

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	134.86	133.42	▼0.80	▼3.94
EUR	1.0738	1.0577	▼0.0156	+0.0032
AUD	0.6678	0.6619	▼0.0063	+0.0030
SGD	1.3430	1.3520	+0.0069	▼0.0018
CNY	6.8931	6.9063	+0.0328	▼0.0529
INR	82.48	82.60	+0.11	+0.55
IDR	15381	15365	▼20	▼70
MYR	4.4783	4.4847	▼0.0023	▼0.0396
PHP	54.96	54.97	▼0.14	▼0.34
THB	34.54	34.62	+0.10	▼0.46

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.455%	▼23.4 bp	▼53.7 bp
JPY (10YR)	0.329%	+5.5 bp	▼17.6 bp
EUR* (10YR)	2.130%	▼29.0 bp	▼51.6 bp
AUD (5YR)	3.185%	+1.9 bp	▼35.0 bp
SGD (5YR)	3.046%	+12.1 bp	▼33.3 bp
CNY (5YR)	2.681%	▼0.3 bp	▼1.1 bp
INR (5YR)	7.259%	▼2.4 bp	▼17.9 bp
IDR (5YR)	6.433%	+3.9 bp	▼17.0 bp
MYR (5YR)	3.524%	+2.8 bp	▼18.1 bp
PHP (5YR)	5.943%	+13.8 bp	▼10.5 bp
THB (5YR)	2.033%	▼2.1 bp	▼10.8 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	31,874.57	▼0.87%	▼2.82%
N225 (JP)	27,229.48	+0.03%	▼4.27%
STOXX 50 (EU)	4,034.92	▼3.46%	▼5.91%
ASX (AU)	4,017.00	▼3.62%	▼7.17%
STI (SG)	3,172.92	+1.38%	▼1.67%
SHCOMP (CN)	3,263.32	+0.55%	▼0.61%
SENSEX (IN)	57,555.90	▼0.59%	▼4.63%
JSE (ID)	6,628.14	▼0.21%	▼2.19%
KLSE (MY)	1,403.93	+0.72%	▼3.49%
PSE (PH)	6,466.10	+1.14%	▼3.66%
SET (TH)	1,565.00	+2.70%	▼2.95%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	254.03	▲2.70%	▲4.86%
COPPER (LME)	8,809.00	+0.00%	▲0.87%
IRON ORE (CN)	131.19	+0.14%	+3.00%
GOLD	1,918.58	+0.77%	+5.78%
OIL (WTI)	67.61	▼5.22%	▼11.81%

Three Take-aways:

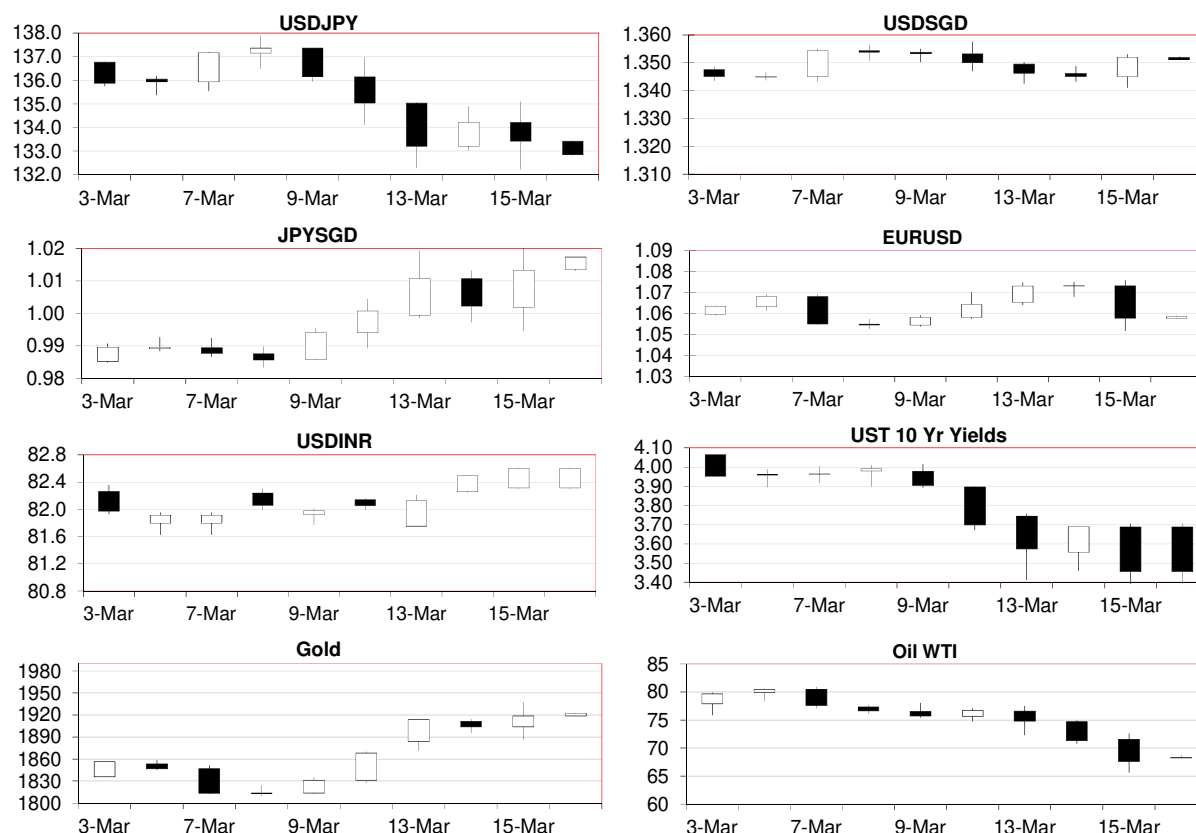
- 1) A 30% sell-off in Credit Suisse shakes already fragile investor sentiment.
- 2) Short-end US and European yields under downward pressure; USD rises on haven allure.
- 3) Asian markets likely to remain under stress with EM Asia FX under depreciation pressures.

Cracks & Breaks

- Cracks widened in the global banking system on Wednesday as Credit Suisse's stock slumped over 30% intra-day prompting the Swiss National Bank (SNB) to extend CS a credit line.
- The concomitant slumps in CHF and SNB, losing 1.9% and 1.4% versus the USD, respectively pushed up the USD demand catalyzed by safe haven allures.
- 2 yr German yields slumped 52bp to 2.42% as bets on an almost guaranteed 50bp hike from the ECB today unravelled on banking sector stresses.
- ECB's meeting today now holds completely new meaning as the central bank is likely emphasize financial stability and calm investor nerves.
- A pull back to 25bp hike from 50bp is possible but the fact remains that with headline inflation still well above ECB's 2% target, the Governing Council's hawkish bias will be maintained.
- US rates under went a similar dramatic re-pricing as the odds of the US Federal Reserve holding versus hiking by 25bp at its March meeting was evenly split.
- 2yr UST yields slumped further, with the 2/10 inversion narrowing the most since October.
- Meanwhile, weaker US retail sales and a fall in producer prices were left to fall by the wayside.
- US equities closed lower and all signs point to a weak opening for Asia; with the USD in the driving and USTs on the up and up.
- Markets might get a much needed break if SNB halts contagion fears and restores a resemblance of confidence to backstop the sell-off in CS shares.
- Even then, this may not be enough. Skittish investors will look to poke holes in Asian banks as the sector comes under further scrutiny following sector stresses in the US and Europe.

OVERNIGHT RESULTS

(CH) Industrial Production YTD YoY(Feb): 2.4% (Mkt: 2.6%) | (CH) Retail Sales YTD YoY(Feb):3.5% (Mkt: 3.5%) | (CH) Fixed Assets Ex Rural YTD YoY(Feb):5.5% (Mkt: 4.5%) | (ID) Trade Balance (Feb): \$5480m (Mkt: \$3286m; Jan: \$3870m) | (IN) Trade Balance (Feb): -\$17431m (Mkt: -\$19200m; Jan: -\$17750m) | (US) PPI Final Demand/Ex Food & Energy YoY (Feb): 4.6%/4.4% (Mkt: 5.4%/5.2%; Jan: 6.0%/5.4%) | (US) Retail Sales YoY(Feb): 0.0% (Mkt: -0.4%/-0.2%; Jan: 3.0%/2.6%)

Past Two Weeks Movement

TODAY'S COMMENTS & FORECAST
Open

USD/JPY	134.41	EUR/USD	1.0728
USD/SGD	1.3452	USD/THB	34.56
JPY/SGD	1.0008	USD/MYR	4.500

Forecast

USD/JPY	132.80 - 136.00
EUR/USD	1.0580 - 1.0750
AUD/USD	0.6590 - 0.6730
USD/SGD	1.3400 - 1.3600
JPY/SGD	0.9853 - 1.0241
USD/CNH	6.8000 - 6.9800
USD/INR	82.00 - 83.30
USD/IDR	15300 - 15580
USD/MYR	4.480 - 4.550
USD/PHP	54.80 - 55.60
USD/THB	34.30 - 35.00

Today's Direction

	Bull	Bear
USD/SGD	5	2
USD/JPY	3	4

Bank Indonesia: Biased to Hold

- Prior communication to market participants from central bank officials has emphasized BI's bias to keep rate unchanged at the March meeting and possibly through 2023. Indeed, BI Governor Perry Warjiyo stated that the need for additional rate hikes has diminished.
- Unfortunately, given the high degree of uncertainty in global markets, this guidance (as with most forward guidance to be fair) may be, in the best case, premature and in the worst case, misplaced.
- The volatility of FX markets has been the biggest change since BI's February meeting, with banking sector stresses in the US and EU intensify.
- BI's focus on IDR stability as key input into its reaction function implies that it may need to be more nimble in its readiness to change policy, especially if USD/IDR is disproportionately biased upwards compared to regional peers.
- Admittedly, the inflation-growth picture supports a pause. Although headline inflation picked up in February, core inflation eased implying that much of the uptick was on account of higher food prices related to the Eid/Ramadan festivities.
- Recent activity data is pointing to signs of slowing growth. Jan/Feb import growth contracted versus Q4 while non O&G exports slowed. Domestic activity data is more mixed.
- As such, with markets re-pricing Fed rate change expectations to include cuts in H2 this year, BI's bias to hold may continue to be supported near-term.

FX Daily Outlook

- EUR/USD: SNB backstops for CS will stabilise pair; ECB meeting to be closely watched.
- USD/JPY: Support for sub-133 levels may be hard pressed on skittish market sentiment.
- USD/SGD: Financial hub status to exert SGD depreciation bias, even if concerns are unfounded.
- AUD/USD: Falling commodity price and global market turmoil to exact its toll.

TODAY'S EVENTS

(AU) Employment Change (Feb): (Mkt: 50k; Jan: -11.5k) | (AU) Participation/Unemployment Rate (Feb): (Mkt: 66.6%/3.6%; Jan: 66.5%/3.7%)

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