

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	135.67	135.93	+0.06	▼0.26
EUR	1.0649	1.0681	+0.0046	+0.0072
AUD	0.6755	0.6730	▼0.0040	▼0.0009
SGD	1.3444	1.3451	+0.0001	▼0.0014
CNY	6.9181	6.9318	+0.0275	▼0.0123
INR	81.64	81.92	▼0.05	▼0.93
IDR	15306	15295	▼5	+25
MYR	4.4691	4.4783	+0.0010	▼0.0002
PHP	54.85	54.86	+0.02	▼0.68
THB	34.41	34.70	+0.00	▼0.40

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.958%	+0.6 bp	+4.4 bp
JPY (10YR)	0.506%	+0.0 bp	▼0.1 bp
EUR* (10YR)	2.749%	+3.4 bp	+16.7 bp
AUD (5YR)	3.575%	▼10.5 bp	▼13.1 bp
SGD (5YR)	3.312%	▼5.3 bp	▼9.1 bp
CNY (5YR)	2.693%	▼3.7 bp	▼2.7 bp
INR (5YR)	7.389%	+0.5 bp	▼3.1 bp
IDR (5YR)	6.517%	▼3.7 bp	▼5.3 bp
MYR (5YR)	3.681%	▼2.3 bp	+3.1 bp
PHP (5YR)	6.106%	▼2.5 bp	+15.3 bp
THB (5YR)	2.197%	+0.0 bp	▼0.5 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,431.44	+0.12%	+1.65%
N225 (JP)	28,237.78	+1.11%	+2.97%
STOXX 50 (EU)	4,313.78	+0.44%	+1.55%
ASX (AU)	4,334.66	▼0.08%	+0.08%
STI (SG)	3,239.31	+0.23%	▼0.73%
SHCOMP (CN)	3,322.03	▼0.19%	+1.96%
SENSEX (IN)	60,224.46	+0.69%	+1.58%
JSE (ID)	6,807.00	▼0.10%	▼0.70%
KLSE (MY)	1,452.68	▼0.06%	▼0.19%
PSE (PH)	6,671.12	+0.24%	+1.09%
SET (TH)	1,606.88	+0.00%	▼1.26%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	273.59	▲0.53%	+1.86%
COPPER (LME)	8,954.50	+0.00%	+1.95%
IRON ORE (CN)	125.19	▲0.78%	▲0.49%
GOLD	1,846.86	▲0.52%	+1.64%
OIL (WTI)	80.46	+0.98%	+6.32%

Three Take-aways:

- 1) US treasuries and equities struggle for direction with a hawkish tinge of sell-off.
- 2) Amid mixed USD performance, EUR gained on hawkish commentary but within ECB divergence remains.
- 3) RBA is set to raise their cash rate by 25bp though policy remains a mild AUD backstop.

Struggle for Direction

- US Treasuries sell-off to offset earlier demand as 2Y UST yields rose 3.0bps and 10Y yields edged up 0.6bps. The struggle for direction is apparent as markets await Fed Chair Powell's testimony.

- Similarly, US equities did not manage to hold on to much of their early gains with the Dow and S&P up just 0.1% while the Nasdaq ended 0.1% lower.

- Admittedly, the sell-off in both equities and treasuries display a tinge of caution and tilts towards anticipation of a hawkish testimony from the first of Fed Chair Powell's two day appearance.

- Similarly, USD performance against G10 peers were a mixed bag.

- Even as Eurozone retail sales came in below expectations, the EUR was an outperformer as it rose above the upper half of mid-1.06 on the back of hawkish comments from ECB Governing Council Member Robert Holzmann (Austrian Central Bank Governor) who expects 4 more 50bps hikes.

- Nonetheless, the relatively mild EUR's 0.4% gain on such hawkish comments speaks to struggles within the council and the ECB. ECB Chief Economist Philip Lane has cautioned against being on auto pilot as he espoused the need to be data dependent.

- USD/JPY continued to hover on both side of 136 with buoyancy backstopped by sticky energy prices and elevated UST yields.

- Similarly, USD/SGD did not make much headway remaining range bound around 1.344-1.347.

- Meanwhile, the AUD gave way to slide closer to 0.67 alongside the CNH weakening on account of the NPC's more modest around 5% as economic stability takes priority. As such, it is apparent that the RBA's impending policy rate hike today remains a mere backstop for the AUD rather than boost. Afterall, it is the entire direction of impending hikes which matters.

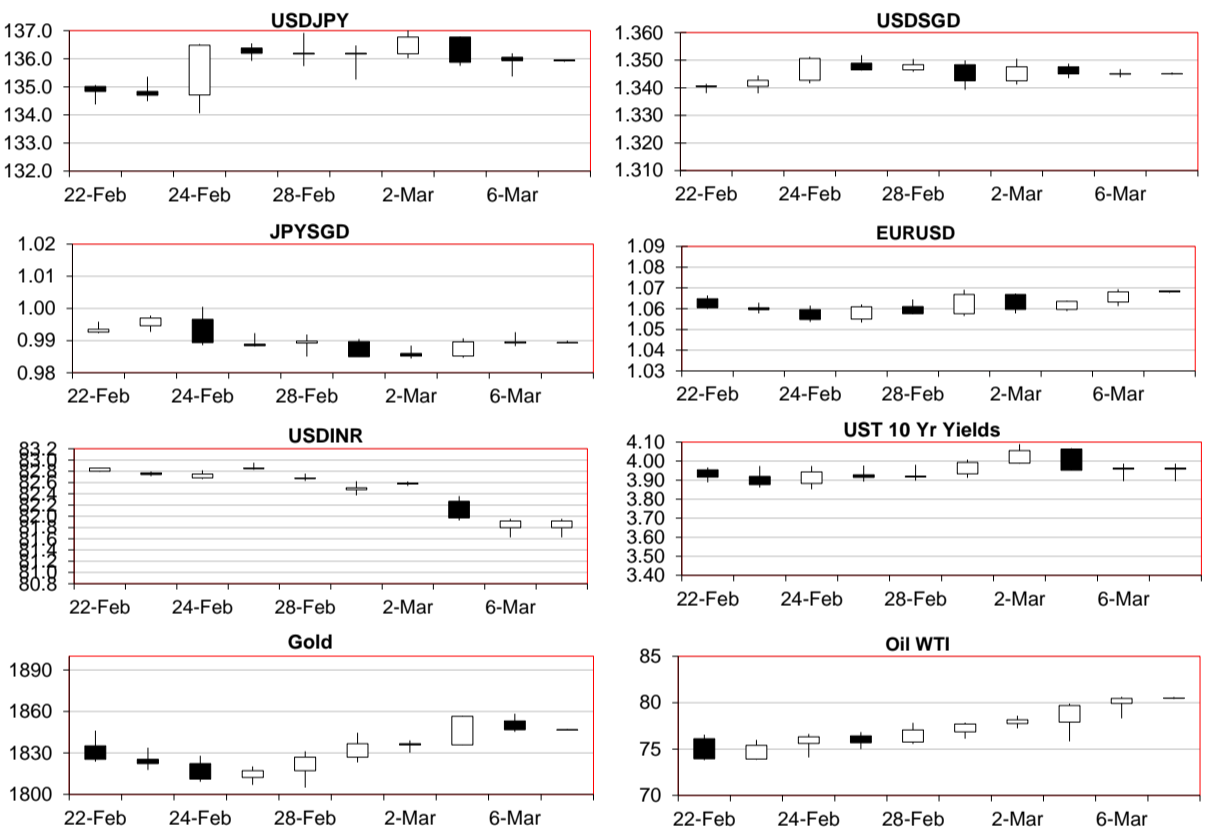
RBA: 2 a Given, 4 a Doubt

- The RBA looks set to increase their cash rate by 25bps to 3.60% today.

OVERNIGHT RESULTS

(US) Factory Orders (Jan): -1.6% (Mkt: -1.8%; Dec: 1.8%) | (US) Durable Goods Orders/Nondef Ex Air (Jan F): -4.5%/0.8% (Mkt: -4.5%/--; Prev: -4.5%/0.8%) | (EZ) Retail Sales MoM (Jan): 0.3% (Mkt: 0.6%; Dec: -2.7%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	136.00	EUR/USD	1.0687
USD/SGD	1.3452	USD/THB	34.50
JPY/SGD	0.9891	USD/MYR	4.470

Forecast

USD/JPY	135.20 - 136.70
EUR/USD	1.0550 - 1.0720
AUD/USD	0.6670 - 0.6790
USD/SGD	1.3400 - 1.3500
JPY/SGD	0.9802 - 0.9985
USD/CNH	6.8700 - 6.9900
USD/INR	81.50 - 83.00
USD/IDR	15220 - 15400
USD/MYR	4.460 - 4.510
USD/PHP	54.60 - 55.80
USD/THB	34.40 - 35.10

Today's Direction

	Bull	Bear
USD/SGD	3	3
USD/JPY	3	3

- The RBA minutes for February clearly stated the need for further increases in policy rate and did not consider the option of pausing rate hikes as their discussed options was for 25bp or 50bp hikes.

- While we note the plurality of 'increases' needed for rate hikes, it is certainly not unrestrained raises ahead. In fact, 2 rate increases (including March) is a given but 4 rate increases to take the cash rate above 4% remains a doubt.

- First, despite still healthy labour markets, dwindling savings buffer to below pre-pandemic levels is expected to persistently chip away at PCE's support to growth. Second, slower external demand has weighed on net exports as manufacturing growth comes under pressure.

- Third, housing market concerns are far from fading despite slower property price declines. It is still premature to extrapolate slower property price declines to portend stable housing prices and abating property sector risks.

- New lending towards first time home buyers falling to 5 year lows continue to signal a lack of confidence and that high borrowing costs pose a significant hurdle.

- Amid cautious demand, falling building approvals indicate supply contraction adding to structural issues of insufficient housing supply, consequent escalating rents and inflationary pressure build-up.

- All in, given the unrelenting inflation prints down under, while the RBA's reference to the need for rate hikes and their conviction to inflation stability is not questioned, sharper trade-offs on the growth and property risk front may restrict their available policy room in Q2 2023.

FX Daily Outlook

- EUR/USD: Testing 1.07 on the cards off hawkish comments though vetures remain shallow.
- USD/JPY: With elevated oil prices, buoyancy off mid-135 continues barring unexpected dovish Powell.
- USD/SGD: Watch for breaks towards 1.35 as Powell leads the pack for further hikes.
- AUD/USD: RBA-Fed divergence will keep AUD below 0.68 even as RBA hikes.

TODAY'S EVENTS

(AU) Trade Balance (Jan): (Mkt: A\$12250m; Dec: A\$12237m) | (JP) Labor/Real Cash Earning YoY (Jan): 0.8%/-4.1% (Mkt: 1.8%/-3.2%; 4.1%/-0.6%) | (JP) BoP Current Account Balance (Jan): -¥770.0b; Dec: ¥33.4b) | (KR) GDP YoY (4Q): 1.3% (Mkt:1.4%; Prelim: 1.4%) | (PH) CPI YoY (Feb): (Mkt: 8.9%; Jan: 8.7%) | (TH) CPI/Core YoY (Feb): (Mkt: 4.1%/2.0%; 5.0%/3.0%) | (EZ) GDP SA YoY (4Q F): (Mkt: 1.9%; Prelim: 1.9%) | (US) ADP Employment Change (Feb): (Mkt: 200k; Jan: 106k) | (Central Banks): RBA Monetary Policy Decision | Fed Chair Powell Appears before Senate Banking Panel

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