

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	136.77	136.77	+0.58	+2.07
EUR	1.0638	1.0597	▼0.0071	+0.0001
AUD	0.6732	0.6730	▼0.0031	▼0.0078
SGD	1.3480	1.3476	+0.0051	+0.0049
CNY	6.9091	6.9168	+0.0470	+0.0087
INR	82.60	82.59	+0.08	▼0.15
IDR	15279	15280	+45	+90
MYR	4.4855	4.4753	+0.0033	+0.0413
PHP	55.03	55.03	+0.04	+0.13
THB	34.94	34.78	▼0.00	+0.10

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.056%	+6.3 bp	+17.9 bp
JPY (10YR)	0.505%	▼0.1 bp	▼0.1 bp
EUR* (10YR)	2.751%	+4.0 bp	+27.3 bp
AUD (5YR)	3.648%	+5.6 bp	▼3.2 bp
SGD (5YR)	3.421%	+8.5 bp	+27.1 bp
CNY (5YR)	2.730%	+1.9 bp	+1.0 bp
INR (5YR)	7.422%	+2.4 bp	+4.3 bp
IDR (5YR)	6.583%	+4.8 bp	+9.3 bp
MYR (5YR)	3.693%	+3.6 bp	+7.1 bp
PHP (5YR)	5.975%	+1.7 bp	+2.6 bp
THB (5YR)	2.220%	▼0.4 bp	+5.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,003.57	+1.05%	▼0.45%
N225 (JP)	27,498.87	▼0.06%	+1.46%
STOXX 50 (EU)	4,240.59	+0.59%	▼0.41%
ASX (AU)	4,334.01	+0.30%	+0.42%
STI (SG)	3,234.90	▼0.62%	▼0.92%
SHCOMP (CN)	3,310.65	▼0.05%	+0.71%
SENSEX (IN)	58,909.35	▼0.84%	▼1.17%
JSE (ID)	6,857.42	+0.18%	+0.26%
KLSE (MY)	1,455.49	+0.36%	▼0.15%
PSE (PH)	6,622.45	+0.23%	▼0.95%
SET (TH)	1,612.64	▼0.45%	▼2.41%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	271.30	▲0.55%	+1.63%
COPPER (LME)	8,928.10	▲1.72%	+0.49%
IRON ORE (CN)	127.10	+0.29%	+0.27%
GOLD	1,835.87	▲0.05%	+0.75%
OIL (WTI)	78.16	+0.60%	+3.67%

Three Take-aways:

- 1) Amid rising wages and resilient labour market data, hawkish Fed speak buoys UST yields and USD.
- 2) ECB also runs into milder than expected headline inflation decline and accelerating core inflation.
- 3) Thailand's Jan current account hit a bump in recovery; Vietnam's inflation decline is mitigated relief.

Hotter and Higher

- "Hotter and higher" undoubtedly refers to hotter than expected inflation and the need for central banks to take policy rates higher.

- Fed Governor Christopher Waller said the target range for the Fed funds rate would need to be raised if data reports continue to come in hot. To be clear, his **base case** for the Fed funds rate under the assumption that jobs and inflation data **cool** is between 5.1% to 5.4% - a clear signal that the Dot Plot will likely be shifted upwards at the next meeting.

- Amid hawkish Fed speak, 2Y UST yields edged up 0.9bp and 10Y yields rose 6.3bp to close above 4%.

- While low initial jobless claims and higher unit labor cost signaled a tight labor market and rising costs, US equities chose to make up some ground (Dow: +1.1%; S&P 500: +0.8%; Nasdaq: +0.7%) from earlier losses and perhaps allow lagged reactions to the threat of higher borrowing cost.

- As a stocktake, markets are pricing Fed funds rate to be at 5.3% in December 2023.

- The Fed is not the only one with a hot inflation problem as Eurozone headline inflation at 8.5% YoY exceeded expectations (8.3%). In fact, **core inflation came in hotter and accelerated** to 5.6% YoY from January's 5.3% looks to push for more ECB hikes beyond March.

- That said, the Fed's much **larger policy room in terms of growth-inflation trade off** relative to other central banks is reflected in the USD performance against all G10 peers.

- The USD/JPY rose above mid-136 while the EUR was weighed down to 1.06. Similarly, the AUD slipped towards 0.67 and the USD/SGD was buoyed above mid-1.34.

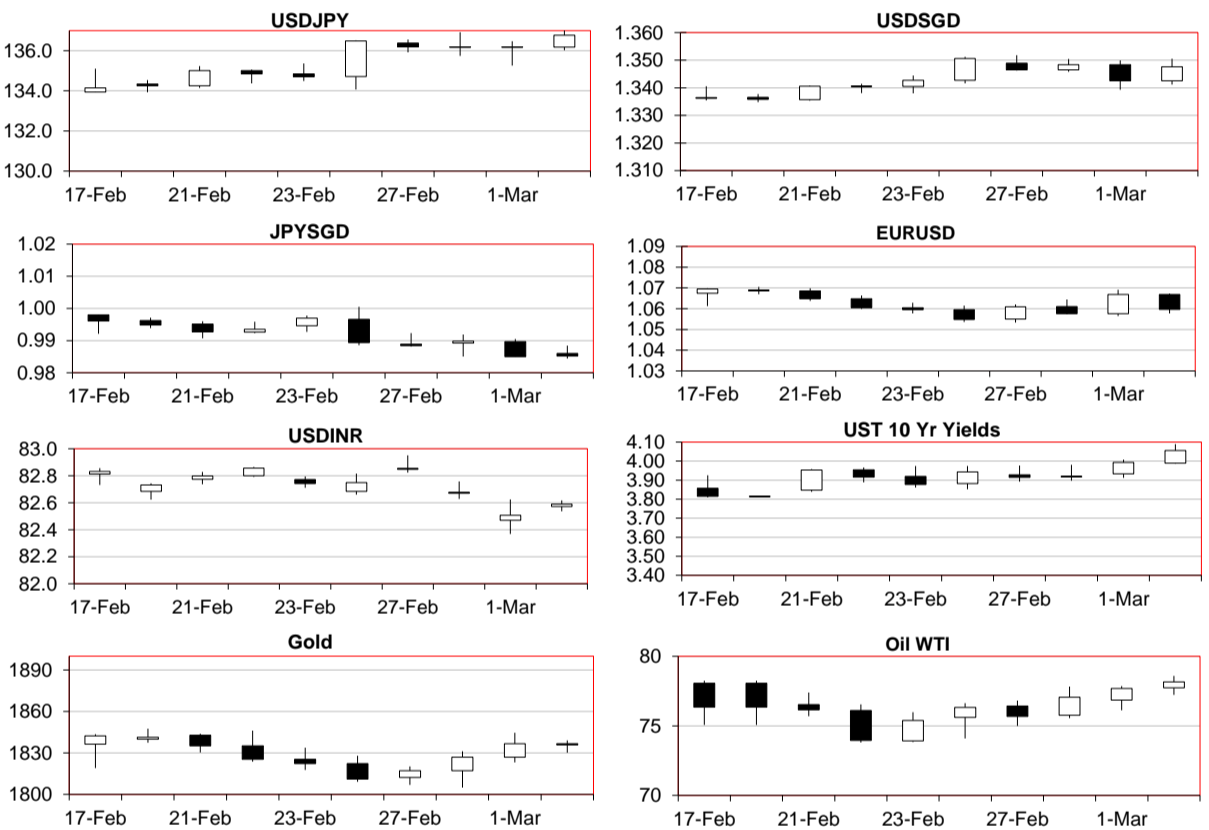
Thailand Current Account: Bumpy

- A slide back into a current account deficit of US\$2 billion in January despite services balance returning to a surplus is telling of the heavy burden which the tourism recovery has to shoulder.

OVERNIGHT RESULTS

(SG) Purchasing Managers/Electronics Index (Feb): 50.0/49.3 (Mkt: 49.5/-; Jan: 49.8/49.1) | (US) Initial Jobless Claims (24-Feb): 190k (Mkt: 195k; Prev Wk: 192k) | (EZ) CPI/Core YoY (Feb P): 8.5%/5.6% (Mkt: 8.3%/5.3%; Jan: 8.6%/5.3%) | (EZ) Unemployment Rate (Jan): 6.7% (Mkt: 6.6%; Dec: 6.6%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	136.71	EUR/USD	1.0599
USD/SGD	1.3475	USD/THB	34.84
JPY/SGD	0.9857	USD/MYR	4.475

Forecast

USD/JPY	135.20 - 137.20
EUR/USD	1.0550 - 1.0690
AUD/USD	0.6670 - 0.6790
USD/SGD	1.3420 - 1.3600
JPY/SGD	0.9781 - 1.0059
USD/CNH	6.8590 - 6.9800
USD/INR	82.20 - 83.10
USD/IDR	15220 - 15320
USD/MYR	4.450 - 4.510
USD/PHP	54.70 - 56.00
USD/THB	34.40 - 35.10

Today's Direction

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

- Admittedly, this was a result of an **unfortunate conspiracy** of faltering exports revenue and surging import expenditure which led to record US\$2.6 billion deficit for the goods balance.

- The last time the goods balance had a deeper deficit was in January 2013.

- Looking ahead, while **a return to a surplus position is still expected** as tourism arrivals and revenues continue to have more upside, sticky oil prices and slower external demand will continue to weigh on the current account and **pave a bumpy THB recovery**.

Vietnam CPI: Mitigated Relief

- Any relief from Vietnam's February headline inflation to 4.3% (from Jan's 4.9%) **ought to be mitigated by the much milder decline on core inflation** to 5.0% (from Jan's 5.2%).

- The **disinflationary effects from energy prices** is clear considering that Brent crude prices in February 2022 was averaging US\$85-106 which is significantly higher than the previous month's range of \$79-87.

- Meanwhile, the dissipation of heightened demand during Tet holidays also played a part in lowering food and beverage prices.

- Notably, education cost was lower as various regions continue implementing the government's Dec 2022 legislation to keep tuition fees the same instead of earlier implemented upward revisions.

- All in, the broader inflation picture remains one in which **underlying inflation remains firm** while the **authorities continue to keep at efforts to alleviate cost of living challenges** for households.

FX Daily Outlook

- EUR/USD: Elevated UST yields keep EUR rallies above mid-1.06 in check.

- USD/JPY: Buoyancy above 136 looks to be retained even as hot Tokyo CPI incites chatter of BoJ pivots.

- USD/SGD: Deference to USD strength as CNH strength pondered keeps pair above 1.34.

- AUD/USD: Commodity demand may allow consolidation around 0.67.

TODAY'S EVENTS

(JP) Jobless Rate (Jan): 2.4% (Mkt: 2.5%; Dec: 2.5%)

(SG) Retail Sales/Ex Auto YoY (Jan): (Mkt: 5.0%/-; Dec: 7.4%/9.5%)

(US) ISM Services Index/Prices Paid/New Orders: (Mkt: 54.5/-; 5.2/67.8/60.4) | (EZ) PPI YoY (Jan): (Mkt: 18.9%; Dec: 24.6%)

Important Information

This publication has been prepared by Mizuho Bank, Ltd. ("Mizuho") and represents the views of the author. It has not been prepared by an independent research department and it has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote be complete. This publication has been prepared for information purposes only and is not intended by Mizuho or its affiliates to constitute investment, legal, accounting, tax or other advice of any kind and all recipients of this publication are advised to contact independent advisors in order to evaluate the publication, including, without limitation, the suitability of any security, commodity, futures contract or instrument or related derivative (hereinafter, a "financial instrument"), product or strategy herein described. This publication is not intended to be relied upon as advice to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. It is not intended for persons who are Retail Clients within the meaning of the United Kingdom's Financial Conduct Authority rules nor for persons who are restricted in accordance with US, Japanese, Singapore or any other applicable securities laws.

This publication has been prepared for information purposes only and is not intended by Mizuho to market any financial instrument, product or service or serve as a recommendation to take or refrain from taking any particular course of action or participate in any trading or other strategy. This publication is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or any of the assets, businesses or undertakings described herein, or any other financial instrument, nor is it an offer to participate in any trading or other strategy, nor a disclosure document under applicable laws, rules, regulations or guidelines. Nothing contained herein is in any way intended by Mizuho or its affiliates to offer, solicit and/or market any financial instrument, product or service, or to act as any inducement to enter into any contract or commitment whatsoever. Neither the author, Mizuho nor any affiliate accepts any liability whatsoever with respect to the use of this publication or its contents or for any errors or omissions herein.

Mizuho and its affiliates, connected companies, employees or clients may take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments.

All of the information contained in this publication is subject to further modification without prior notice and any and all opinions, forecasts, projections or forward-looking statements contained herein shall not be relied upon as facts nor relied upon as any indication of future results. Opinions stated in this publication are subject to change without notice. Future results may materially vary from such opinions, forecasts, projections or forward-looking statements. The information contained in this publication may not be current due to, among other things, changes in the financial markets or economic environment. Mizuho has no obligation to update any information contained in this publication. Past performance is not indicative of future performance. This is a strictly privileged and confidential publication. This publication contains information addressed only to a specific individual and is not intended for distribution to, or use by, any person other than the named addressee or any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Save with Mizuho's prior written consent, you may not disclose, divulge, reproduce or furnish any information contained herein to any other party. Please notify the sender immediately if you have mistakenly received this publication.

Singapore: Mizuho is licensed as a bank under the Banking Act (Chapter 19) of Singapore, and is regulated by the Monetary Authority of Singapore.

Japan: Mizuho is authorised and regulated by the Financial Services Agency of Japan.

United Kingdom / European Economic Area: In the UK, Mizuho is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MHBK's regulation by the Prudential Regulation Authority are available upon request. This publication may also be distributed by Mizuho International plc ("MHI"). MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

United States: This publication is not a "research report" as defined in Commodity Futures Trading Commission ("CFTC") Regulations 1.71 and 23.605. The content of publications distributed by Mizuho Securities USA Inc. ("MSUSA") is the responsibility of MSUSA. The content of publications distributed directly to US customers by Mizuho is the responsibility of Mizuho. US investors must effect any order for a security that is the subject of this report through MSUSA.

© 2014 Mizuho Bank Ltd.