

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	133.54	134.22	+1.01	▼2.94
EUR	1.0689	1.0733	+0.0002	+0.0184
AUD	0.6669	0.6682	+0.0014	+0.0098
SGD	1.3480	1.3451	▼0.0011	▼0.0092
CNY	6.8705	6.8735	+0.0252	▼0.0927
INR	82.39	82.49	+0.36	+0.57
IDR	15386	15385	+20	+35
MYR	4.4843	4.4870	▼0.0097	+0.0152
PHP	55.10	55.11	+0.15	+0.09
THB	34.46	34.52	▼0.09	▼0.05

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.689%	+11.6 bp	▼27.5 bp
JPY (10YR)	0.274%	▼7.4 bp	▼23.0 bp
EUR* (10YR)	2.420%	+16.1 bp	▼27.2 bp
AUD (5YR)	3.166%	▼11.8 bp	▼28.4 bp
SGD (5YR)	2.925%	▼17.0 bp	▼38.0 bp
CNY (5YR)	2.684%	+0.3 bp	▼0.1 bp
INR (5YR)	7.283%	+1.5 bp	▼10.6 bp
IDR (5YR)	6.394%	▼8.8 bp	▼16.9 bp
MYR (5YR)	3.496%	▼2.3 bp	▼18.6 bp
PHP (5YR)	5.805%	▼6.7 bp	▼25.8 bp
THB (5YR)	2.054%	▼0.7 bp	▼8.4 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,155.40	+1.06%	▼2.13%
N225 (JP)	27,222.04	▼2.19%	▼3.84%
STOXX 50 (EU)	4,179.47	+2.02%	▼2.33%
ASX (AU)	4,167.88	+1.22%	▼3.66%
STI (SG)	3,129.75	▼0.08%	▼3.56%
SHCOMP (CN)	3,245.31	▼0.72%	▼1.21%
SENSEX (IN)	57,900.19	▼0.58%	▼3.86%
JSE (ID)	6,641.81	▼2.14%	▼1.85%
KLSE (MY)	1,393.83	▼1.97%	▼4.45%
PSE (PH)	6,393.33	▼2.31%	▼4.65%
SET (TH)	1,523.89	▼3.13%	▼5.85%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	261.08	▲1.36%	▲3.15%
COPPER (LME)	8,918.25	+0.00%	+2.07%
IRON ORE (CN)	131.01	+0.16%	+2.83%
GOLD	1,904.01	▲0.51%	+4.99%
OIL (WTI)	71.33	▼4.64%	▼8.06%

Three Take-aways:

- 1) UST yields rise with focus on services inflation; Equities recover on financial stability assurance.
- 2) Mixed USD performance tells of difficulty in steering inflation down without amplifying existing risks.
- 3) State Bank of Vietnam cuts most rates by 100bps to prevent credit impairments and support growth.

Tough Steer

- Amid signalling of financial system stability, the **desperate clutch to the safety of US treasuries abated** as 2Y and 10Y UST yields rose 27.4bp and 11.6bp with markets now staring in the face of sticky inflation. On a YoY basis, US headline and core inflation outturns were in line with expectations.

- Nonetheless, the **Fed does not look likely to derive any cheer from core inflation which rose 0.5% MoM with services inflation heading higher.**

- **Steering inflation down is proving harder than expected with inflation bumps and financial warning lights.** Consequently, markets have swung again and now put 25bps hike back on the table at nearly 80% probability.

- As confidence on deposits and financial system recover, equities made back ground with the Nasdaq climbing 2.1% while S&P500 and Dow rose 1.7% and 1.1% respectively.

- After start of the week softening, the DXY index stayed above 103 as USD performance was mixed.

- Given the focus back to inflation, higher UST yields sent USD/JPY back above 134. However, EUR remains hovering above 1.07 and AUD bounced off mid-0.66. USD/SGD slipped towards mid-1.34.

SBV: 100bps Cut

- Effective today, State Bank of Vietnam (SBV) has cut **most** of their interest rates to support growth.

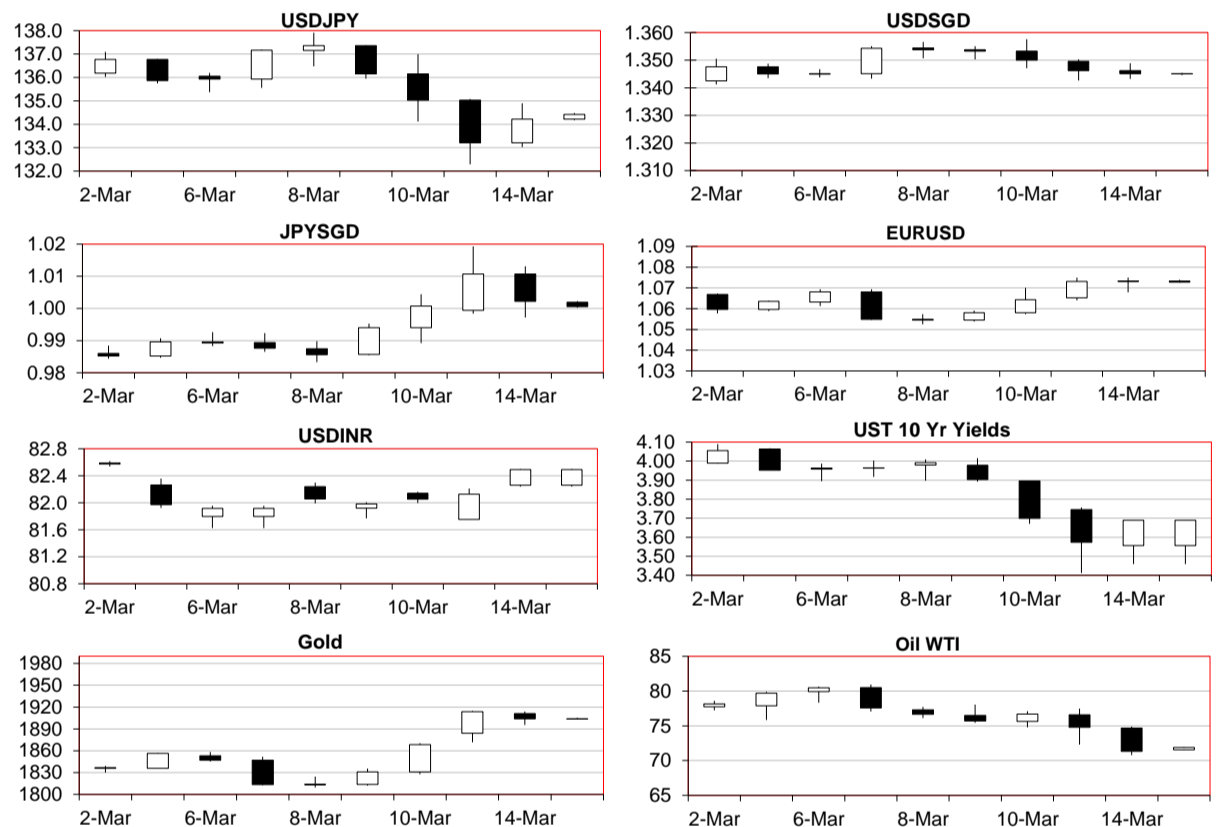
- Specifically, while **refinancing** interest rate remains **unchanged**, rediscount rate decreased from 4.5% to 3.5%. Interest rates for overnight loans in interbank electronic payments and loans to **cover capital shortfalls** in clearing payments by the SBV for credit institutions decreased from 7% to 6%. Various **caps of lending rates** to business by credit institutions have also being reduced by 50bps.

- The authorities have embarked on incessant efforts in recent months to urge financial institutions to lower lending rates to sectors in need such as the real estate.

OVERNIGHT RESULTS

(IN) Wholesale Prices YoY (Feb): 3.9% (Mkt: 4.0%; Jan: 4.7%) | (PH) Trade Balance (Jan): -\$5.7b (Mkt: -\$4.3b; Dec: -\$4.6b) |

(US) CPI/Core CPI YoY (Feb): 6.0%/5.5% (Mkt: 6.0%/5.5%; Jan: 6.4%/5.6%) | (US) Real Avg Hourly Earning YoY (Feb): -1.9% (Jan: -1.9%)

*** Past Two Weeks Movement ***

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	133.12	EUR/USD	1.0724
USD/SGD	1.3475	USD/THB	34.54
JPY/SGD	1.0123	USD/MYR	4.478

Forecast

USD/JPY	133.00 - 136.00
EUR/USD	1.0600 - 1.0750
AUD/USD	0.6590 - 0.6730
USD/SGD	1.3400 - 1.3600
JPY/SGD	0.9853 - 1.0226
USD/CNH	6.8000 - 6.9800
USD/INR	82.00 - 83.00
USD/IDR	15300 - 15580
USD/MYR	4.470 - 4.520
USD/PHP	54.80 - 55.60
USD/THB	34.30 - 35.00

Today's Direction

	Bull	Bear
USD/SGD	6	1
USD/JPY	5	2

- To that end, banks had already reduced deposit rates by 20-50bps last week in order to lower the lending rates to support business. As such, this step taken by the SBV **enhances their resolve to support growth by preventing credit channels from being impaired by the higher huddle cost.**

Australia Employment: Softening Bias

- Australia's employment has declined for 2 consecutive months with Dec's drop due to lower part time employment and Jan's decrease resulting from a fall in full time employment.

- Tomorrow's upcoming February jobs report in Australia looks likely to continue a **display of softening bias even if overall employment ticks up.**

- Retail trade continued their sequential expansion in January across a broad swathe of sectors ranging from cafes and restaurants, clothing and footwear retail to department stores. Services related employment will be expected to hold up in February.

- Impetuous for **gains** in services hiring looks likely to stem from **anticipation of tourist inflows** from China alongside a revived education sector with greater foreign student intakes.

- On the other hand, **manufacturing sector headwinds** may see caution around their hiring needs while **lower housing approvals** point to **weakening construction sector employment.**

- **Employment** by firms may also get a **boost from higher labour force participation rates** as households return to the workforce amid eroded savings from high inflation and an uptick of workers holding multiple jobs. On balance, the **labour market tightness is likely to have peaked** amid offsetting sectoral needs.

FX Daily Outlook

- EUR/USD: Reinstated Fed hike beliefs restrain rallies above 1.08.

- USD/JPY: Pair looks to cautiously explore 135 as UST yields recover.

- USD/SGD: Quasi safe haven aspects may keep 1.35 at bay especially if China's data shows positivity.

- AUD/USD: Falling commodity price may take the edge off AUD recovery above mid-0.67.

TODAY'S EVENTS

(KR) Unemployment Rate SA (Feb): 2.6% (Mkt: 3.0%; Mkt: 2.9%) | (CH) 1 Year Medium Term Facility Lending Rate (15 Mar): (Mkt: 2.75%; Prev: 2.75%) | (CH) Industrial Production YTD YoY(Feb): (Mkt: 2.6%) | (CH) Retail Sales YTD YoY(Feb): (Mkt: 3.5%) | (CH) Fixed Assets Ex Rural YTD YoY(Feb): (Mkt: 4.5%) | (ID) Trade Balance (Feb): (Mkt: \$3286m; Jan: \$3870m) | (IN) Trade Balance (Feb): (Mkt: -\$19200m; Jan: -\$17750m) | (US) PPI Final Demand/Ex Food & Energy YoY (Feb): (Mkt: 5.4%/5.2%; Jan: 6.0%/5.4%) | (US) Retail Sales Adv/Ex Auto and Gas MoM (Feb): (Mkt: -0.4%/-0.2%; 3.0%/2.6%)

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