

**MARKET SUMMARY**

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.73	134.84	▼0.17	+0.68
EUR	1.0656	1.0605	▼0.0043	▼0.0084
AUD	0.6830	0.6804	▼0.0049	▼0.0099
SGD	1.3395	1.3405	▼0.0001	+0.0046
CNY	6.8940	6.8929	+0.0134	+0.0379
INR	82.83	82.86	+0.06	+0.05
IDR	15201	15202	+12	▼2
MYR	4.4383	4.4435	+0.0107	+0.0512
PHP	55.17	55.19	+0.11	+0.00
THB	34.58	34.59	+0.02	+0.28

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.916%	▼3.7 bp	+11.1 bp
JPY (10YR)	0.506%	+0.0 bp	▼0.1 bp
EUR* (10YR)	2.520%	▼0.9 bp	+4.5 bp
AUD (5YR)	3.662%	+3.3 bp	+11.8 bp
SGD (5YR)	3.107%	+3.7 bp	+6.6 bp
CNY (5YR)	2.705%	▼0.8 bp	+2.3 bp
INR (5YR)	7.398%	+4.7 bp	+10.6 bp
IDR (5YR)	6.462%	+6.2 bp	+3.9 bp
MYR (5YR)	3.637%	+3.6 bp	+2.0 bp
PHP (5YR)	5.906%	+0.0 bp	▼2.5 bp
THB (5YR)	2.177%	+3.6 bp	+3.7 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,045.09	▼0.26%	▼3.17%
N225 (JP)	27,104.32	▼1.34%	▼1.45%
STOXX 50 (EU)	4,242.88	▼0.18%	▼0.87%
ASX (AU)	4,322.65	▼0.62%	▼1.08%
STI (SG)	3,300.04	▼0.21%	+0.59%
SHCOMP (CN)	3,291.15	▼0.47%	+0.32%
SENSEX (IN)	59,744.98	▼1.53%	▼2.50%
JSE (ID)	6,809.97	▼0.92%	▼1.51%
KLSE (MY)	1,464.00	▼0.68%	▼1.63%
PSE (PH)	6,699.23	▼1.50%	▼1.80%
SET (TH)	1,659.48	▼0.55%	+0.73%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	266.10	▲0.89%	▲1.58%
COPPER (LME)	9,183.50	+0.00%	+4.04%
IRON ORE (CN)	126.84	▲0.14%	+1.95%
GOLD	1,825.39	▲0.53%	▲0.58%
OIL (WTI)	73.95	▼2.90%	▼5.90%

**Three Take-aways:**

- 1) Post-FOMC Minutes UST yields eased. But only on relief of calibrated hikes and not cheer of pivot.
- 2) Whereas, "ongoing increases" and persistence around elevated rates instill caution. So, USD is up.
- 3) Elsewhere AUD on backfoot. As RBA Hawks may merely backstop, not unleash bulls.

**Of Rumours & Facts**

- The right conclusion from softer UST yields is that markets have *"bought the rumour, and sold the fact"*; **trimming the week's anticipatory surge in yields, not establishing fresh downside.**

- Tellingly, the USD is higher despite softer UST yields.

- Moreover, following the FOMC Minutes Dow (-0.3%) and S&P500 (-0.2%) were fractionally softer, **reflecting a mood of caution rather than cheer.** And even if Nasdaq (+0.1%) averted a slip underwater, the direction of travel was bearish, decimating early gains.

- The upshot is that the **FOMC Minutes provided adequate relief to avert a sustained meltdown, but not sufficient to blindly resume "Fed pivot" plays.**

- Here's why. The **relief** was mostly from *"almost all participants"* favouring measured 25bp hikes in the interest of *"risk management (amid) .... further tightening needed"*.

- That's to say, fears of an escalation in the magnitude of rate hikes (to 50bp) were mitigated.

- Whereas, the **need for "higher for longer" rates** was made plain as;

*"all participants ... anticipate ... ongoing increases"* and *"that a restrictive policy stance would need to be maintained until the incoming data provided confidence that inflation was on a sustained downward path to 2%"*.

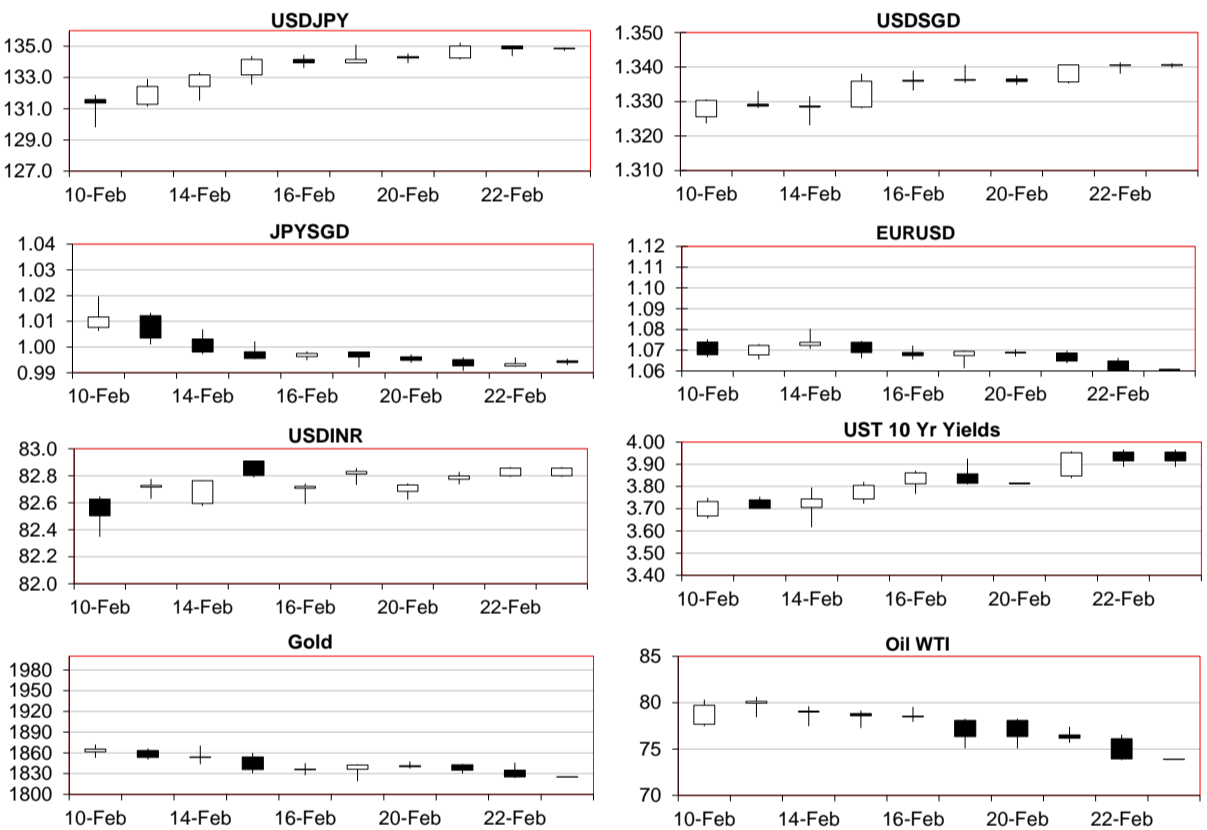
- Finally, **conspicuous by omission** was reference to *"dis-inflationary process underway"*: the seductive phrase from Powell that had set the hearts of pivot bulls racing.

- For anyone cognisant of the mechanics of the FOMC would gather that the (intended) **omission** should serve as **fair warning** that **even if peak rates are not too far off, elevated rates may persist; until the inner most core of inflation dynamic is given the all clear.**

- Fact is, while FOMC Minutes not inducing a 'hawkish jolt' was owed more to "selling the fact" after having bought the rumour rather than bona fide dovish relief.

**OVERNIGHT RESULTS**

(GE) IFO Current Assessment/Business Climate/Expectations: (Mkt: 95.0/91.2/88.4; Jan: 94.1/90.2/86.4)

**\* Past Two Weeks Movement \***

**TODAY'S COMMENTS & FORECAST**
**Open**

USD/JPY	134.98	EUR/USD	1.0652
USD/SGD	1.3403	USD/THB	34.66
JPY/SGD	0.9929	USD/MYR	4.442

**Forecast**

USD/JPY	134.00 - 135.40
EUR/USD	1.0550 - 1.0660
AUD/USD	0.6750 - 0.6870
USD/SGD	1.3340 - 1.3440
JPY/SGD	0.9852 - 1.0030
USD/CNH	6.8880 - 6.9260
USD/INR	82.65 - 83.10
USD/IDR	15150 - 15300
USD/MYR	4.428 - 4.450
USD/PHP	55.05 - 55.48
USD/THB	34.50 - 34.80

**Today's Direction**

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

- Point being, the **FOMC Minutes was nowhere in the vicinity of inciting "Powell pivot" bets;** comprising risk asset boost amid falling UST yields and USD.

- And a stronger USD lays down hawkish concerns with; EUR pullback to 1.06-figure; USD/JPY lifted to test testing 135 despite slightly softer UST yields and; USD/SGD bumped above 1.34.

**Why the RBA May be Mere Backstop, Not a Raging Bull Case, For AUD**

- AUD too slid to a test of the 0.68-figure from having started the week above 0.69 and spending Valentine's Day flirting with a breakout above 70 cents.

- To be sure, **AUD** appeared to have the **hallmarks of a bullish streak from hawkish RBA bets.**

- Which turn had been excited by a conspiracy of; i) the RBA's plural "further rate hikes" reference; ii) **hawkish aspects of RBA Minutes;** iii) hot inflation and; iv) fairly tight job market.

- Nonetheless, a closer examination of Fed-RBA policy differentials reveal that **barring unilateral USD weakness, RBA may only be AUD backstop, not a case for raging AUD bulls.**

- For one, risks of Aussie wage pressures do not appear to be as dire. Whereas US wage pressures have accelerated, **wage increases Down Under are not as hot as feared.**

- Second, nascent signs of softening job market conditions, while not deviating from the narrative of fairly tight jobs, are not as hot as in the US.

- Crucially, **early signs of consumer pullback** against a backdrop of far higher exposure to **floating rate mortgages** in Australia suggests that the **RBA will not be as hawkish as the Fed.**

- And fundamentally this reins in AUD bulls on account of RBA (absent a bearish USD wave).

**FX Daily Outlook**

- EUR/USD: Softer post-FOMC Minutes; sub-1.06 slip risks intact.

- USD/JPY: No pullback despite softer yields; instead bump up above 135 in view.

- USD/SGD: Expect traction above 1.34 if CNH slips further.

- AUD/USD: Averting slip below 0.68 is not a matter of conviction despite Q4 capex boost.

**TODAY'S EVENTS**

(KR) PPI YoY (Jan): 5.1% (Dec: 5.8%) | (AU) Private Capex QoQ (Q4): 2.2% (Mkt: 1.1%; Q3: 0.6%, rev: +1.2%-pts)

(SG) CPI/Core YoY (Jan): (Mkt: 7.1%/5.7%; Dec: 6.5%/5.1%) | (EZ) CPI/Core YoY (Jan F): (Mkt: 8.6%/5.2%)

(US) Chicago Fed National Activity Index (Jan): (Mkt: -0.25; Dec: -0.49) | (US) GDP Annualized QoQ (Q4 S): (Prelim: 2.9%)

Central Banks: BoK Policy Decision: BoK stays on hold at 3.50% as was widely expected | ECB 2022 Statement

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