

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	130.27	130.73	▼0.12	▼1.12
EUR	1.0828	1.0760	▼0.0071	+0.0090
AUD	0.6689	0.6645	▼0.0039	▼0.0052
SGD	1.3279	1.3322	+0.0065	▼0.0101
CNY	6.8495	6.8673	+0.0441	▼0.0194
INR	82.24	82.48	+0.22	▼0.06
IDR	15153	15155	▼190	▼190
MYR	4.4247	4.4295	+0.0118	▼0.0565
PHP	54.28	54.35	+0.04	▼0.37
THB	34.05	34.15	+0.07	▼0.08

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.376%	▼5.0 bp	▼5.2 bp
JPY (10YR)	0.316%	▼0.7 bp	+2.8 bp
EUR* (10YR)	2.129%	▼6.6 bp	+2.1 bp
AUD (5YR)	2.965%	▼6.6 bp	▼16.4 bp
SGD (5YR)	2.769%	+0.3 bp	▼18.1 bp
CNY (5YR)	2.683%	+1.3 bp	+1.7 bp
INR (5YR)	7.147%	▼5.9 bp	▼8.3 bp
IDR (5YR)	6.408%	▼8.1 bp	▼9.6 bp
MYR (5YR)	3.495%	+0.1 bp	▼7.6 bp
PHP (5YR)	5.923%	▼1.1 bp	+0.4 bp
THB (5YR)	1.905%	▼2.4 bp	▼10.9 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,237.53	+0.41%	+1.18%
N225 (JP)	27,385.25	▼0.13%	+0.19%
STOXX 50 (EU)	4,130.62	▼1.82%	+1.61%
ASX (AU)	4,039.73	▼1.25%	+0.80%
STI (SG)	3,212.64	▼0.20%	+0.92%
SHCOMP (CN)	3,265.65	▼0.64%	+0.46%
SENSEX (IN)	57,527.10	▼0.69%	▼0.80%
JSE (ID)	6,762.25	+1.06%	+1.26%
KLSE (MY)	1,399.70	▼0.80%	▼0.85%
PSE (PH)	6,602.17	+1.01%	+2.05%
SET (TH)	1,591.85	▼0.11%	+1.80%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	258.49	+0.28%	+1.51%
COPPER (LME)	8,911.75	▲1.34%	+3.95%
IRON ORE (CN)	126.18	+0.05%	▲3.44%
GOLD	1,978.21	▲0.76%	▲0.55%
OIL (WTI)	69.26	▼1.00%	+3.78%

Three Take-aways:

- 1) Weak equities recovery, stronger USD amid weaker UST yields indicate unabating concerns all round.
- 2) EM-Asia FX gains on lower UST yield differentials increasingly checked by accompanying growth fears.
- 3) Vietnam's Q1 GDP release this week may hint at weakness amid inventory accumulation and slow orders.

Concerns Abound

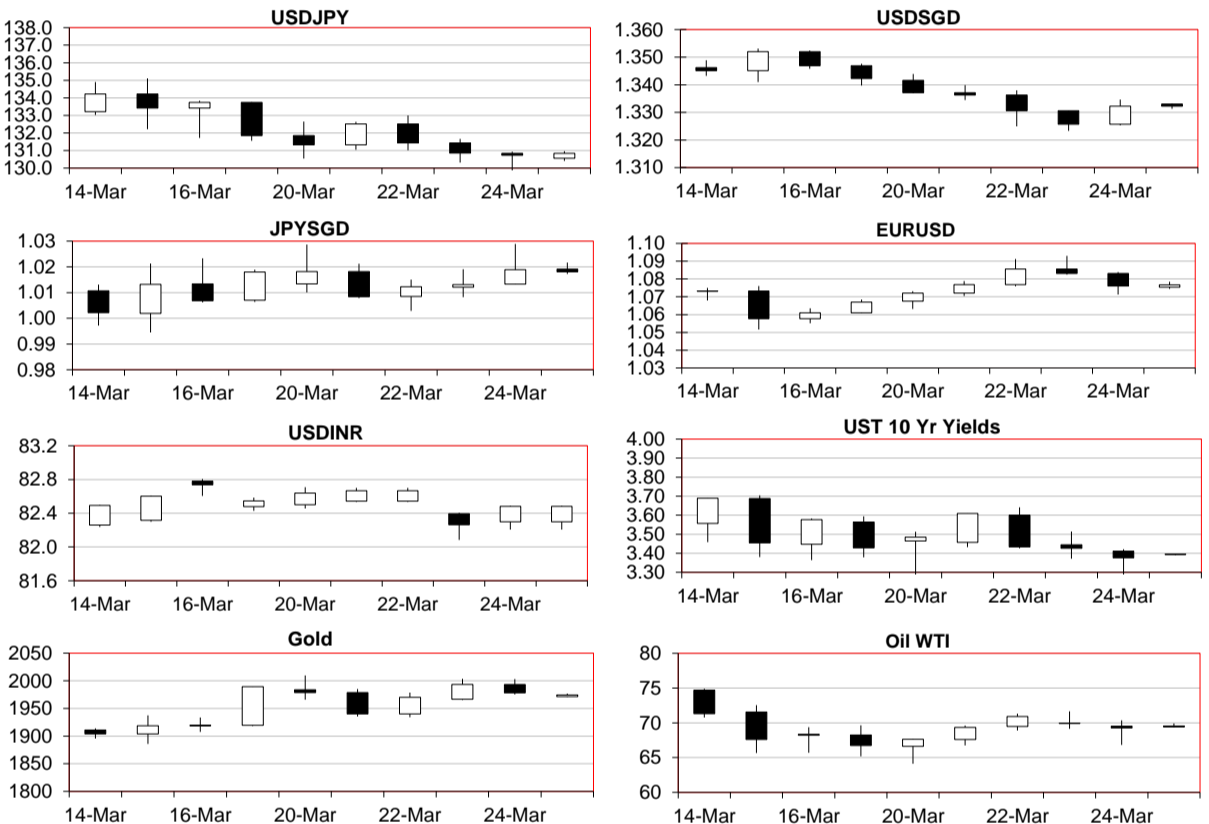
- Despite US equities managing to inch up (S&P500: +0.6%; Dow: 0.4%; Nasdaq: +0.3%) last Friday, we cannot help but again emphasize a **lingering sense of caution** as last week came to a close.
- For one, **durable goods orders came in lower than expectations** and even with the exclusion of defense and air transport orders, capex spending momentum slowed.
- Safe haven demand was again apparent as US treasuries soared to send 2Y and 10Y UST yields down 6.6bp and 5.0bp. This was despite Fed speakers re-iterating their focus on taming inflation.
- St Louis Fed president Bullard stated that macroprudential policy can contain financial stress while monetary policy can put downward pressure on inflation.
- While the Tinbergen rule that to achieve n independent policy targets there should be at least n policy tools is a widely accepted principle for effective policy, in this context of heightened financial stress, the situation is complicated by **substantial interaction between instruments and goals**.
- That said, the point was certainly not lost on the FOMC with Fed's Bostic highlighting that there was active debate on a pause and some members wanted to wait until the uncertainty passed to hike rates.
- Against the grain of weaker UST yields, the USD strengthening against most G10 peers last Friday again gave off a **semblance of fright**.
- The JPY was the exception as USD/JPY manage to hover around 130.5 as it continued enjoying a confluence of lower UST yields, marginal safe haven demand and prospects of cheaper energy prices.
- In contrast, EUR gave way to slide below 1.08. Worries in the Eurozone look unlikely to abate with the banking sector stability coming into question as German Chancellor Scholz **had to defend Deutsche bank's health** stating that the bank's health is no need for concern.
- What's more, **Russia's plan for Nuclear Arms in Belarus** reignites geo-political concerns.

OVERNIGHT RESULTS

(MY) CPI YoY (Feb): 3.7% (Mkt: 3.6%; Jan: 3.7%) | (SG) Industrial Production YoY (Feb): -8.9% (Mkt: -1.8%; Jan: -3.1%)

(US) Durable Goods Order/Non-def Ex Air (Feb P): -1.0%/0.2% (Mkt: 0.5%/-0.2%; Jan: -5.0%/0.3%)

* Past Two Weeks Movement *



TODAY'S COMMENTS & FORECAST

Open

USD/JPY	130.86	EUR/USD	1.0777
USD/SGD	1.3319	USD/THB	34.20
JPY/SGD	1.0178	USD/MYR	4.429

Forecast

USD/JPY	130.00	-	132.20
EUR/USD	1.0680	-	1.0850
AUD/USD	0.6640	-	0.6750
USD/SGD	1.3260	-	1.3380
JPY/SGD	1.0030	-	1.0292
USD/CNH	6.8200	-	6.9000
USD/INR	82.20	-	82.80
USD/IDR	15110	-	15300
USD/MYR	4.410	-	4.450
USD/PHP	54.20	-	54.60
USD/THB	34.00	-	34.38

Today's Direction

	Bull	:	Bear
USD/SGD	7	:	1
USD/JPY	4	:	4

- Similarly, AUD displayed weakness to stay submerged below mid-0.66.
- In EM-Asia FX, USD/SGD rose back above 1.33. Any FX tailwinds from softer UST yields look to be accompanied by the chilling effects of slower growth.

Vietnam Economy: Hidden Slowdown?

- **Initial signs of slowdown** are evident as industrial production is down 6.3% YoY YTD and exports YTD are 10.4% lower compared to a year ago. What's worse, **significant accumulation of inventory** exacerbates the challenges of slowing order book growth.
- Vietnam Q1 2023 GDP to be released this week will be expected to slow from 2022 Q4's 5.9%.
- Due to **having low base effects**, the **GDP YoY print may not experience a sharp deceleration** despite seeing a **stark contraction on QoQ terms**, albeit non-seasonally adjusted one.
- In fact, a statistical perspective tells of non-trivial possibility that Q1 GDP print may hover around last quarter's print. That said, this will **be no illusionary relief to the authorities as we have seen the SBV** lower several interest rates, except the main policy refinancing rate.
- The move to lower rediscount rate serve to alleviate short term credit flows with the window for rediscount rate being shorter than the refinancing rate. In addition, a **lower cost of funding to stretched business in manufacturing sector** remain critical to allow them to tide over this period of external headwinds rather than descend into **capacity destruction**.
- At the same time, allowing time for the **arduous task of restoring confidence in the real estate sector which continues to face outsized credit difficulties**.

(See Mizuho Flash: Vietnam Real Estate Snapshot: Relevance and Risks, 16 March 2023)

FX Daily Outlook

- EUR/USD: Weak testing of 1.07 as geo-political and financial stability concerns weigh.
- USD/JPY: Confluence of energy, yields and geo-politics to restrain attempts to re-take mid-131.
- USD/SGD: China profits/outlook gets increasingly pondered, buoyancy above 1.33.
- AUD/USD: Unable to shake off weakness imply 0.66-0.67 consolidation.

TODAY'S EVENTS

(JP) PPI Services YoY (Feb): 1.8% (Mkt: 1.7%; Jan: 1.6%)

(CH) Industrial Profits YTD YoY (Feb): (Jan: -4.0%) | (US) Dallas Fed Mfg. Activity (Mar): (Feb: -13.5) |

(GE) IFO Business Climate/Current Assessment/Expectations (Mar): (Mkt: 91.9/94.5/59.5; Feb: 91.1/93.9/88.5)

Central Banks: ECB's Muller speaks

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.