

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	131.97	132.86	+1.97	+1.42
EUR	1.0835	1.0844	▼0.0001	▼0.0012
AUD	0.6672	0.6684	▼0.0025	▼0.0001
SGD	1.3299	1.3292	+0.0019	▼0.0014
CNY	6.8877	6.8895	+0.0132	+0.0081
INR	82.32	82.34	+0.14	▼0.33
IDR	15059	15056	▼29	▼289
MYR	4.4124	4.4183	+0.0173	▼0.0372
PHP	54.46	54.45	▼0.02	▼0.09
THB	34.19	34.20	▼0.06	▼0.03

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.564%	▼0.6 bp	+13.0 bp
JPY (10YR)	0.324%	▼3.1 bp	▼0.4 bp
EUR* (10YR)	2.329%	+3.9 bp	+0.1 bp
AUD (5YR)	3.023%	▼0.6 bp	▼8.5 bp
SGD (5YR)	2.909%	+9.2 bp	+1.0 bp
CNY (5YR)	2.671%	▼0.3 bp	+0.5 bp
INR (5YR)	7.171%	▼3.4 bp	▼5.6 bp
IDR (5YR)	6.412%	+0.7 bp	▼7.7 bp
MYR (5YR)	3.523%	+3.0 bp	+0.9 bp
PHP (5YR)	5.865%	▼1.0 bp	+3.4 bp
THB (5YR)	1.921%	+1.5 bp	▼5.6 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	32,717.60	+1.00%	+2.15%
N225 (JP)	27,883.78	+1.33%	+1.52%
STOXX 50 (EU)	4,231.27	+1.51%	+0.85%
ASX (AU)	4,116.63	+1.08%	▼0.15%
STI (SG)	3,262.54	+0.22%	+1.29%
SHCOMP (CN)	3,240.06	▼0.16%	▼0.79%
SENSEX (IN)	57,960.09	+0.60%	▼0.44%
JSE (ID)	6,839.44	+1.17%	+2.21%
KLSE (MY)	1,420.35	+0.80%	+0.59%
PSE (PH)	6,630.97	+0.42%	+1.29%
SET (TH)	1,610.52	+0.22%	+1.60%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	262.71	▲0.30%	+1.57%
COPPER (LME)	9,008.75	+0.45%	+1.22%
IRON ORE (CN)	126.92	+0.32%	+0.55%
GOLD	1,964.70	▲0.45%	▲0.27%
OIL (WTI)	72.97	▼0.31%	+2.92%

### Three Take-aways:

- 1) Ali Baba's spin-offs announced spark thumping revival of Chinese tech optimism/hopes.
- 2) This build on "risk on" type price action as the recent grip of banking fears are relegated; for now.
- 3) EM Asia's energy dis-inflation muted by geo-political uncertainty, fiscal strains and distribution.

### Baba MIA!

- Risk appetite endured in rude health for another session; with S&P500 and Nasdaq up 1.4% and 1.7% following through a 1.5% Euro Stoxx rally. And **Ali Baba** has had a hand in this exuberance.

- To be sure, Jack Ma's return to China (no longer MIA) had triggered whispers of a leg-up for China's tech sector in the works. And this appears to have been validated sooner than expected.

- News of Ali Baba's split into, with subsequent separate listing of, six units stirred up bulls peddling the narrative of value unlocked. Hang Seng was up 2.1% led by a 12% surge in Ali Baba's HK-listed shares; with speculation of more positive spillover driving big-tech buoyancy.

- Your half-full scribe though retains scepticism. *Extracting value is one thing, creating value quite another*; especially when confronting inconvenient questions of internet companies being able/incentivized to continue creating value amid aspects state intervention (golden shares etc.).

- Regardless, markets appear upbeat; ostensibly shrugging off gripping banking risks just days ago.

- A sharply softer JPY (USD/JPY above 1.32) validates diminished "risk off"/borderline "risk on"; offsetting EUR tone at mid-1.08 to support USD. But AUD fizzle at 0.67 (partly on softer CPI) amid CNH slippage (underpinning USD/SGD at sub-1.33) may reveal underlying caution.

### Why EM Asia's Energy Dis-inflation May be Muted

- To be sure, wider energy dis-inflation may be reflected. *But may be diminished in the amplitude and breadth of overall consumer dis-inflation*; well shy of outright deflation.

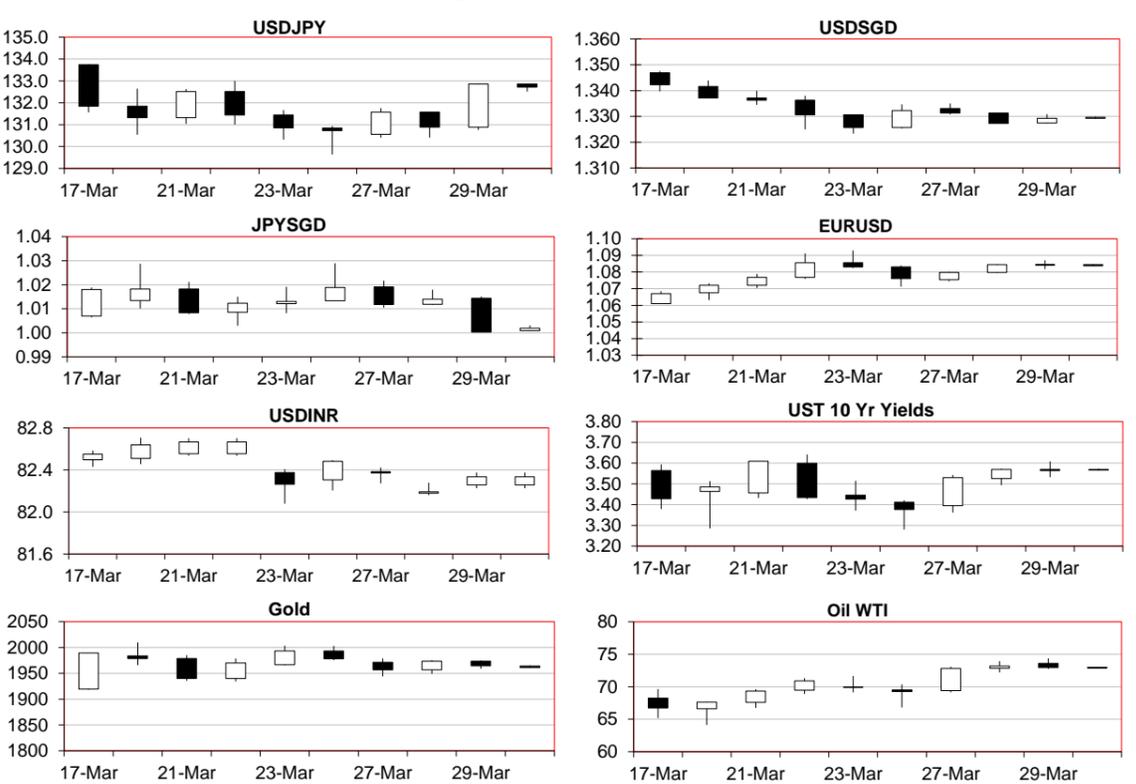
- The upshot: Consumer relief from softer crude oil prices may be even more challenged in today's context. Bottom line being; upstream uncertainty, that increases; i) price buffering, ii) stock-piling costs and; iii) and increased reluctance to adjust prices back down.

- For a start, even if lower crude prices are likely on average, and on a trend basis, upstream crude prices are likely to be exceptionally volatile; thereby obfuscating dis-inflation trend.

### OVERNIGHT RESULTS

(VN) GDP YoY (1Q): 3.3% (Mkt: 4.8%; Q4: 5.9%) | (VN) CPI YoY (Mar): 3.4% (Mkt: 3.9%; Feb: 4.3%)

(VN) PPI YoY (1Q): 3.3% (Mkt: 4.8%; Q4: 5.9%) | (TH) Mfg Pdtm YoY (Feb): -2.7% (Mkt: -2.0%; Jan: -4.8%)



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	132.58	EUR/USD	1.0843
USD/SGD	1.3293	USD/THB	34.18
JPY/SGD	1.0027	USD/MYR	4.419

### Forecast

USD/JPY	131.60 - 133.30
EUR/USD	1.0800 - 1.0920
AUD/USD	0.6630 - 0.6730
USD/SGD	1.3260 - 1.3340
JPY/SGD	0.9947 - 1.0137
USD/CNH	6.8750 - 6.9060
USD/INR	82.10 - 82.60
USD/IDR	15000 - 15180
USD/MYR	4.406 - 4.440
USD/PHP	54.20 - 54.65
USD/THB	34.05 - 34.40

### Today's Direction

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

- Second, the risk premium around price volatility/uncertainty conspiring with rather well-documented effects of "long memory" impact on downstream energy costs will, on average and in aggregate, dampen impact from softer prices from last year's loftier levels.

- In particular, during times of heightened geo-political and economic uncertainty, (barring an all-out recession), the uncertainty premium imputed into pricing and inventory buffers tend to materially diminished downside correction in energy dis-inflation impact.

- Third, there is necessarily an asymmetric dynamic tilted to the upside to energy inflation; whereby energy price and corresponding inflation impact are quicker in response to and more sensitive in amplitude of adjustment to upside (crude price) shocks.

- This is identifiable/relatable as the "petrol pump effect".

- Fourth, significantly compromised ability to extend energy subsidies, as stretched post-COVID fiscal positions come home to roost (pressuring fiscal consolidation) will inevitably dampen consumer energy dis-inflation expected from declines in upstream crude price.

- Finally, the nature of longer-term fuel purchase contracts typically used by electricity producers, means that the lagged impact from higher energy prices that transpired last year will continue to elevate overall energy costs; diminishing crude oil deflation pass-through.

- Moreover, mounting security concerns, and resultant incentives to strategically build fuel stockpiles may also have the inadvertent impact of further impede lower costs from benefitting longer-term purchase contracts by energy producers.

### FX Daily Outlook

- EUR/USD: Traction likely; but rallies above 1.09 may be challenged.

- USD/JPY: Rebound above 132 sets the stage for consolidation around sub-132 to 133+.

- USD/SGD: Wider price exploration on either side of 1.33 as CNH slippage stalls downside.

- AUD/USD: Softer CPI print and CNH conspire to deny 0.67-enroute to-0.68 attempt.

### TODAY'S EVENTS

(KR) Business Survey - Mfg/Non-Mfg (Apr): 69/75 (Mar: 66/74) | (AU) Job Vacancies QoQ (Feb): (Prev: -4.9%)

(TH) Exports/Imports YoY (Feb): (Mkt: -7.0%/2.0%; Jan: -4.5%/5.5%) | (TH) Trade Bal (Feb): (Mkt: -\$1.41b; Jan: -\$4.65b)

(EZ) Consumer Confidence (Mar F): (Prelim: -19.2) | (EZ) Economic Confidence (Mar): (Mkt: 99.9; Feb: 99.7)

(US) Initial Jobless Claims (25-Mar): (Mkt: 195K; Prev Wk: 191K) | (US) GDP Annualized/Core PCE QoQ (Q1 T): (Prev: 2.7%/4.3%)

Central Banks: ECB Publishes Economic Bulletin | ECB Schnabel speaks | Fed's Barkin, Collins & Kashkari speak

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