

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	133.12	132.86	+0.16	+2.13
EUR	1.0886	1.0839	▼0.0066	+0.0079
AUD	0.6680	0.6685	▼0.0027	+0.0040
SGD	1.3292	1.3309	+0.0033	▼0.0013
CNY	6.8680	6.8736	+0.0030	+0.0063
INR	82.25	82.18	▼0.16	▼0.30
IDR	14986	14995	▼52	▼160
MYR	4.4164	4.4152	▼0.0058	▼0.0143
PHP	54.36	54.37	▼0.05	+0.02
THB	34.12	34.20	▼0.05	+0.05

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	3.468%	▼8.1 bp	+9.1 bp
JPY (10YR)	0.351%	+1.7 bp	+3.5 bp
EUR* (10YR)	2.292%	▼8.2 bp	+16.3 bp
AUD (5YR)	3.045%	▼5.3 bp	+8.0 bp
SGD (5YR)	2.935%	▼1.0 bp	+16.6 bp
CNY (5YR)	2.679%	▼0.6 bp	▼0.4 bp
INR (5YR)	7.168%	▼0.3 bp	+2.1 bp
IDR (5YR)	6.388%	▼2.3 bp	▼2.0 bp
MYR (5YR)	3.539%	+0.9 bp	+4.4 bp
PHP (5YR)	5.795%	▼8.8 bp	▼12.8 bp
THB (5YR)	2.047%	+7.6 bp	+14.2 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	33,274.15	+1.26%	+3.22%
N225 (JP)	28,041.48	+0.93%	+2.40%
STOXX 50 (EU)	4,315.05	+0.69%	+4.46%
ASX (AU)	4,157.88	+0.14%	+2.92%
STI (SG)	3,258.90	+0.05%	+1.44%
SHCOMP (CN)	3,272.86	+0.36%	+0.22%
SENSEX (IN)	58,991.52	+1.78%	+2.55%
JSE (ID)	6,805.28	▼0.05%	+0.64%
KLSE (MY)	1,422.59	▼0.14%	+1.64%
PSE (PH)	6,499.68	▼2.18%	▼1.55%
SET (TH)	1,609.17	+0.23%	+1.09%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	267.73	+1.27%	+3.57%
COPPER (LME)	9,003.50	+0.00%	+1.03%
IRON ORE (CN)	127.06	▲0.01%	+0.70%
GOLD	1,969.28	▲0.56%	▲0.45%
OIL (WTI)	75.67	+1.75%	+9.25%

### Three Take-aways:

- 1) Second thoughts on softer USD trend as growth fear creeps in marginally and oil issues rapture.
- 2) Equities recovery masked underlying skewedness revealing business worries.
- 3) Inflation prints provide cause but not conviction for RBA pause.

### Second Thoughts

- Last Friday, despite partial relief from economic data, markets look to have second thoughts about USD softening further.
- Headline inflation in the Eurozone edging down below expectations alongside ECB's Villeroy's comments that the ECB has just a little way to go sent the EUR back towards mid-1.08.
- Whereas in the US, headline and core PCE deflator on a year ago basis softening to 5.0% and 4.6% respectively provided relief for equities to stage another bout of rally.
- The Nasdaq led gains rising 1.7% while the S&P500 and Dow were up 1.4 and 1.3% respectively. Notably, these tech-led gains were largely driven by heavy weights in their indices.
- As such, it underscores the Uni. Of Michigan survey responses in a final print which displayed a stark downward revision in sentiments reminding that relief is far from broad based.
- Consequently, UST 2Y and 10Y yields continue slipping as growth worries look to hold.
- While JPY had benefitted from the lower UST yields last Friday to close below 133, resurgence of higher Brent Crude prices on OPEC+ had second thoughts and cut production which will look USD/JPY.
- In EM-Asia, Friday's bright spots from an expected return to surplus for Thailand's Current account and milder relief from upbeat services PMI in China (dampened by lackluster manufacturing) will now give way to renewed worries on energy imports. Down under, the higher commodity prices may not provide much boost for the AUD with RBA's tight decision looming.

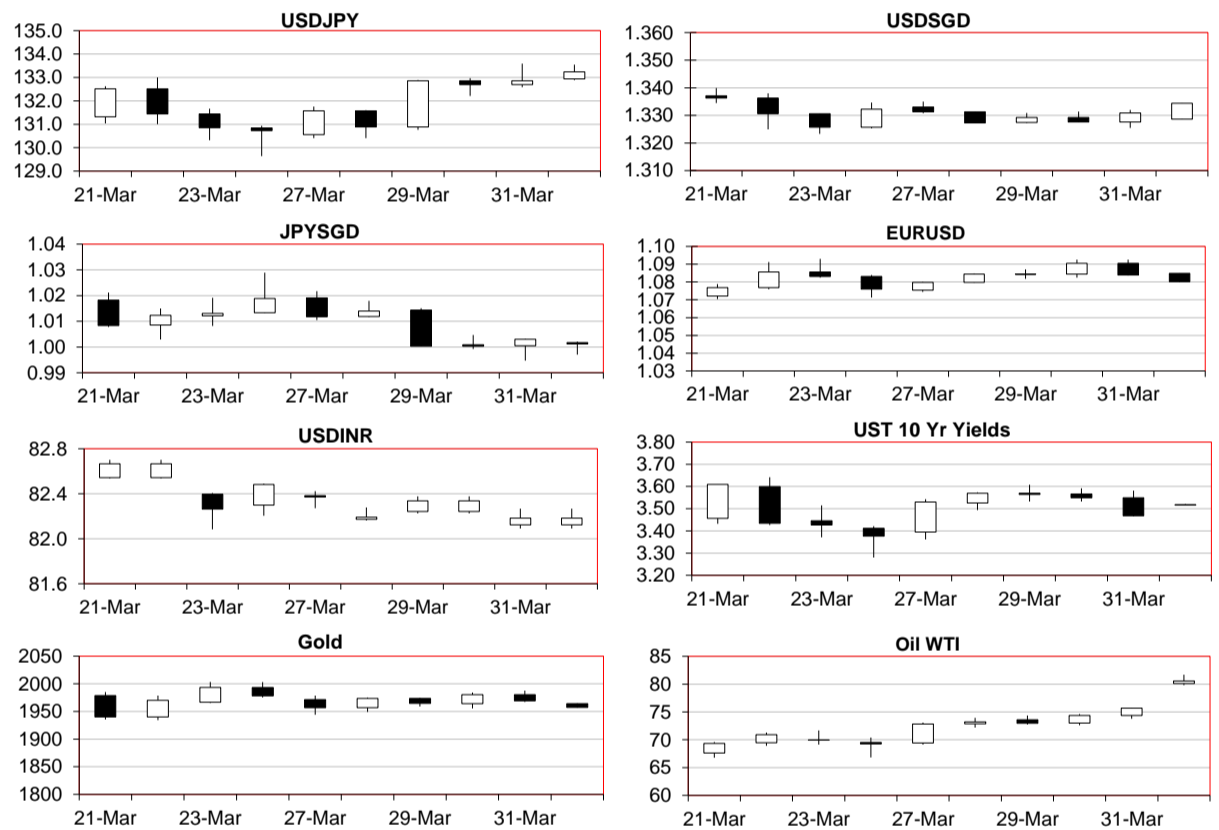
### RBA: Cause, Not Conviction, to Pause

- February's monthly inflation print stepping down to 6.8% down from January's 7.4% may provide cause, but not conviction, to pause; holding the cash rate at 3.60%.

### OVERNIGHT RESULTS

(CH) PMI - Mfg/Non-Mfg (Mar): 51.9/58.2 (Mkt: 51.6/55.0; FFeb: 52.6/53.6) | (TH) BOP Current Account (Feb): \$1332m (Mkt: \$800m; Jan: -\$2.0b) | (EZ) Unemployment rate (Feb): (Mkt: 6.6%; Jan: 6.6%) | (EZ) CPI/Core YoY (Mar P): 6.9%/5.7% (Mkt: 7.1%/5.7%; Feb: 8.5%/5.6%) | (US) PCE/Core Deflator YoY (Feb): 5.0%/4.6% (Mkt: 5.1%/4.7%; Jan: 5.4%/4.7%) | (US) MNI Chicago PMI (Mar): 43.8 (Mkt: 43.6; Feb: 43.0) | (US) Personal Income/Spending MoM (Feb): (Mkt: 0.2%/0.3%; Jan: 0.6%/1.8%)

### Past Two Weeks Movement



## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	133.32	EUR/USD	1.0804
USD/SGD	1.3338	USD/THB	34.27
JPY/SGD	1.0005	USD/MYR	4.413

### Forecast

USD/JPY	131.60 - 134.00
EUR/USD	1.0800 - 1.0920
AUD/USD	0.6630 - 0.6760
USD/SGD	1.3260 - 1.3340
JPY/SGD	0.9896 - 1.0137
USD/CNH	6.8700 - 6.9060
USD/INR	82.10 - 82.60
USD/IDR	15000 - 15180
USD/MYR	4.406 - 4.440
USD/PHP	54.30 - 54.65
USD/THB	34.05 - 34.40

### Today's Direction

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

- That said using the Australian Bureau Statistic (ABS)'s monthly inflation indicator requires some caveats.

- First, relative to the more stable quarterly series which the RBA focuses on, the monthly series is an evolving one which may incorporate new series as the ABS obtains new data sources.

- Second, the monthly indicator is partial in that only about two thirds of the CPI basket is updated compared to the more comprehensive quarterly series.

- Above all, the read of timelier components, the evidence of dis-inflation is not unequivocally convincing. Specifically, rents are still elevated amid low vacancy rates while food prices undergo mild dis-inflation. As such, any pause may at best convey justifiable cause to assess more data not a concluded tightening cycle. In particular, more evidence on; i) inflation; ii) housing market and; iii) labor market health before their next meeting in May.

- But admittedly, looming tightness from higher mortgage payments as fixed loan packages roll over ought will be scrutinized and closely monitored.

- Servicing burden is already expected to increase in the coming months even without further rate hikes.

- Meanwhile, the incidence of households pre-paying mortgages are declining and this is congruent with the observation that housing savings ratio has now fallen below pre-pandemic levels. Given the outsized impact of mortgage loans on banking sector balance sheets, recent global financial woes remind that banking wobbles should not be easily dismissed.

### FX Daily Outlook

- EUR/USD: Energy concerns will weigh on the EUR to restrain attempts to re-take mid-1.08.
- USD/JPY: Similarly, USD/JPY to remain buoy given OPEC+ actions signal willing to backstop oil prices.
- USD/SGD: Strength may fade on CNH weakening and buoy above 1.33.
- AUD/USD: Ahead of RBA, commodity prices an inflation shock than AUD boost and restrain 0.67.

### TODAY'S EVENTS

(JP) Tankan Large Mfg Index/Outlook (1Q): 1/3 (Mkt: 3/3; 4Q: 7/6) | (AU) Building Approvals MoM (Feb): (Mkt: 10.0%; Jan: -27.6%) | (ID) CPI/Core YoY (Mar): (Mkt: 5.1%/3.0%; 5.5%; 3.1%) | (SG) Electronics Sector Index/Purchasing Managers Index (Mar): (Mkt: 49.3/50.0) | ECB's Lagarde speaks

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