

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	131.11	131.32	▼0.53	▼1.89
EUR	1.0657	1.0721	+0.0051	▼0.0010
AUD	0.6689	0.6718	+0.0021	+0.0050
SGD	1.3427	1.3371	▼0.0052	▼0.0091
CNY	6.8904	6.8770	▼0.0097	+0.0287
INR	82.66	82.64	+0.09	+0.51
IDR	15372	15360	+15	▼5
MYR	4.4881	4.4858	▼0.0002	▼0.0109
PHP	54.67	54.68	▼0.04	▼0.28
THB	34.09	34.11	▼0.12	▼0.49

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.485%	+5.6 bp	▼8.8 bp
JPY (10YR)	0.250%	▼3.8 bp	▼9.8 bp
EUR* (10YR)	2.125%	+1.7 bp	▼13.4 bp
AUD (5YR)	2.957%	▼17.2 bp	▼32.7 bp
SGD (5YR)	2.819%	▼13.1 bp	▼27.6 bp
CNY (5YR)	2.648%	▼1.8 bp	▼3.3 bp
INR (5YR)	7.190%	▼4.0 bp	▼7.8 bp
IDR (5YR)	6.491%	▼1.3 bp	+0.9 bp
MYR (5YR)	3.516%	▼5.5 bp	▼0.3 bp
PHP (5YR)	5.851%	▼6.8 bp	▼2.1 bp
THB (5YR)	1.992%	▼2.2 bp	▼6.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,244.58	+1.20%	+1.34%
N225 (JP)	26,945.67	▼1.42%	▼3.19%
STOXX 50 (EU)	4,119.42	+1.34%	+0.56%
ASX (AU)	4,039.44	+0.79%	▼1.90%
STI (SG)	3,139.76	▼1.37%	+0.24%
SHCOMP (CN)	3,234.91	▼0.48%	▼1.03%
SENSEX (IN)	57,628.95	▼0.62%	▼1.05%
JSE (ID)	6,612.49	▼0.98%	▼2.57%
KLSE (MY)	1,401.81	▼0.70%	▼1.41%
PSE (PH)	6,451.02	▼0.29%	▼1.43%
SET (TH)	1,555.45	▼0.53%	▼1.12%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	255.17	+0.20%	▲3.59%
COPPER (LME)	8,573.25	+0.00%	▲3.87%
IRON ORE (CN)	128.30	▲1.81%	▲1.91%
GOLD	1,978.84	▲0.52%	+3.40%
OIL (WTI)	67.64	+1.35%	▼9.57%

Three Take-aways:

- 1) US equities and UST yields rose as sentiments improve from avoiding worst case outcomes.
- 2) Weaker USD not all-out relief as growth concerns rise amid lingering financial stability concerns.
- 3) RBA minutes signal appropriateness of rate pause to assess monetary policy impact.

Grim Smile

- Amid the relief from outright contagion due to UBS's takeover of Credit Suisse, **US equities managed a smile** with gains across the board (Dow: +1.2%; S&P 500: +0.9%; Nasdaq; 0.4%). Nonetheless, angst over related bond losses and share value declines will have ramifications on balance sheets.

- The **uptick in risk sentiments** also saw UST 2Y and 10Y yield rise by 13.9bps and 5.6bp respectively.

- Despite higher UST yields, the **USD displayed another instance of weakness which underscores the prevailing sentiment driven movements** alongside market expectations of a rate cut.

- USD/JPY slipped further to below mid-131 with low energy prices assisting.

- EUR ascended above 1.07 as ECB President Lagarde repeatedly dissociates their inflation targeting mandate and financial stability responsibility by emphasizing different tool for different targets. The AUD had a relatively mild appreciation amid the weaker commodity backdrop.

- So **what's grim?** Given the troubles surrounding the regional banks in the US, **clogged credit flows** may impair growth ahead. Fresh Amazon layoffs provide little comfort over business outlook.

- As for financial gauges, the **Fed's recession indicator** the near term forward spread (18M-3M) is to the tune of nearly a 100bp inversion. A relatively slowing US growth vis-à-vis the world may have play a role in recent sighting of weaker USD.

- That said, financial stability risks are far from fully abating. What's more, slowing US growth will consequently trigger fears of global slowdown and unfortunately wipe off many smiles triggering USD haven demand. As such, EM-Asia FX relief may be short-lived.

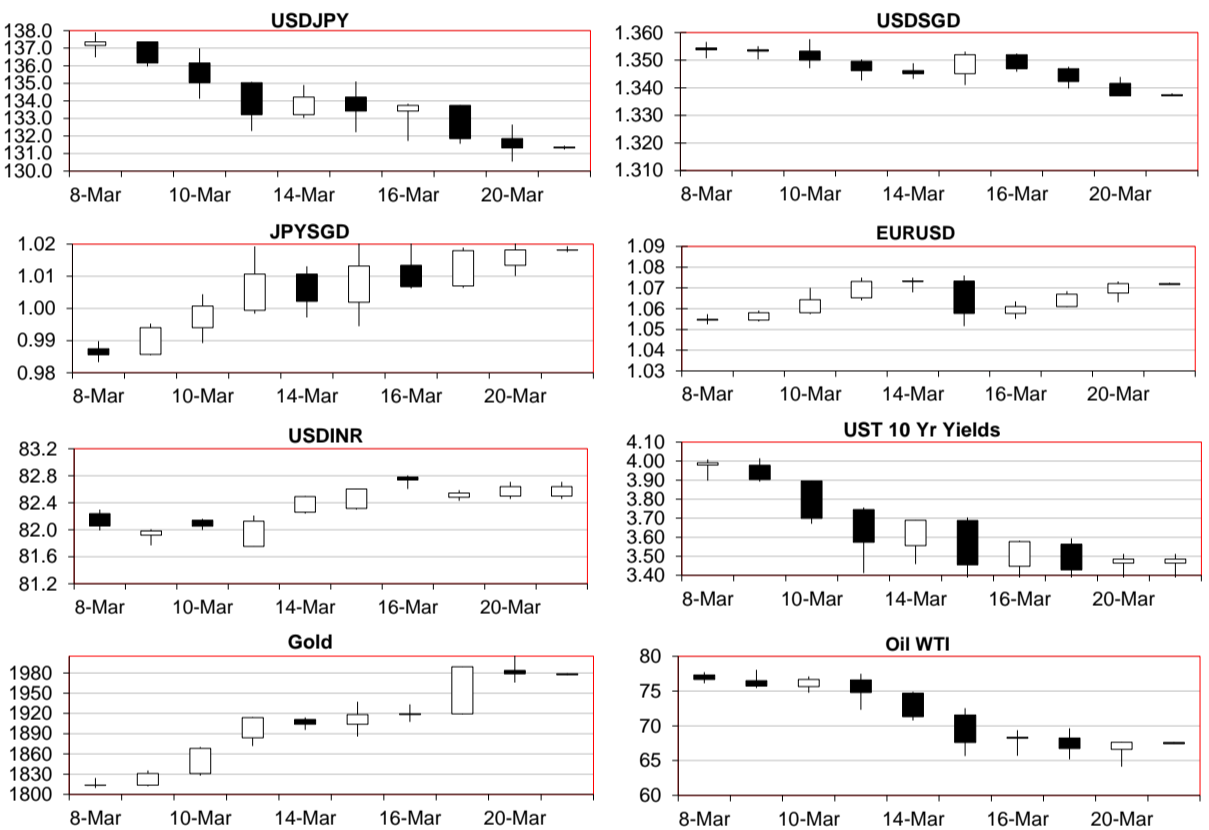
RBA Minutes: Stretched, Not Stressed?

- Admittedly, **RBA minutes are clouded by global financial uncertainties**. The latest jobs report exceeded expectations with strong full time job gains and a decline in unemployment rate.

OVERNIGHT RESULTS

(MY) Trade Balance MYR (Feb): 19.6b (Mkt: 18.5b; Jan: 18.1b) | (PH)BoP Overall (Feb): -\$895m (Jan: \$3081m) | (EZ) Trade Balance SA (Jan): -11.3b (Jan: -18.1b)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	131.40	EUR/USD	1.0719
USD/SGD	1.3377	USD/THB	34.05
JPY/SGD	1.0180	USD/MYR	4.475

Forecast

USD/JPY	131.00 - 135.00
EUR/USD	1.0620 - 1.0750
AUD/USD	0.6600 - 0.6780
USD/SGD	1.3350 - 1.3500
JPY/SGD	0.9889 - 1.0305
USD/CNH	6.8300 - 6.9200
USD/INR	82.00 - 83.30
USD/IDR	15300 - 15500
USD/MYR	4.450 - 4.510
USD/PHP	54.30 - 55.00
USD/THB	33.90 - 34.50

Today's Direction

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

- While this ought to marginally raise the odds of a further hike, uncertainties over the financial system contagion and associated fragilities have dampened these probabilities.

- To be clear, **RBA's Kent has emphasized domestic banks are unquestionably strong and are advanced in their bond issuance plans**.

- As expected, this morning's RBA minutes emphasized the dovish leanings of their March monetary policy statement which has raised the possibility of a policy pause. **The minutes stated that it would be appropriate at some point to hold the cash rate steady, to assess more fully the effect of the interest rate increases to date**

- While the RBA espoused the availability of mortgage buffers, housing market risks are rising given decline in lending values and building approvals. **The complexity has been taken up a notch considering their interactions with current banking balance sheet worries**.

- Specifically, rolling off of fixed rate mortgages will raise the debt servicing burden and stretch household finances.

- Admittedly, it has been observed that 20% of fixed rate borrowers made large prepayments which suggest that **savings buffers were utilised to reduce their servicing cost ahead**. That said, given the latest snapshot which tells of **depleted savings**, households may be increasingly stretched.

- As such, stretched household may have turned to labour market opportunities. Higher labour force participation rates and higher hours worked per worker hint at increasing willingness to supply labour. Consequently, providing much needed cash flows and alleviate financial stresses.

FX Daily Outlook

- EUR/USD: Rallies increasingly restrained beyond mid-1.07; geo-political risks in Russia to be watched.

- USD/JPY: Weak energy prices to allow consolidation around 131-133 for now.

- USD/SGD: Pair looks to stick around mid-1.33 as CNH's mild performance hold back SGD gains.

- AUD/USD: AUD may stay elevated above mid-0.66, weak rallies amid commodity demand concern.

TODAY'S EVENTS

(KR) PPI YoY (Feb): 4.8% (Jan: 5.1%) | (GE) Zew Survey Expectations/Current(Mar): (Mkt: 15.0/-44.7; Feb: 28.1/-45.1) |

Central Banks: RBA Minutes

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