

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	131.18	130.89	▼0.68	▼1.62
EUR	1.0823	1.0845	+0.0047	+0.0077
AUD	0.6682	0.6709	+0.0058	+0.0040
SGD	1.3291	1.3273	▼0.0040	▼0.0090
CNY	6.8860	6.8763	▼0.0057	▼0.0030
INR	82.23	82.19	▼0.18	▼0.47
IDR	15085	15087	▼73	▼258
MYR	4.4022	4.4010	▼0.0180	▼0.0682
PHP	54.46	54.48	+0.19	+0.02
THB	34.28	34.29	▼0.16	▼0.04

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.570%	+4.0 bp	▼4.0 bp
JPY (10YR)	0.355%	+3.5 bp	+10.5 bp
EUR* (10YR)	2.290%	+6.3 bp	▼0.2 bp
AUD (5YR)	3.029%	+10.4 bp	+9.3 bp
SGD (5YR)	2.817%	+0.0 bp	▼6.7 bp
CNY (5YR)	2.674%	▼0.3 bp	+1.0 bp
INR (5YR)	7.205%	+4.4 bp	▼2.2 bp
IDR (5YR)	6.405%	+1.8 bp	▼8.4 bp
MYR (5YR)	3.493%	+1.4 bp	▼1.9 bp
PHP (5YR)	5.875%	▼1.2 bp	▼2.3 bp
THB (5YR)	1.906%	+0.1 bp	▼7.6 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,394.25	▼0.12%	▼0.51%
N225 (JP)	27,518.25	+0.15%	+2.12%
STOXX 50 (EU)	4,168.21	+0.09%	▼0.32%
ASX (AU)	4,072.46	+0.03%	▼0.89%
STI (SG)	3,255.54	+0.51%	+2.57%
SHCOMP (CN)	3,245.38	▼0.19%	▼0.32%
SENSEX (IN)	57,613.72	▼0.07%	▼0.79%
JSE (ID)	6,760.33	+0.77%	+1.03%
KLSE (MY)	1,409.09	+0.89%	+0.18%
PSE (PH)	6,603.15	+0.12%	+1.11%
SET (TH)	1,606.91	+0.85%	+1.89%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	263.49	+0.44%	+2.25%
COPPER (LME)	8,968.25	+0.19%	+2.37%
IRON ORE (CN)	126.52	+0.13%	▲0.79%
GOLD	1,973.54	+0.86%	+1.73%
OIL (WTI)	73.20	+0.54%	+5.58%

### Three Take-aways:

- 1) USD gives way on fading risk-off sentiments. Rising UST yields speak to monetary policy clarity.
- 2) US equities tell off renewed policy stresses while commodity resurgence incite FX differentiation.
- 3) BoT set to raise rates by 25bp in a calibrated and pre-emptive move.

### Fading Risks and Clearing Policy Uncertainty

- **Fading risk-off is not without risks.** At first sight, weaker USD coupled with higher UST yields provided temptation to hastily conclude risk-on.

- Nonetheless, weaker equities (Nasdaq: -0.5%; S&P500: -0.2%; Dow: -0.1%) provided **caution that assurance surrounding ring fenced risk will clear up the clouds to give in to policy certainty on "higher for longer" rates.**

- While **policy sensitive 2Y UST yield** was sent 13.4bp higher on Bullard's essay which re-iterated his comfort in regulatory policies containing financial stresses to enable the Fed's monetary tightening stance, the **sheer size** of the steepening reminds us of the **volatile** policy expectations could be further upended by end of week PCE print and **consequent deepening of the inverted yield curve** (as 10Y UST yield rose a mild 4.0bp) tells of growth worries.

- For now, markets chose to take heart from improving consumer confidence and better than expected manufacturing index.

- Admittedly, while the softer USD gave off semblance of fading risk-off sentiments, NOK and the Antipodeans leading gains also underscores **toning down of the dire commodity outlook** as Brent Crude prices headed back up above US\$78/barrel. The AUD ascended to 0.67.

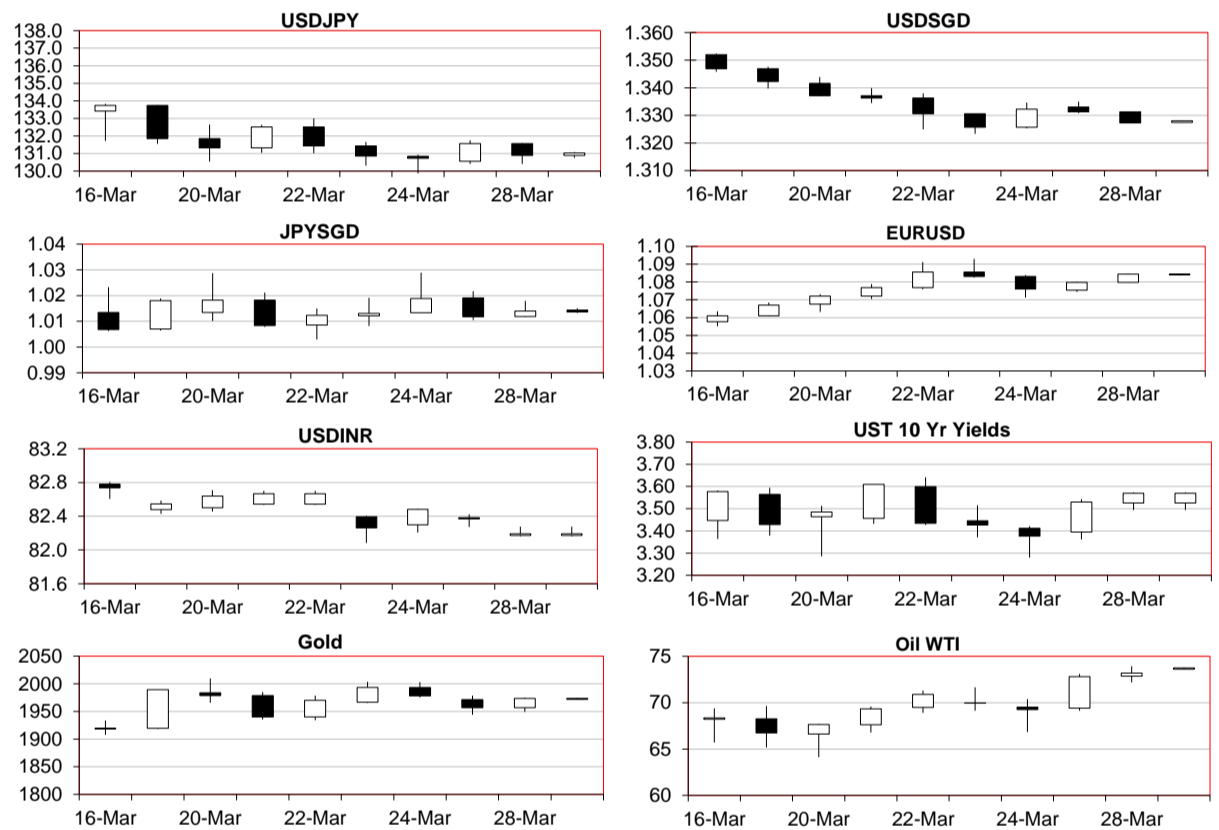
- With the hit from commodity headwinds, JPY's gain was consequently milder as USD/JPY slid below 131. Notably, JPY gains despite higher UST yields inevitably speaks to fading risk-off.

- In EM-Asia, the USD/SGD gave way to sink below 1.33. With seemingly calmer financial markets, policy focus will turn towards regional central banks such as the BoT which may have another calibrated rate hike installed today.

### OVERNIGHT RESULTS

(US) Wholesale Inventories MoM (Feb P): 0.2% (Mkt: -0.1%; Jan: -0.3%) | (US) FHFA House Price Index MoM (Jan): 0.2% (Mkt: -0.3%; Dec: -0.1%) | (US) S&P CoreLogic 20-City MoM SA (Jan): -0.4% (Mkt: -0.5%; Dec: -0.5%) | (US) Conf. Board Consumer Confidence (Mar): 104.2 (Mkt: 101.0; Feb: 102.9) | (US) Richmond Fed Mfg Index (Mar): -5 (Mkt: -10; Feb: -16) | (US) Dallas Fed Services Activity (Mar): -18.0 (Feb: -9.3)

### Past Two Weeks Movement \*



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	131.05	EUR/USD	1.0839
USD/SGD	1.3280	USD/THB	34.23
JPY/SGD	1.0134	USD/MYR	4.400

### Forecast

USD/JPY	130.30 - 132.20
EUR/USD	1.0730 - 1.0880
AUD/USD	0.6640 - 0.6750
USD/SGD	1.3260 - 1.3360
JPY/SGD	1.0030 - 1.0253
USD/CNH	6.8600 - 6.8980
USD/INR	82.05 - 82.60
USD/IDR	15100 - 15280
USD/MYR	4.410 - 4.438
USD/PHP	54.00 - 54.50
USD/THB	34.15 - 34.60

### Today's Direction

	Bull	:	Bear
USD/SGD	3	:	5
USD/JPY	6	:	2

### Bank of Thailand: A Pre-Emptive and Calibrated 25bp Hike

- While we stick to our call for **another 25bp hike at the BoT's meeting today to take the policy rate to 1.75%**, this hike looks to be of a **pre-emptive nature** which serves to arrest pipeline tourism-led demand pull inflation.

- The pre-emptive nature stems from our view that while **headline inflation is expected to continue declining, it might prove stickier than expected** and hover around the BoT's upper limit of 3% rather than head convincingly below it.

- Admittedly, recent lowering of the diesel price cap will assist in curbing transportation costs.

- Nonetheless, a **pre-emptive hike may assist to guide the dis-inflation process** given that there is sufficient room for further tourism recovery and associated demand pick-up.

- Meanwhile, the THB has been volatile in recent months and will continue to be subject to vagaries of market perceptions of the Fed's policy trajectory.

- **Beyond this meeting, the BoT will also remain cautious on hiking rates further as elevated household debt and associated financial stability risks becomes more acute.**

- That said, one should not mistake holding policy as inactivity. Allowing monetary policy transmission to take hold and play out in the economy while awaiting global financial uncertainties to clear up may be an astute. Afterall, while 125bps of hikes look comparatively mild by regional standards, **1.75% is still a high bar in the BoT's recent history for borrowing costs which should not be underestimated** given the backdrop of debt stresses globally.

### FX Daily Outlook

- EUR/USD: Ascendency set to be tested as air above 1.09 look thin.

- USD/JPY: Sub-mid-130 looks checked by stronger commodity backdrop.

- USD/SGD: With bids likely to line up below mid-1.32, consolidation par for the course.

- AUD/USD: CPI print look to instill buoyancy above mid-0.66.

### TODAY'S EVENTS

(AU) CPI YoY (Feb): (Mkt: 7.2%; Jan: 7.4%) | (VN) GDP YoY (1Q): (Mkt: 4.8%; Q4: 5.9%) | (VN) CPI YoY (Mar): (Mkt: 3.9%; Feb: 4.3%) |

(VN) Industrial Production (Mar): (Feb: 3.6%) | (VN) Trade Balance (Mar): (Mkt: \$4100m; Feb: \$2300m)

(US) MBA Mortgage Applications (24 Mar): (Prev: 3.0%) |

Central Banks: Bank of Thailand Monetary Policy Decision

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