

## MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	154.11	154.69	+0.77	▼3.11
EUR	1.0763	1.0755	▼0.0014	+0.0089
AUD	0.6599	0.6598	▼0.0027	+0.0125
SGD	1.3527	1.3545	+0.0033	▼0.0110
CNY	7.2155	7.2186	+0.0098	▼0.0225
INR	83.50	83.52	+0.02	+0.08
IDR	16046	16049	+24	▼211
MYR	4.7380	4.7387	▼0.0006	▼0.0338
PHP	57.25	57.24	+0.01	▼0.54
THB	36.77	36.90	+0.11	▼0.16

\*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.457%	▼3.0 bp	▼22.3 bp
JPY (10YR)	0.873%	▼2.8 bp	▼0.6 bp
EUR* (10YR)	2.420%	▼4.8 bp	▼16.4 bp
AUD (5YR)	3.979%	▼10.2 bp	▼11.8 bp
SGD (5YR)	3.202%	▼2.9 bp	▼20.0 bp
CNY (5YR)	2.110%	▼1.6 bp	▼6.9 bp
INR (5YR)	7.134%	+2.8 bp	▼6.2 bp
IDR (5YR)	6.919%	+1.3 bp	▼24.0 bp
MYR (5YR)	3.730%	▼1.6 bp	▼5.5 bp
PHP (5YR)	6.418%	▼2.5 bp	▼37.6 bp
THB (5YR)	2.523%	▼1.9 bp	▼4.0 bp

\* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	38,884.26	+0.08%	+2.83%
N225 (JP)	38,835.10	+1.57%	+1.12%
STOXX 50 (EU)	5,016.10	+1.19%	+1.93%
ASX (AU)	4,522.99	+1.21%	+2.09%
STI (SG)	3,300.04	▼0.10%	+0.22%
SHCOMP (CN)	3,147.74	+0.22%	+1.38%
SENSEX (IN)	73,511.85	▼0.52%	▼1.30%
JSE (ID)	7,123.61	▼0.17%	▼1.53%
KLSE (MY)	1,605.68	+0.52%	+1.89%
PSE (PH)	6,618.58	▼0.51%	▼1.22%
SET (TH)	1,376.37	+0.47%	+0.62%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	289.57	+0.68%	▲0.65%
COPPER (LME)	9,894.29	+1.06%	+0.02%
IRON ORE (CN)	118.58	▲0.89%	+6.92%
GOLD	2,314.10	▲0.42%	+1.22%
OIL (WTI)	78.38	▼0.13%	▼4.33%

## TODAY'S COMMENTS & FORECAST

### Open

USD/JPY	154.76	EUR/USD	1.0750
USD/SGD	1.3548	USD/THB	36.95
JPY/SGD	0.8754	USD/MYR	4.743

### Forecast

USD/JPY	152.50 - 156.00
EUR/USD	1.0690 - 1.0820
AUD/USD	0.6520 - 0.6670
USD/SGD	1.3490 - 1.3620
JPY/SGD	0.8647 - 0.8931
USD/CNH	7.2000 - 7.2400
USD/INR	83.40 - 83.70
USD/IDR	15800 - 16150
USD/MYR	4.730 - 4.760
USD/PHP	56.90 - 57.40
USD/THB	36.70 - 37.10

### Today's Direction

	Bull	Bear
USD/SGD	4	1
USD/JPY	5	0

### Three Take-Aways

- 1) Front-end UST yields unchanged as Fed Kashkari dialled down rate hike/cuts; US equities rally stalled.
- 2) EUR weaker on GBP spillovers on BOE rate cut expectations; not-as-hawkish RBA led AUD softer.
- 3) Philippines Q1 growth pick up on supportive domestic- and externally-oriented industries.

### Sideways

- The rally in US equities sputtered, with US benchmark indexes ending little changed (S&P: +0.1%; Dow: +0.1%; Nasdaq: -0.1%) amid a lack of data releases and uninspired earnings headlines.

- Markets appeared to have also internalised Powell's last week messaging that further evidence was required for a rate hike. Even Kashkari's comments that raising rates would not be ruled out (even if the bar to do so was high) if inflation is embedded or entrenched did not reignite concerns of a hike. But that 2Y yields were unchanged (10Y: -3bps) also suggest that markets have also bought the message that cuts were not imminent either. Kashkari voiced his expectation that inflation to move sideways and that multiple positive (dis-)inflation readings were required to cut. He also expressed that he did not expect to forecast more than two cuts in June.

- Across the Atlantic, EUR was unable to sustain gains from the upside surprise to retail sales, as Euro yields (2Y Bund: -1.5bps; 10Y Bunds: 10Y: -4.9bps) were led lower by Gilts (2Y: -5.4bps; 10Y: -9.9bps) as BOE rate cuts expectations mounted ahead of tomorrow's decision.

- EUR closed around mid-1.07 levels while USD/SGD drifted up towards mid-1.35 levels.

- AUD weakened as RBA's hold was not as hawkish as some feared. While Bullock noted that raising rates was discussed at meeting, the board agreed that the rate settings were "right" at the moment, and even discussed tolerance for above-target inflation. Bullock also alluded to a lower likelihood of a hike if services inflation was not "stuck" and there was no de-anchoring in inflation expectations. Elsewhere, USD/JPY broke above mid-154.

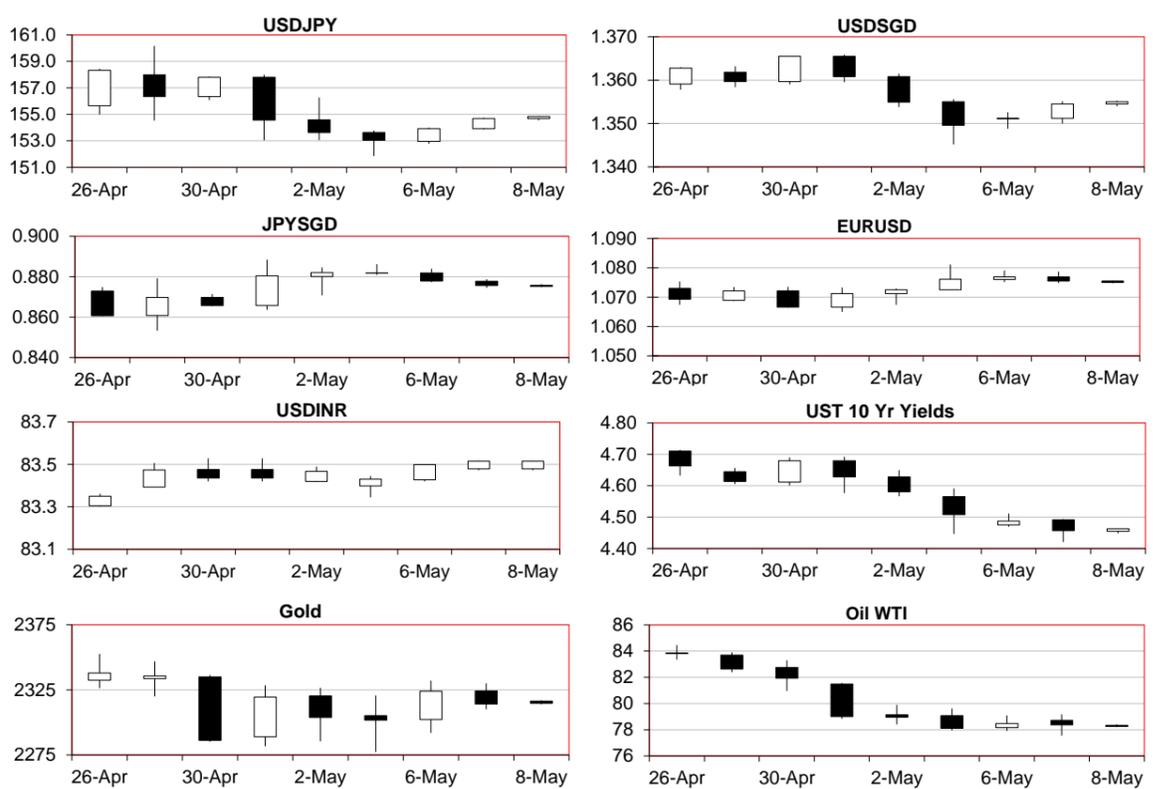
### Philippines Q1 GDP: Acceleration But Moderation

- We expect Philippines Q1 GDP to come in at 5.9% YoY, accelerating from 5.6% in Q4. This would however, be a growth moderation on seasonally-adjusted QoQ basis.

### OVERNIGHT RESULTS

(JP) Services PMI (Apr F): 54.3 (Prelim: 54.6) | (PH) CPI YoY (Apr): 3.8% (Mkt: 4.1%; Mar: 3.7%) | (AU) Retail Sales Ex Inflation QoQ (1Q): -0.4% (Mkt: -0.3%; 4Q: 0.4%) | (TW) CPI/Core YoY (Apr): 2.0%/1.8% (Mkt: 2.2%/--; Mar: 2.2%/2.1%) | (EZ) Retail Sales Ex Inflation QoQ (Apr): -0.5%

### Past Two Weeks Movement



- The manufacturing sector could see a lift (Q4: 0.5% YoY) as we see an acceleration in electronic exports since the start of the year. Construction activity is also expected to accelerate (Q4: 8.4%) following NEDA's comments in January on its intention to accelerate the execution of infrastructure projects. This is likely reflected in the acceleration in government expenditures to 10.7% YoY in Q1'24 (Q4: 1.7%). Wholesale/retail trade should also stay supported (Q4: 5.2%) as consumers have demonstrated an increased intention to spend.

- Meanwhile, services is likely to continue to grow at a faster pace, powered by strong tourism recovery. Philippines post-pandemic recovery has seen tourist receipts outpacing arrivals.

- We suspect that this outperformance in tourist revenue recovery (relative to regional peers) could be attributed to some success in tourism board's focus on attracting higher-spending tourists from oil-rich Middle East countries as well as healthy recovery in American and South Korean tourists. That recovery of Chinese and Japanese tourists have some way to go suggest that this sector would remain supported in coming months.

- Nonetheless, agriculture growth could moderate (Q4: 1.3%) on possibly poorer harvest as the nation endures a heat wave. Notably, prices of rice have continued to climb during this harvest season (when prices typically fall) and could in part be due to supply constraints, prompting President Marcos to lift barriers on rice imports on 22 April.

- All in, growth is expected to be supportive, and could buy some policy room for the BSP to tighten policy further, especially as inflation hovers near the top-end of BSP's 2-4% target range and a struggling PHP.

### FX Daily Outlook

- EUR/USD: Softer yields (on Gilts spillovers) likely see trading below 1.08 handle.
- USD/JPY: Test of 155 possible on lack of any reduced BoJ asset purchase amounts.
- USD/SGD: Buoyant above 1.35 handle on weaker EUR and CNH.
- AUD/USD: Could durably trade below 66 cents on RBA less-hawkish notes.

### TODAY EVENTS

(PH) Exports/Imports YoY (Mar): (Mkt: -2.2%/-6.0%; Feb: 15.7%/6.3%) | (PH) Unemployment Rate (Mar): (Feb: 3.5%) | (TW) Exports/Imports YoY (Apr): (Mkt: 9.4%/7.9%; Mar: 18.9%/7.1%) | (US) Wholesale Inventories MoM (Mar F): (Mkt: -0.4%; prelim: -0.4%)



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