

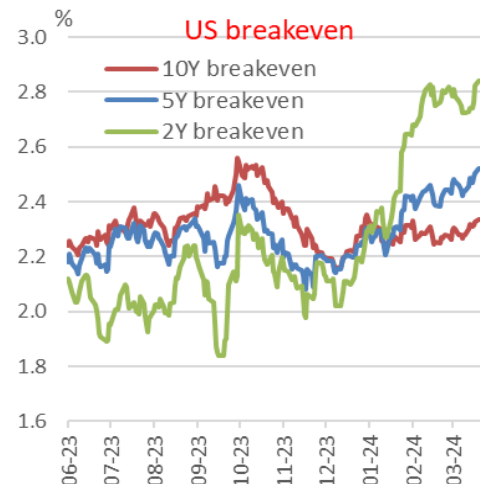
### US CPI Next

- USD rates.** USTs traded in ranges ahead of CPI print with short-end bonds underperforming while market further pared back rate cut expectation mildly. Fed fund futures price the chance of a 25bp rate cut by the June FOMC meeting at around 50%, and price a total of 61bps of cuts for this year. Breakevens edged up across the curve, more so at the short end contributing to the flattening of the UST yield curve. While our notion is that *firm economic activity per se does not argue against easing, as long as the implication on inflation is not material*, strong data mean the Fed is in no rush to cut and this is reflected in market pricings and UST valuation. For the 10Y, levels to eye are 2.415% for breakeven and 2.09% for real yield, i.e. 4.51% for the 10Y nominal yield. March headline YoY CPI may see a mild pick-up because of the energy component, while core CPI may have eased YoY. Short end breakevens are prone to a correction lower should the CPI prints show no material rebound in inflation pressure. At Monday's T-bills auctions, cut-offs at the 3M and 6M bills came in at 5.225% and 5.120% respectively, each 0.5bp lower than last cut-offs; the spread between the two stayed at 10.5bps. On the week, there is a net bills paydown (cash coming back to the market) at USD52bn. The auction of USD58bn of 3Y coupon bonds on Wednesday represents an upsize while the auction of USD39bn of 10Y coupon bonds is downsized. Next to watch is Treasury's quarterly refunding update on 12 April.
- DXY. Waiting for CPI Tomorrow.** USD slipped overnight in quiet trade ahead of key data risk event in US – CPI report tomorrow. Consensus expects core to print 3.7%, slight touch lower than Feb print of 3.8%. We watch if asymmetric response of the USD to data may continue this week when US CPI report is released. Recent round of oil price increase may also have near term implication on CPI reading. A higher-than-expected print would add modest support to the USD, but a downside surprise may see USD react more to the downside. DXY was last at 104.15 levels. Daily momentum showed signs of turning mild bearish but the decline in RSI moderated. Consolidation likely for now. Support at 104 (23.6% fibo retracement of 2024 low to high), 103.40 levels (100 DMA, 38.2% fibo). Resistance at 104.50, 105 (double top). On Fedpeaks, Goolsbee said that keeping rates elevated for too long will lead to higher unemployment.
- EUR rates.** Since the March MPC meeting, the consensus among MPC members appear to be growing for a June rate cut. Q1 employment report to be out in mid-May shall be the last bit

**Frances Cheung, CFA**  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

Global Markets Research  
Tel: 6530 8384

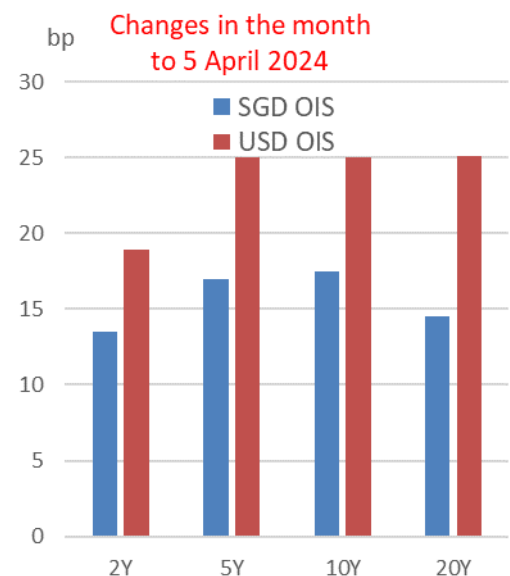


Source: Bloomberg, OCBC Research

of evidence for the central bank to gain enough confidence to start cutting rates. We suspect the central bank will provide little clue as to how the policy rate will go after the first rate cut is delivered, as Lagarde commented that the committee cannot pre-commit to a particular path and instead shall have an open mind. While services inflation is higher than goods inflation, as with the global phenomenon, services inflation in the eurozone last at 4.44%YoY was not as elevated as in the US or the UK. As such, the bar for a nearer term interest rate cut is seen as lower. EUR OIS price the chance of a 25bps cut by the June MPC meeting at an 88% chance and price a total of 80bps of cuts for this year, in line with our base-case for 75bps of cuts. There appears to us no major dislocation in the distribution of expected cuts being priced either. We are neutral front-end EUR rates here.

- **EURUSD. Watch ECB's Language.** Governing Council meeting takes place on Thu. ECB is likely to acknowledge that inflation is returning to 2% objective but sticky services inflation at 4% and the near-term repercussion of higher oil prices may well see ECB push back on easing expectations. There is quite a fair bit of dovish hold bias going into ECB, and lately, German numbers have been showing up pretty well, including ZEW survey, IFO expectations and even industrial production. EUR bears might be caught backfooted if ECB turns out to be less dovish than expected. Pair was last at 1.0860 levels. Daily momentum shows signs of turning mild bullish while RSI rose. Risks skewed to the upside. Resistance at 1.0876 (38.2% fibo retracement of Oct low to Jan high), 1.0930 levels. Support at 1.0830 (50, 200 DMAs), 1.0795 (50% fibo).
- **USDJPY. Intervention Alert.** USDJPY attempted to test higher, but the pair appeared to have met resistance at 151.92. Finance Minister said he is watching currency moves with a high sense of urgency and won't rule out any steps to address excessive moves as needed. Pair was last at 151.82 levels. Mild bullish momentum on daily chart waned while RSI rose. Resistance remains at 152 (triple top). Decisive break out could trigger more buy flows. Support at 150.80, 150.15 (21 DMA) and 149.70 (50 DMA). We remain cautious of intervention especially if moves are rapid or excessive. While it is of popular belief that 152 may be the line in the sand (given that it capped USDJPY from breaking higher on various occasions in the last 2 years), we think it is also more of the magnitude of the move that may matter, when it comes to intervention risks.
- **XAUUSD. Overbought.** Gold continued to hover near recent highs. Last seen at 2341 levels. Bullish momentum on daily chart intact while RSI is in overbought conditions. We remain cautious of how a bearish divergence setup may potentially emerge in the near term, contrary to our medium-term bullish bias. Support at 2305 (150% fibo extension of 2020 high to 2022 low). Resistance at 2360 (161.8 fibo) and 2535 (200% fibo).

- USDTHB. BoT Meeting in Focus.** Our Economist highlighted that latest growth-inflation prints suggest some stabilisation and that BoT will not want to front run Fed rate cuts especially given the recent THB underperformance relative to peers. Potentially, a delay to rate cut may see USDTHB retrace some of its recent rally. Pair was last at 36.67. Bullish momentum on daily chart intact while RSI showed signs of easing from overbought conditions. Support at 36.50, 36.21 (61.8% fibo retracement of 2022 high to 2023 low). Resistance at 36.85 (recent high), 37.1 (76.4% fibo).
- USDSGD. Consolidate.** USDSGD was a touch softer, tracking moves in broad USD. Pair was last at 1.3475 levels. Bullish momentum on daily chart is fading while RSI was flat. Range-bound trade likely intraday. Support at 1.3460/70 levels (200 DMA, 50% fibo), 1.3430 (50 DMA) and 1.3390/1.34 (38.2% fibo retracement of Oct high to Dec low, 21, 100 DMAs). Resistance at 1.3530 (61.8% fibo, interim double top). S\$NEER was last at +1.69% above our model-implied mid. MAS policy meeting is scheduled on this Fri, alongside the release of 1Q GDP advanced estimates. We expect MAS to maintain policy status quo again at the upcoming MPC meeting in Apr as prevailing appreciating path of the S\$NEER policy band remains appropriate, given the core CPI profile. Re-acceleration in Singapore CPI reflected the effects of Lunar New Year and was well within the guidance of policymakers that core CPI is expected to rise in current quarter. This should dampen market chatters that a potential MAS easing is round the corner. History shows that MAS did not rush into easing after inflation peaked at previous cycles in 2010s. Instead, the MAS maintained its appreciating policy stance on hold for a while.
- SGD rates.** SGD OIS were paid up by 7-9bps across the curve on Monday, underperforming USD rates on the day. Nevertheless, the broader trend was SGD rates outperformance in the recent leg of higher rates, in line with the usual pattern. In the month to 5 April, the pass-through from higher USD OIS onto SGD OIS was around 70% from 1Y up to 10Y rates. Our medium-term view for SGD rates to underperform premised on a falling rates environment. In either a rising or a falling rates environment, SGD rates are likely to be relatively more stable than USD rates. Nearer, focuses are the 6M T-bill auction on Thursday, then MAS policy decision on Friday. 6M implied SGD rate was last at 3.59%, 2-3bps lower than at the time of the last T-bill auction on 27 March; this, coupled with the somewhat less tight SGD liquidity situation may result in a T-bill cut off that is mildly lower than the last cut-off of 3.80%. We expect MAS to keep its S\$NEER parameters unchanged this week; hence, there shall be minimal implication on front-end SGD rates.



Source: Bloomberg, OCBC Research



## Macro Research

Selena Ling  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

Herbert Wong  
Hong Kong & Macau Economist  
[HerbertWong@ocbc.com](mailto:HerbertWong@ocbc.com)

Jonathan Ng  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

## FX/Rates Strategy

Frances Cheung, CFA  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

## Credit Research

Andrew Wong  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

Chin Meng Tee, CFA  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

# GLOBAL MARKETS RESEARCH

Tommy Xie Dongming  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

Lavanya Venkateswaran  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

Ong Shu Yi  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

Christopher Wong  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

Ezien Hoo, CFA  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

Keung Ching (Cindy)  
Hong Kong & Macau Economist  
[Cindykeung@ocbc.com](mailto:Cindykeung@ocbc.com)

Ahmad A Enver  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

Wong Hong Wei, CFA  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W