)	79.72	+2.13%	+8.63%

Three Take-aways:

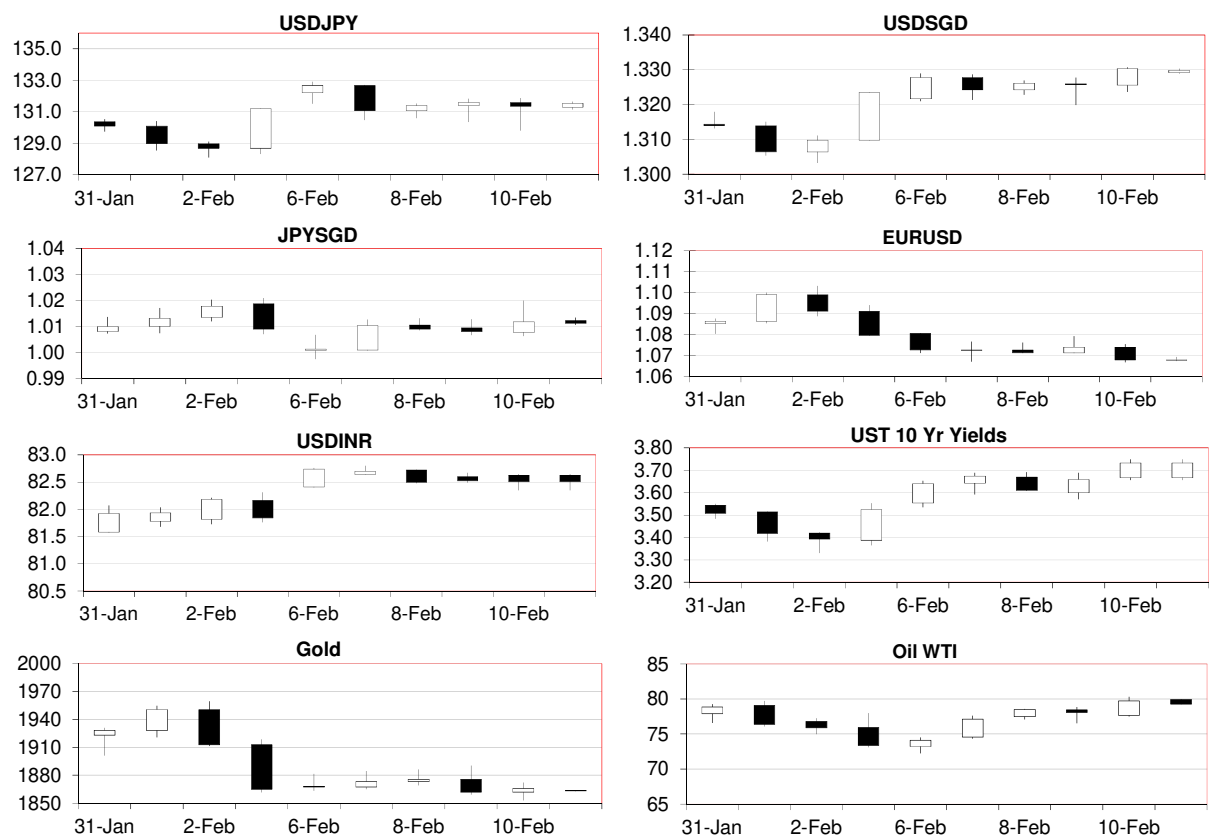
- 1) Ballooning concerns on the geo-political, economic and commodity fronts usher in a tough week.
- 2) Fed rate hike expectations were re-priced last week with the CPI release being closely watched.
- 3) Ahead of the Budget 2023 announcement, Singapore's Q4 GDP growth weakens more-than-expected.

Ballooning Concerns

- Ballooning concerns on the geo-political, economic and commodity fronts usher in a tough week, following on from caution last week.
- US equity futures across the three major indices are trading lower, while upward momentum in the DXY index is gaining traction.
- UST yields (judging by the futures) are looking higher across the curve led by the longer-end. Last week, market participants re-priced expectations of further rate hikes in the US - the current pricing suggests a peak rate of 5.2% from below 5% earlier this month.
- Expectations are for US January CPI and core CPI (to be released this week) to ease further, but risks on either side of the print (i.e. higher or lower than expected) will trigger significant (opposing) market reactions, as rate change expectations will be reassessed.
- Volatility in the oil markets is likely to persist as the market weighs Russia's announcement of a supply cut of 500k bpd from March against prospects of weakening global growth.
- A case in point was weaker-than-expected Q4 Singapore GDP growth of 2.1% YoY from 2.2% in Q3; the 2023 Budget (announcement tomorrow and more below) will help buffer growth even with the fiscal balance moving into a surplus.
- Meanwhile, US-China tensions have ratcheted up even further following the US shooting down more 'unidentified aerial phenomena' on Friday, Saturday and Sunday.
- Although the initial balloon brought down on 4 February was identified as a Chinese spy balloon, the latest objects have not been identified but implicitly linked to the original balloon.

OVERNIGHT RESULTS

(CH) CPI/PPI YoY (Jan): 2.1%/-0.8% (Mkt: 2.2%/-0.4%; Dec: 1.8%/-0.7%) | (MA) Current Account Balance MYR (Q4): 25.7b (Mkt: 13.3b; Q3: 14.1b) | (MA) GDP YoY (Q4): 7.0% (Mkt: 6.7%; Q3: 14.2%) | (IN) Industrial Production YoY (Dec): 4.3% (Mkt: 5.8%; Nov: 7.1%) | (US) U. of Mich. Current Conditions/Sentiment (Feb P): 72.6/66.4 (Mkt: 68.0/65.0; Jan: 68.4/64.9) | (US) U. of Mich. Expectations (Feb P): 62.3 (Mkt: 63.0; Jan: 62.7) | (US) U. of Mich. 1 Yr/5-10Yr Inflation (Feb P): 4.2%/2.9% (Mkt: 4.0%/2.9%; Jan: 3.9%/2.9%) | **Central Banks: RBA-Statement on Monetary Policy**

Past Two Weeks Movement *

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	131.52	EUR/USD	1.0740
USD/SGD	1.3255	USD/THB	33.56
JPY/SGD	1.0078	USD/MYR	4.340

Forecast

USD/JPY	130.00 - 132.20
EUR/USD	1.0600 - 1.0800
AUD/USD	0.6820 - 0.7050
USD/SGD	1.3200 - 1.3400
JPY/SGD	0.9985 - 1.0000
USD/CNH	6.7900 - 6.8400
USD/INR	82.20 - 83.30
USD/IDR	15000 - 15180
USD/MYR	4.300 - 4.350
USD/PHP	54.20 - 55.00
USD/THB	33.28 - 34.00

Today's Direction

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

Singapore Budget 2023 - Support With A Surplus

- Technically, judging from the Budget's bottom-line dynamics, turning positive as early as FY2022-23 (despite the forecast for a deficit), **a contractionary fiscal impulse would be the default**. But the details will probably still provide much support for the economy; for households and smaller businesses alike.
- **First, for the surplus**. The main reason why FY22 is expected to print a surplus instead of the budgeted deficit is because of revenue overshoot from upside surprise in demand; from better-than-expected demand rebound from re-opening, tourism resumption and a hot property market all conspiring for boost the top-line far more than could have been reasonably projected.
- Whereas the planned spending to boost support for the economy was not materially cramped.
- **A similar dynamic is expected to play out in FY23**, leveraging on a higher revenue base, but likely with a more targeted support scheme that results in more effective support where it is most needed.
- **And crucially, yields the highest growth multipliers**.
- For example, a higher rate of GST providing an additional boost to revenue although diluted by prudently means-augmented GST offsets, underscores the case for a more distinct surplus.
- **The upshot is that the most vulnerable households will receive crucial fiscal buffers amid cutting cost of living;**
- **while SMEs most exposed to gathering global headwinds** (amid geopolitical headwinds and aggressive global monetary policy tightening) will also be given critical relief to avert avoidable job losses from liquidity-turned-solvency crisis.
- **The big picture for the Budget can flaunt a more distinct surplus, yet not stint on targeted support amid growing economic and geopolitical uncertainties.**

FX Daily Outlook

- EUR/USD: Deepening risk aversion will push pair lower but hawkish ECB can set a floor of 1.02.
- USD/JPY: Incoming BoJ Governor Ueda support for current BoJ stance settled pair above mid-131.
- USD/SGD: Weaker Q4 growth raises expectations of MAS status quo; puts upward pressure on pair.
- AUD/USD: Even hawkish RBA intentions are unable to backstop the USD led slide in the pair.

TODAY'S EVENTS

(SG) GDP YoY/SA (Q4): 2.1%/0.1% (Mkt: 2.3%/0.3%; Q3: 2.2%/0.2%) | (SG) GDP YoY (2022): 3.6% (Mkt: 3.8%; 2021: 3.8%) | (IN) CPI YoY (Jan): (Mkt: 6.0%; Dec: 5.7%)

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