

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	136.20	136.19	▼0.29	+1.94
EUR	1.0549	1.0609	+0.0061	▼0.0077
AUD	0.6715	0.6739	+0.0013	▼0.0169
SGD	1.3504	1.3465	▼0.0041	+0.0107
CNY	6.9644	6.9441	▼0.0160	+0.0889
INR	82.89	82.85	+0.10	+0.11
IDR	15271	15270	+45	+112
MYR	4.4800	4.4785	+0.0432	+0.0482
PHP	55.54	55.53	+0.63	+0.56
THB	35.13	35.11	+0.30	+0.68

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.914%	▼2.9 bp	+9.9 bp
JPY (10YR)	0.507%	+0.3 bp	+0.2 bp
EUR* (10YR)	2.582%	+4.5 bp	+11.8 bp
AUD (5YR)	3.706%	+6.5 bp	+9.0 bp
SGD (5YR)	3.403%	+16.6 bp	+34.0 bp
CNY (5YR)	2.720%	▼0.3 bp	+1.0 bp
INR (5YR)	7.420%	+3.3 bp	+8.8 bp
IDR (5YR)	6.570%	+7.6 bp	+19.2 bp
MYR (5YR)	3.650%	+3.1 bp	+5.2 bp
PHP (5YR)	5.953%	+0.3 bp	▼1.5 bp
THB (5YR)	2.202%	+5.7 bp	+3.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,889.09	+0.22%	▼2.77%
N225 (JP)	27,423.96	▼0.11%	▼0.39%
STOXX 50 (EU)	4,248.01	+1.66%	▼0.54%
ASX (AU)	4,331.26	+0.74%	▼1.00%
STI (SG)	3,263.24	▼0.58%	▼1.38%
SHCOMP (CN)	3,258.03	▼0.28%	▼0.98%
SENSEX (IN)	59,288.35	▼0.30%	▼2.31%
JSE (ID)	6,854.78	▼0.03%	▼0.58%
KLSE (MY)	1,455.50	▼0.09%	▼1.22%
PSE (PH)	6,599.34	▼1.29%	▼2.15%
SET (TH)	1,627.35	▼0.41%	▼1.83%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	268.60	+0.54%	+0.38%
COPPER (LME)	8,783.00	+1.08%	▲3.65%
IRON ORE (CN)	125.81	▲0.25%	▲0.30%
GOLD	1,817.14	+0.34%	▲1.32%
OIL (WTI)	75.68	▼0.84%	#VALUE!

Three Take-aways:

- 1) Windsor Framework facilitates UK-Northern Ireland trade and lifted the GBP and EUR.
- 2) Economic activity data remains mixed while demand for safe haven UST seeps through.
- 3) India Q4 GDP is expected to ease as fading offsets are eroded by monetary tightening and sticky inflation.

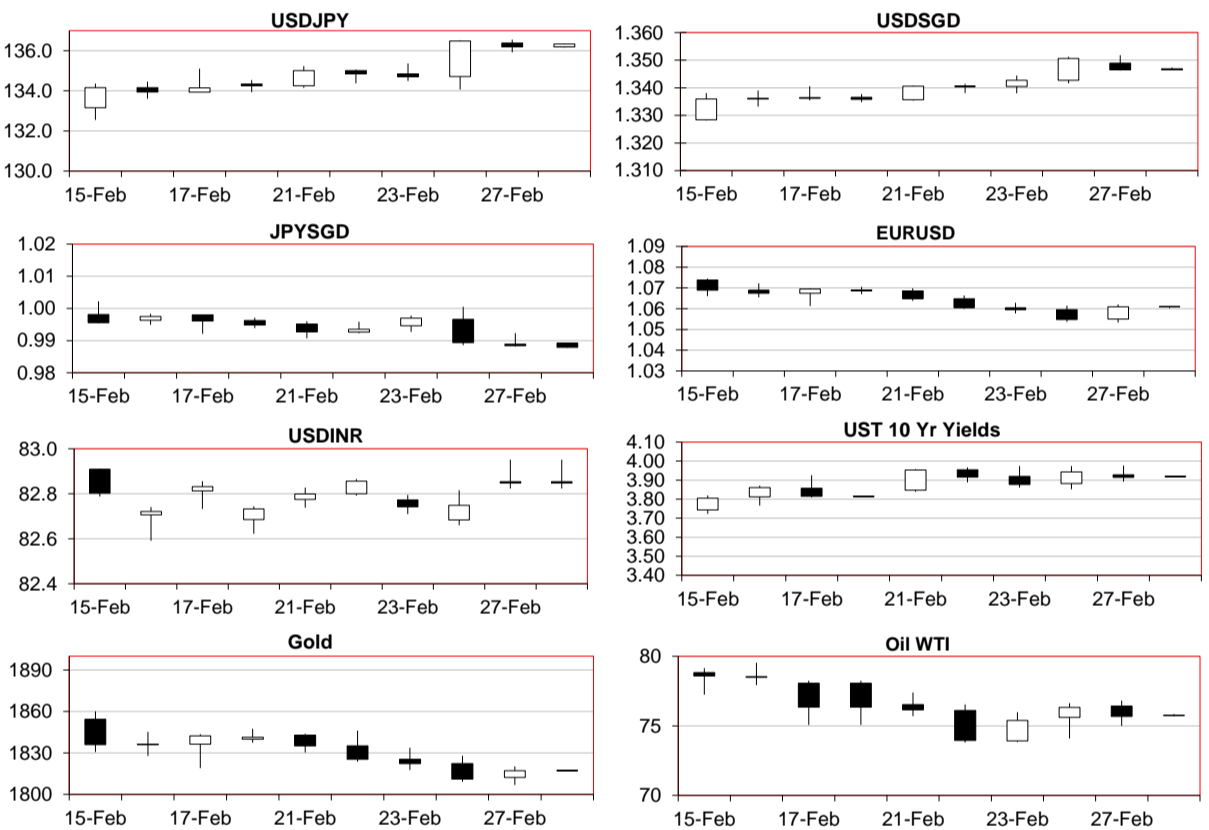
Of Deals and Exits

- The **Windsor Framework, a deal** between the EU and Northern Ireland which is targeted to **facilitate trade** between Northern Ireland and the UK has clearly **lifted the mood over long standing Brexit woes and has been taken as a signal of warming relations between UK and EU.**
- This provided a **fillip to the GBP** and to a lesser extent the **EUR** which ascended above 1.06.
- While the GBP was an outperformer, the USD also ceded ground to all G10 peers on account of **weaker UST yields** with 2Y and 10Y yields down 3.5bp and 2.9bp.
- USD/JPY continues to hover above 136 while the AUD repeatedly attempts to retake mid-0.67.
- Given last week's surge in UST yields, the **marginal uptick in UST demand** will not surprise as **economic activity displaying mixed signals** is far from convincing for a **soft landing.**
- Specifically, durable goods orders came in below expectations though orders excluding defence and air transport expanded. Dallas Fed survey showing the Texas manufacturing activity indicates disappointing production at this juncture while having a improving outlook.
- As for market signals, while the **Fed's recession indicator** (near term forward spread, 18M-3M spread) has narrowed over the past week, it remains inverted at this juncture and ought to temper pre-mature cheer. In a dampened fashion, US equities gave up much of early session gains to end mildly positive. (Dow: +0.2%; S&P 500: +0.3%; Nasdaq: +0.6%)
- On **exits**, the Fed is certainly not near any deal with markets on pivots or relinquishing their rein on tighter monetary policy. Fed Governor Philip Jefferson has **rebuffed calls for moving the Fed's 2% target** as it will **call into question the Fed's commitments.**
- In EM-Asia, it is also far from clear that central banks can strike an exit out of tightening policy.

OVERNIGHT RESULTS

(US) Durable Goods Orders/Nondef Ex Air (Jan P): -4.5%/0.8% (Mkt: -3.9%/0.0%; Prev: 5.6%/-0.1%) | (US) Dallas Fed Manf. Activity (Feb): -13.5 (Mkt: -9.5; Jan: -8.4) | (EZ) Consumer Confidence (Feb F): -19.0 (Prelim: -19.0) | (JP) Coincident Index/Leading Index CI (Dec F): 99.1/97.2 (Mkt: --; Prev: 98.9/97.2) |

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	136.32	EUR/USD	1.0610
USD/SGD	1.3469	USD/THB	35.01
JPY/SGD	0.9881	USD/MYR	4.471

Forecast

USD/JPY	134.00 - 137.00
EUR/USD	1.0500 - 1.0650
AUD/USD	0.6690 - 0.6780
USD/SGD	1.3470 - 1.3600
JPY/SGD	0.9832 - 1.0149
USD/CNH	6.8750 - 6.9900
USD/INR	82.00 - 83.10
USD/IDR	15160 - 15300
USD/MYR	4.430 - 4.510
USD/PHP	53.70 - 56.00
USD/THB	34.50 - 35.10

Today's Direction

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

India Q4 GDP: Of Eroding Offsets

- In what is a case of **eroding service sector offset**, as post-COVID pent-up demand peters out, India's Q4 GDP is expected to ease further to 4.8%. And this is not counter-intuitive to the slight uptick in industrial activity (to 2.4% YoY for Q4 from 1.6% in Q3).
- Point being, hobbled **manufacturing activity** is punching below its weight in boosting growth. And so the **uptick**, while a welcome improvement, is **far from a resounding thrust for the economy.**
- Whereas fading base effect boost alongside the RBI's sustained tightening (250bp of hikes) since mid-2022 are consistent with to some degree demand cooling.
- What's more, while inflation has peaked (from near-8% in Q2 2022), sticky components (with Jan rebound back to 6.5%) further cast a shadow on the conjecture of unfettered consumption boost.
- Fact is, **growth remains somewhat compromised by the cost of living crisis** as post-COVID pent-up demand normalizes.
- Admittedly, the **Budget upping the ante on public sector investments** despite a calibrated consolidation ought to be **growth positive at the margin.** But this will probably not fully offset a conspiracy of external headwinds and tighter (policy) monetary conditions.
- Worse, embedded within the well meaning public sector initiative is the **risk of "crowding out" the private sector; especially if the Adani crisis (unfairly) casts a pall over widely.** And so, growth is set to slow from an expected 6.8% in 2022 to 6.0-6.5% (with risks tilted to the downside: 5.5-6.0%).

FX Daily Outlook

- EUR/USD: While mid-1.06 may be tested, UST yields will keep EUR rallies in check.
- USD/JPY: Buoyancy looks to be retained above mid-135 as mild UST yield slip is not immediate relief.
- USD/SGD: Broad USD reference expected to hold and allow bounce off mid-1.34.
- AUD/USD: Slipping commodities' prices weaken case for testing 0.68

TODAY'S EVENTS

(JP) Retail Sales YoY (Jan): 6.3% (Mkt: 4.0%; Prev: 3.8%) | (JP) Industrial Production YoY (Jan P): -2.3% (Mkt: -0.7%; Dec: -2.4%) | (AU) BOP CA. Balance (4Q): (Mkt: A\$5.5b; -A\$2.3b) | (AU) Retail Sales MoM (Jan): (Mkt: 1.5%; Dec: -3.9%) | (VN) Trade Balance (Feb): (Mkt: \$100m; Jan: \$3600m) | (VN) Retail Sales YoY (Feb): (Jan: 20.0%) | (VN) CPI YoY (Feb): (Mkt: 4.5%; Jan: 4.9%) | (VN) Industrial Production (Feb): (Jan: -8.0%) | (TH) BoP CA. Balance (Jan): (Mkt: \$1200m; Dec: \$102m) | (IN) GVA/GDP YoY (4Q): (Mkt: 4.7%/4.5%; 3Q: 5.6%/6.3%) | (SG) Unemploy. Rate SA (Jan): (Mkt: 2.1%; Dec: 2.1%) | (US) Conf. Board Consumer Confidence (Feb): (Mkt: 108.5; Jan: 107.1) | (US) MNI Chicago PMI (Feb): (Mkt: 45.3; Jan: 44.3) | (US) Richmond Fed Mfg Index (Feb): (Mkt: -5.0; Jan: -11.0)

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