Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

US Yields Fall Ahead of Debt Ceiling Vote Tonight

US Yields Fall Ahead of Debt Ceiling Vote

US Treasury yields fell (10Y: -11bps, 3.69%) on optimism over the bipartisan bill that is due to be voted on tonight in the House of Representatives. Two far-right Republicans on the House Rules Committee opposed the bill, but this was insufficient to stop the tabling of the bill to the House. House passage tonight is essential for the Senate to vote on it before the US government runs out of cash. Cash reserves rose to US$54.5b on Friday from Thursday's low of US$38.3b, potentially providing the Treasury with more room to manoeuvre. Our base case remains for the bill to be passed at a late stage, although we do recognize the potential implications on the off chance that the bill is scuppered. The USD broadly retreated (DXY: -0.14%), although risk-on currencies (AUD, NZD and CAD) underperformed. Gold (+0.84%) was buoyed by the decline in yields and oil (WTI: -4.24%) retreated after crude oil deliveries surprised to the upside. OPEC+ is scheduled to meet on 3 to 4 June to review their current production agreement.

Indonesia Plans to Ban LNG Exports

The Indonesian government is planning to ban the export of liquefied natural gas (LNG) to meet domestic needs, Coordinating Maritime Affairs and Investment Minister Luhut Binsar Pandjitan announced yesterday. In opening remarks made at the 2023 International and Indonesia Carbon Capture and Storage Forum, Luhut said that the ban would not affect ongoing export contracts, but would affect new purchases or renewals of contracts. Indonesia intends to divert LNG supplies to fulfil domestic needs in the methanol and petrochem industries, where the demand remains high. As of 2020, Indonesia was the 7th largest exporter of LNG with a 4.4% share of the total global market. The IDR closed slightly weaker yesterday and looks to open today a tad stronger in spite of the news of the possible export ban, trading more in line with other currencies as UST yields fall.

Key Data/Events Due Today

Data today includes Dallas Fed Services Activity, Fed Beige Book, ECB Financial Stability Review, AU CPI, NZ Business Confidence, UK Lloyds Business Barometer, JP Retail Sales, JP IP, JP Consumer Confidence, South Korea IP and BOT Policy Decision.

FX: Overnight Closing Levels/ % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0735	0.25	USD/SGD	1.3505	-0.23
GBP/USD	1.2414	0.48	EUR/SGD	1.4496	0.01
AUD/USD	0.6517	-0.34	JPY/SGD	0.966	0.24
NZD/USD	0.6044	-0.20	GBP/SGD	1.6763	0.23
USD/JPY	139.79	-0.47	AUD/SGD	0.8801	-0.56
EUR/JPY	150.08	-0.19	NZD/SGD	0.8162	-0.41
USD/CHF	0.9059	0.18	CHF/SGD	1.4907	-0.39
USD/CAD	1.3602	0.07	CAD/SGD	0.9929	-0.31
USD/MYR	4.6025	-0.04	SGD/MYR	3.4043	0.05
USD/THB	34.787	0.05	SGD/IDR	11073.9	0.07
USD/IDR	14985	0.10	SGD/PHP	41.6327	0.34
USD/PHP	56.31	0.32	SGD/CNY	5.2389	0.28

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3412	1.3685	1.3959

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G7: Events & Market Closure

Date	Ctry	Event
29 May	US, UK	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
29 May	SK	Market Closure
31 May	TH	BOT Policy Decision
1 Jun to 2 Jun	ID	Market Closure
2 Jun	SG	Market Closure

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G7 Currencies

- **DXY Index – *Gains Slowing, Watch Debt Ceiling Vote*.** The DXY index traded sideways and was last seen around 104.20, hardly different from levels seen this time yesterday but Tue was a rather whippy session. Price action remains capped by the 104.60-resistance. 2Y10y inversion narrowed slightly to 76bps. Ahead of the NFP release for May this week, we think the hawkish re-pricing of the Fed as implied by the Fed Fund futures seem a tad stretched and vulnerable to some correction should data start to indicate further decline in employment. Back on the DXY index chart, the index was last seen around 104.20. A clearance of the 104.60-resistance would open the way towards 105.90 but that seems less likely looking at the price action. Momentum is bullish but stochastics show signs of turning lower from overbought conditions. Interim support levels seen around 102.85 (100-dma) before the next at 102.30 (50-dma). Separately, the House Rules Committee started to debate on the debt ceiling deal ahead of the full House vote that could be held as soon as today. There are some Republicans who signalled their rejection of the deal and one even urged the removal of House speaker Kevin McCarthy. Still, expectations are for the deal to be given the approval from Congress and then the Senate. 1M UST bill yield fell to around the 5.00% handle, last printed 5.045%. That is around 70bps off the high of 26 May. Data-wise, FHFA house price rose more than expected by 0.6% in Mar vs. previous 0.7% (expected: 0.2%). Conf. Board consumer confidence was also stronger than expected at 102.3 vs. previous 103.7. On the other hand, Dallas Fed Manf. Activity (May) fell more than expected -29.1 vs. previous -23.4. For the rest of the week, Wed has Fed Barkin speaking before the release of the MNI Chicago PMI for May, Dallas Fed Services Activity (May). Fed Collins, Harker, Jefferson will speak later that day before the release of the Beige Book. Thu has ADP for May, final Mfg PMI, ISM Mfg, Fed Harker speaks. Fri has May NFP, average housely earnings for May.

- **EURUSD – *Trades higher on weaker greenback*.** EURUSD trades higher at 1.0735 levels this morning as failing UST yields from debt ceiling optimism weighed on the greenback. Supports for this pair are at 1.07 and 1.0650 levels with resistances at 1.075 and 1.08 figure. There still remains a chance for further EUR weakness on repricing of expectations for a more hawkish Fed, although a debt ceiling agreement could outweigh such expectations and the resulting narrrowing of US-EU yield differentials will be seen as more favourable for the EUR. Beyond the near-term, ECB is still in our view more committed to their fight on inflation and we could potentially see a reversion to policy divergence. We maintain our positive medium-term view of the EUR on expected monetary policy divergence between the Fed and ECB, especially as the latter remains arguably the most hawkish central bank. Our base case still remains for the ECB and BOE diverge from the Fed, as the current case for the two major European central banks to continue raise rates is more convincing, unless there is a meaningful pullback in prices. We are cautious that this may not last if history is any indication, as the ECB has never deviated too far from the Fed for an extended period. However, we recognize that they started on the they were slower to start on the tightening cycle and also have more space to go in terms of increasing rates. ECB Economic Bulletin for May was released and referred to inflation being “too high for too long”, which formed the basis for the ECB’s rate hikes in May. Lingering concerns over financial stability, so long as they remain controlled, should not dampen the ECB’s resolve to combat inflation. The risks to this medium-term outlook would be any escalation of geopolitical tensions between Russia and NATO, a return of the energy supply issues and a possibly more dovish ECB on financial stability concerns. As rates rise, the risk of the ECB overtightening also exists. We have preliminarily seen that some credit tightening has occurred in the Eurozone. The ECB has also hinted at weaker credit growth in their May economic bulletin. EU data for the week ahead includes ECB Financial Stability Review (31 May) and May Prelim Mfg PMI, CPI (1 Jun). EU Apr M3 Money Supply grew +1.9% YoY (exp: 2.0%; prev: 2.5%), while May Consumer Confidence remained unchanged at -17.4 (prev: -17.4). May Economic Confidence printed at 96.5 (exp: 98.8; prev: 99.0). Notably consumer's price expectations fell to the lowest levels since 2020, which could provide the ECB with some comfort that inflation expectations are not getting too entrenched.

- **GBPUSD – *Higher against the greenback*.** GBPUSD trades slightly higher at 1.2420 levels as falling UST yields weighed on the greenback. The GBP has also been buoyed by a repricing of BOE expectations – the BOE is now expected to deliver up to 100bps of hikes this year, with the upcoming 22 Jun meeting implying a 119.9% probability of a 25bps hike i.e. fully pricing in a 25bps hike and pricing in roughly a 19.9% chance that the BOE goes larger at 50bps. Notably, the last CPI release (24 May) showed that core inflation accelerated, a potential worry for the BOE. Our base case remains for the BOE and ECB to diverge from the Fed, as the current case for the two major European central banks to continue raise rates is more convincing, unless there is a meaningful pullback in prices. We would recommend staying nimble ahead of key risk events such as NFP (2 Jun) and FOMC (13 to 14 Jun). If history is any indication, the BOE also should not deviate from the Fed for an extended period. On the daily chart, we watch supports at the 1.24 figure followed by 1.2350 further to the downside and resistances at 1.2450 and 1.25. We are neutral on the GBP in the medium-term at current levels. The UK's economic problems such as inflation, a possible impending recession and labour market shortages are largely due to structural factors that remain unresolved from Brexit. In the worst-case scenario, stagflation for the UK economy could also be on the cards, potentially hinted at by the latest reduction in payrolls while wage pressures remain robust. Governor Andrew Bailey has also acknowledged publicly that the UK is dealing with a wage-price spiral. UK data for the week ahead includes Llyods Business Barometer (31 May), Nationwide House Price Indices, Mortgage Approvals, Mfg PMI (1 Jun), UK Sovereign Rating Fitch Review (2 Jun).

- **USDJPY – *Top currency official warns of actions*.** The pair has come off a bit and was last seen trading around 139.82, below the 140.00 mark amid broad USD weakening overnight and warnings from a top currency official at the Japanese Ministry of Finance Masato Kanda on government actions regarding the JPY. Kanda specifically said, "It's important that currency markets reflect fundamentals and move in a stable manner. Excessive moves aren't desirable". He further added, "The government will continue to closely monitor market moves, and will take appropriate responses if necessary". Whilst his words may not necessarily mean immediate intervention in the currency (whether planned or has happened), it does highlight some level of seriousness on the government's part to try to limit the JPY weakness. Last year, the government had reportedly first intervened on 22 Sept when the USDJPY was closer to the 145 level. Taking that history into account, we do not rule out the possibility that the government may choose to come in around that level again. Despite all these developments, we still stay wary of further upside near term in the pair. Meanwhile, economic data this morning did point to some concerns for Japan's economy. Apr retail sales fell on a monthly basis at -1.2% MoM (est. 0.5% YoY and Mar. 0.6% MoM) although it did see a climb on a yearly basis that was below expectations at 5.0% YoY (est. 7.1% YoY and Mar. 7.2% YoY). Apr (P) IP also fell and came in below expectations at -0.3% YoY (est. 2.0% YoY and Mar. -0.6% YoY) highlighting factory output weakness. A weaker economic picture is only weakening the case for a BoJ tightening adjustment. Levels wise, resistance is at 140.00, 142.51 (61.8% FI retracement from Jan low to Oct high) and 144.00 (potential rising wedge convergence level). Support is at 137.28 (200-dma) and 135.00 (psychological level and also roughly where the 50-dma is at). Momemntum indicators on the daily chart look stretched with both the stochastics and the RSI in overbought conditions. However, we should not read too much into this given the environment we are in resulting in more upside risk. On the weekly chart in contrast, momentum indicators are bullish and imply further rises in the pair. Remaining key data due this week include May consumer confidence index (Wed), Apr housing starts (Wed), 1Q capital spending (Thurs), 1Q company profits/sales (Thurs) and May (F) Jibun Bank PMI mfg.

- **AUDUSD - *Stretched***. The antipodean hovered around 0.6510. Pair slipped yesterday amid jitters ahead of China PMI release later. Another set of weak prints from china could weigh on the AUD but the converse is true as well. Another key print to focus on today is Australia's own Apr CPI. Any sign of stronger price pressure could swing expectations towards an RBA hike next week and strengthen the AUD. **RBA Lowe spoke at parliament this morning and said that the central bank is in a "data-dependent mode" and that decisions are driven by a group of variables rather than any single one. He also noted that monetary policy is already restrictivem and it is working. AUD is a tad softer, weighed his words that were similar to RBNZ's when they signalled that they are done with rate hikes for this cycle last week.** We also think that there is a risk that the hawkish re-pricing of the Fed is a tad stretched and could be vulnerable for some correction. AUDUSD could rebound in light of that. We are still cautiously optimistic on China's consumption recovery but the delay in recovery has weighed on the AUD and to some extent bearish view on China is quite extreme now. **China's recovery could take longer to pan out than expected but there could be incremental improvements that can quickly translate into AUD gains.** Regardless, we still look for some form of stimulus be it in terms of more infrastructure investment/monetary policy easing/programs to boost youth employment in order to provide more support for economic recovery and that could eventually be supportive of AUD. We stick to our long AUDUSD apposition with spot reference at 0.6550, target 0.6670 and then at 0.6870, 0.6925. SL at 0.6380. Back on the daily AUDUSD chart, momentum indicators are more bearish. Spot at 0.6550. The next support is seen around 0.6480 before the 0.6400. Data-wise, Wed has construction work done for 1Q as well as Apr CPI. Mfg PMI finalized for May is due on Thu along with 1Q CAPEX. Investor loan value for Apr is due on Fri.

- **NZDUSD - *RBNZ-Fed Divergence Weighs***. NZDUSD remained heavy this morning and was last seen around 0.6040. This pair is dragged by RBNZ's signal for pause which is a contrast to the hawkish re-pricing of the Fed by the market. The divergence in monetary policy expectations continues to weigh on the NZD. Key support at 0.6100 has broken and next support is seen around 0.6025 (50% Fibonacci retracement of the Oct-Dec rally). Resistance is seen around 0.6150 (200-dma) before that 0.6230. Data-wise, Wed has ANZ activity outlook, business confidence for May. Thu has CoreLogic house prices for May. 1Q Terms of trade is due on Fri.

- **USDCAD – *We Still Watch Bearish Bias*.** USDCAD rose a tad on the back of lower crude oil prices as well as firmer USD. The CAD was dragged by a drop in crude oil prices amid growing expectations that OPEC+ would not cut production after all. Eyes on the 3-4 Jun OPEC meeting and Saudi Arabian Energy Minister Prince Abdulaziz bin Salman had warned for speculators to “watch out” . Earlier this year, the OPEC announced a surprise production cut that boosted crude oil prices. Those gains have unwound since, weighed especially by the prospect of slower growth in the absence of a China recovery offset. Back on the USDCAD chart, momentum indicators are mixed but there are signs that the 1.3640-1.3680 area of resistance could remain intact. Moving averages are compressed. Bias could be tilted towards a bearish retracement. Support at 1.3510 (100,21,200-dma) before 1.3275. We see opportunity to short the USDCAD at spot reference at 1.3570 for targets at 1.3520 and then at 1.3410 before 1.3275. Resistance at 1.3680, and then at 1.3720 (SL) before 1.3860.

Asia ex Japan Currencies

SGDNEER trades around +1.15% from the implied mid-point of 1.3685 with the top estimated at 1.3412 and the floor at 1.3959.

- **USDSGD** – ***Remains above 1.35 figure***. USDSGD trades slightly lower at 1.3510 levels this morning as falling UST yields weighed on the greenback. On a trade-weighted basis, the SGDNEER is at +1.15% above the midpoint. We look for SGDNEER to stay firm above the mid-point of the band. Next key resistance level to watch for USDSGD is at 1.3550, followed by the 1.36 figure. Supports are at 1.35 and 1.34 figure. On MAS policy, we think that given the "sufficiently tight" language used, it is likely MAS is biased towards standing pat in October as well, as long as their expected path for core inflation holds. Thus far, concerns over a slowdown in growth from global drag have fit MAS' narrative, although the latest inflation print suggests price pressures could possibly run contrary to MAS' expectations. Last week, Apr Industrial Production disappointed at -6.9% YoY (exp: -4.5%; prev: -3.8%). Our economists see the sharp decline in manufacturing raising the risk of a technical recession (defined as two consecutive quarters of QoQ contraction), with 1Q2023 GDP aready in contraction. We see continued resilience in SGD on both a bilateral and trade-weighted basis as the robust macro fundamentals such as a large current account surplus; healthy labour market and stable political landscape remain intact. The underlying appreciating policy stance should also provide plenty of support for the SGD. We remain positive on the SGD in the medium term, given that China's reopening will gain steam later in the year and drive the SGD stronger. In addition, we do not see MAS easing the appreciating path any time soon. SG data releases for this week include Apr Money Supply (31 May), May PMI and ESI (3 Jun).

- **SGDMYR - *Upside risks***. Pair was last seen at around 3.4066 as it continue to hold steady from yesterday's levels. Both the SGD and MYR had concurrently strengthened yesterday but are not too changed from yseterday's close this morning. However, we continue to lean upward bias on the pair given that the SGD is likely to be more resilient than the MYR during this period of uncertainty. Resistance for the pair is at 3.4500 and 3.5000. Support is at 3.3900, 3.3600, 3.3500.

- **USDMYR - *Upside risks***. USDMYR was last seen trading around 4.6042. The pair came down yesterday as broad USD strength came off but it is not too different from yesterday's close this morning. The fall in oil prices overnight does not appear to have weighed too heavily on the MYR and the currency appears to be tracking the global macro developments. We continue to stay wary of upside risks for the pair as we stay cautious of an upside surprise in Friday's NFP data that can further ramp bets on a Fed rate hike in June. This is even despite momentum indicators looking stretched with stochastics and the RSI in overbought conditions. Resistance for the pair is at 4.6257 (FI retracement of 76.4% from Feb low to Nov high) and 4.7495 (2022 high). Support is at 4.6000, 4.5500 and 4.5000. Our own near term FX tracking model sees that the MYR is not going to hit its 2022 high but instead top out at 4.6900. Key data releases this week include May S&P Global PMI mfg (Thurs).

- **USDCNH - *PMIs intact***. USDCNH hovered around 7.0930. Yuan came under pressure yesterday amid expectations for PMI prints to come in weaker later this morning. PBoC set the USDCNY reference rate at

7.0821, in line with estimates. USDCNH-USDCNY premium is last seen around 135pips vs. ytd average of around 52pips. USDCNY spot is now below reference rate. The central bank is probably allowing market forces to drive the yuan as long as price action is in line with broader marke action. Afterall, hawkish re-pricing has driven USD higher against most other currencies and it could look vulnerable for correction. We continue to look for US-China growth divergence as well as monetary policy divergence could continue to keep the USDCNH and USDCNY support on dips. Back on the daily USDCNH chart, next resistance at 7.1130 before 7.1830 and then at 7.21. Support is seen around 7.0250 before 6.9710 (21,200-dma).

- **1M USDKRW NDF – *Edges higher*.** 1M USDKRW NDF edged higher to trade at 1320.50 levels this morning, bouncing back up from 1313.71 lows. KRW did better against the USD overnight as falling UST yields weighed on the greenback. Last week, the BOK revised GDP growth projections to +1.4% YoY (prev: 1.6%), while standing pat on their policy rate at 3.5%. The KRW has been supported by foreign inflows into equity of late and further bolstered by expectations of possible inclusion in the FTSE Russell World Government Bond Index (WGBI). The Korean government is hoping to have its sovereign debt added to this key international benchmark, and the resulting inflows from benchmark investors should spur the KRW on. Industry watchers think there could be a 50% chance for Korea to be added to the WGBI by September. Foreign flows could continue to be a large driver for the KRW from here on. We also see a possible bottoming of trade flows in line with a possible bottoming of chip and semi-conductor demand, which would imply a looming potential recovery of chip exports. However, as US-China trade tensions look to escalate, we remain wary of external factors that could weigh on chip manufacturers. We still look for China's reopening to gain steam later in the year and drive Asian currencies stronger, which underpins our outlook for the KRW. Data releases out of South Korea include Industrial Production (31 May), Trade and Mfg PMI (1 Jun), 1Q GDP and May CPI (2 Jun). South Korea's Industrial Production fell -8.9% YoY in Apr (exp: -7.8%; prev: -7.6%), worse than economists' expectations. This is in line with the downward revisions in the BOK's growth projections.

- **USDVND – *Slow Grind*.** USDVND was last seen around 23483, same level as where it was this time yesterday. Upside pressure has been absent on the USDVND unlike its regional peers. However, we continue to remain wary of upside pressure on the pair to build especially after SBV's rate cut decision as well as the broader USDAxJ rise. Resistance remains at 23540 (100-dma). Support is seen at 23400 before at 23340. Equity outflow resumed on 30 May with -$20.3mn clocked, bringing the QTD net equity-related outflow to -$208.3mn.

- **1M USDIDR NDF – *Steady*.** The pair was last seen steady at around 14979 as it moved little despite the broad USD strength coming off. IDR as a whole has been holding up well despite this period of global uncertainty. Sentiment towards the country seems to be quite positive. There seems to be strong appeal for the country's bonds especially among its high yielding peers given Indonesia's resilient trade surplus, solid fiscal discipline and the possibility of BI eventually leaning towards a cut. Meanwhile, the government has said that they plan to ban LNG exports to help supply domestic industries. Despite the announcement, the IDR appeared to be tracking global macro developments more. The government will also be putting the nickel export levy on hold while they try to devise a price index first to ease the volatility tied to the LME benchmark. On the daily chart, momentum indicators are a bit mixed with stochastics in overbought conditions whilst MACD is just slightly above the zero line. Regardless of our optimism for the IDR in the medium term, we lean upward bias for the 1M NDF near term amid rising rate hike bets for June and do not rule out the pair breaching the 15000 level in the interim. Resistance is at 15000 (psychological level) and 15100. Support is at 14900 and 14800. There are no key data releases this week.

- **USDTHB - *Steady*.** The pair was last seen higher around 34.77, not too different from yesterday's levels despite broad USD strength coming off. Regarding the political situation, Move Forward, Pheu Thai and its coalition partners are looking to set up a transition team in preparation to form the next government with leaders of the coalition having agreed to meet every week until they can formally take power. There still remains no clarity on who would form the next government given that the coalition with 312 seats is still well short of the 376 majority. Given that the Prime Minister may not be voted on until the end of July, there is a possibility for the political noise to be dragged out for an extended period of time. Regardless, we expect limited impact on the THB in the medium term from the country's political situation regardless of the outcome. Other factors such as tourism numbers should be a bigger driver of the currency. Momentum indicators are looking a bit more mixed with stochastics now in overbought conditions although the MACD is still on the rise and does not look too stretched. Near term, we are cautious of further climbs in the pair given weaknesses in the CNH/CNY and the risk of upside surprise in the US NFP data. Resistance is at 35.00 (psychological level) and 35.52 (FI retracement of 50.0% from Jan low to Oct high). Support is at 34.00 and 33.50. Meanwhile, Apr customs trade data out yesterday disappointed with the balance being wider than expected at -$1.5bn (est. -$0.5bn) as both exports and imports fell. Thailand external position as a whole is still edgy with concerns about the global goods trade although services exports should pick up as more tourists arrivals from China flow in and help offset the weakness in goods exports. Remaining key data releases this week includes Apr ISIC capacity utilization and mfg prodiction index (Wed), Apr BOP overall and CA balance (Wed), Apr trade data (Wed), May S&P Global PMI mfg (Thurs) and 26 May foreign reserves (Fri). BOT decision is due on Wed where markets are expecting the central bank to hike by 25bps to 2.00% but we see the move is unlikely to impact the currency much.

- **1M USDPHP NDF - *Higher*.** Pair was last seen higher at 56.33 as it rose overnight. Regardless, it is still within the range of 55.00 – 57.00. Support for the pair is at 55.00 and 54.50. Resistance meanwhile is at 57.00 and 57.72. Momentum indicators are looking more bullish. Remaining key data releases this week include Apr bank lending (28 – 31 May) and May S&P Global PMI mfg (Thurs).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 7/26	3.42	3.41	-1
5YR MI 4/28	3.47	3.47	Unchanged
7YR MS 4/30	3.68	3.64	-4
10YR MO 7/32	3.75	3.74	-1
15YR MX 6/38	*4.03/01	3.99	-3
20YR MY 10/42	4.11	4.09	-2
30YR MZ 3/53	4.19	*4.23/17	Not traded
IRS			
6-months	3.49	3.49	-
9-months	3.52	3.49	-3
1-year	3.53	3.51	-2
3-year	3.52	3.49	-3
5-year	3.57	3.53	-4
7-year	3.70	3.65	-5
10-year	3.82	3.78	-4

Source: Maybank
**Indicative levels*

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- USTs strengthened on expectations of a debt deal. In tandem, MYR government bonds also traded firmer, seeing better buyers especially after the decent 15y MGS auction which had a BTC of 2.2x and an average yield of 4.023%. Post auction, the yield traded lower at 3.99% levels and other benchmark bonds saw buying interest as well. Liquidity, however, remained soft with non-aggressive buyers and offers quoted wide.

- In IRS, the 5y rate traded in 3.53-54% range, which is about 10bp lower than its recent high just few days ago, echoing the stronger USTs after US market reopened from a holiday. The MYR IRS curve shifted 2-5bp lower amid a well-subscribed auction for 15y MGS, which traded firmer thereafter. 3M KLIBOR remained at 3.46%.

- Local corporate bonds market was quiet with thin liquidity. GG space had no trade recorded for the day. For AAAs, yields of PLUS 2037 traded 1bp tighter and Danum 2025 traded 2bp lower. Of note was KLK 2025 which had the highest amount dealt for the day totaling MYR40m and traded at MTM level. Spread of some financial names narrowed, probably exacerbated by the small trade sizes. Market was more active on short dated bonds.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.39	3.37	-2
5YR	2.98	2.94	-4
10YR	2.95	2.89	-6
15YR	2.77	2.69	-8
20YR	2.66	2.59	-7
30YR	2.41	2.35	-6

Source: MAS (Bid Yields)

- Strong receiving interests were seen in SGD rates, possibly partly due to HSBC's bond issuance. SORA/SOFR basis moved 2-4bp to the left and SORA OIS rates fell 5-10bp in a flattening bias. The selling in 10*20 spread at -16bp soon after market opened resulted in a markdown in curve spreads, with the 2*5 closing at around -24bp and the 5*10 at -5bp. SGS continued to see better buying interests at the long end, particularly the 15y benchmark. While MAS Bills auctions' cut-off levels were little changed from the week before, SGS yields lowered 2-8bp across the curve.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	5.84	5.79	(0.05)
2YR	5.81	5.80	(0.01)
5YR	6.07	6.06	(0.01)
10YR	6.40	6.41	0.01
15YR	6.67	6.63	(0.04)
20YR	6.71	6.70	(0.01)
30YR	6.91	6.88	(0.03)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds kept maintaining their rally trends until yesterday. We saw investors to welcome the latest progress of the U.S. debt ceiling. However, we thought that the local bond market is prone to the profit taking actions as the final deal of the U.S. debt ceiling aren't yet reached. Moreover, the market players also keep watching various monetary statements by the Fed's policy members after sound hawkish coming due to relative persisting high inflation above Fed's target at 2%. Meanwhile, on the domestic side, we saw inflation pressures to keep moderate until May-23. Several transport tariff came back to normal prices after the peak season ended. We also saw a relative manageable prices on the raw foods, although the harvest period ended. Several raw foods commodities that booked higher prices in May-23 are the purebred chicken, the purebred chicken egg, and the red onion. Inflation is expected to be 0.09% MoM (4.00% YoY) in May-23. It will, hence, keep giving room for Bank Indonesia to maintain its policy rate on current level.

- Meanwhile, Bank Indonesia forecasts rupiah to strengthen against US dollar next year from 14,800-15,200 projected this year, Governor Perry Warjiyo told a parliament body in a hearing yesterday. Bank Indonesia sees GDP growth at 4.7%-5.5% in 2024, then inflation seen at 1.5%-3.5%. Bank Indonesia projects 2024 Current account Deficit at 1.3% to 0.5% of GDP

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	80	3.08	3.112	3.08
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	60	3.172	3.208	3.172
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	1	3.258	3.258	3.258
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	100	3.316	3.316	3.316
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	4	3.335	3.338	3.331
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	172	3.408	3.418	3.405
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	15	3.493	3.751	3.488
MGS 2/2023 3.519% 20.04.2028	3.519%	20-Apr-28	71	3.474	3.485	3.474
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	6	3.536	3.547	3.536
MGS 3/2022 4.504% 30.04.2029	4.504%	30-Apr-29	2	3.643	3.643	3.643
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	30	3.657	3.659	3.657
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	60	3.635	3.643	3.635
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	1	3.763	3.763	3.763
MGS 1/2022 3.582% 15.07.2032	3.582%	15-Jul-32	92	3.738	3.751	3.738
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	41	3.819	3.846	3.813
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	2	3.99	3.99	3.99
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	640	4.028	4.033	3.992
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	2	4.082	4.082	4.082
MGS 2/2022 4.696% 15.10.2042	4.696%	15-Oct-42	51	4.095	4.108	4.094
MGS 5/2018 4.921% 06.07.2048	4.921%	6-Jul-48	1	4.159	4.184	4.159
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	69	3.361	3.361	3.348
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	20	3.359	3.359	3.359
GII MURABAHAH 1/2023 3.599% 31.07.2028	3.599%	31-Jul-28	100	3.524	3.532	3.524
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	9-Jul-29	70	3.7	3.7	3.7
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	120	3.699	3.704	3.698
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	1	3.778	3.778	3.778
GII MURABAHAH 1/2022 4.193% 07.10.2032	4.193%	7-Oct-32	310	3.808	3.89	3.808
GII MURABAHAH 2/2023 4.291% 14.08.2043	4.291%	14-Aug-43	110	4.147	4.158	4.144
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	2	4.192	4.192	4.192
GII MURABAHAH 2/2022 5.357% 15.05.2052	5.357%	15-May-52	80	4.264	4.264	4.241
Total			**2,312**			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
ASIANFIN IMTN 4.900% 08.12.2023	AAA	4.900%	8-Dec-23	20	3.85	3.889	3.85
PUTRAJAYA IMTN 11.04.2025	AAA IS	4.400%	11-Apr-25	30	3.875	3.897	3.875
DANUM IMTN 2.970% 13.05.2025 - Tranche 7	AAA (S)	2.970%	13-May-25	10	3.721	3.721	3.721
AMAN IMTN 5.050% 27.02.2026 - Tranche No. 6	AAA IS	5.050%	27-Feb-26	20	3.914	3.914	3.895
MAHB IMTN 3.300% 05.11.2027 - Tranche 3	AAA	3.300%	5-Nov-27	16	4.027	4.032	4.027
PLUS BERHAD IMTN 4.954% 12.01.2037 -Sukuk PLUS T28	AAA IS (S)	4.954%	12-Jan-37	20	4.45	4.46	4.45
TENAGA IMTN 27.08.2038	AAA	4.980%	27-Aug-38	20	4.37	4.38	4.37
SABAHDEV MTN 730D 13.12.2023 - Tranche 2 Series 2	AA1	4.200%	13-Dec-23	2	4.965	4.965	4.965
SABAHDEV MTN 1094D 09.5.2025 - Tranche 4 Series 1	AA1	4.600%	9-May-25	1	4.327	4.327	4.327
KLK IMTN 4.580% 12.08.2025 - IMTN 1	AA1	4.580%	12-Aug-25	40	3.908	3.917	3.908
SABAHDEV MTN 3651D 05.10.2029 - Issue No. 209	AA1	4.850%	5-Oct-29	10	4.929	4.932	4.929
PIBB T3 SubSukuk Murabahah 3.750% 31.10.2029	AA1	3.750%	31-Oct-29	20	3.88	3.887	3.88
BUMITAMA IMTN 4.200% 22.07.2026	AA2	4.200%	22-Jul-26	20	4.157	4.164	4.157
IMTIAZ II IMTN 4.770% 11.05.2029	AA2 (S)	4.770%	11-May-29	1	4.258	4.262	4.258
EDRA ENERGY IMTN 5.820% 04.07.2025 - Tranche No 8	AA3	5.820%	4-Jul-25	10	4.146	4.156	4.146
UEMS IMTN 5.340% 07.04.2026	AA- IS	5.340%	7-Apr-26	10	5.067	5.074	5.067
PONSB IMTN 5.310% 29.06.2029 - Series 2 Tranche 2	AA3 (S)	5.310%	29-Jun-29	20	4.307	4.311	4.307
MAYBANK IMTN 4.130% PERPETUAL	AA3	4.130%	22-Feb-17	1	4.383	4.39	4.383
DRB-HICOM IMTN 4.850% 04.08.2028	A+ IS	4.850%	4-Aug-28	30	5.218	5.223	5.218
DIALOG PERPETUAL SUKUK WAKALAH TRANCHE NO. 1	A1	4.150%	15-Nov-20	1	5.252	5.252	5.252
ALLIANCEB MTN 4383D 27.10.2032	A2	3.800%	27-Oct-32	1	4.951	4.951	4.951
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 2	NR(LT)	6.850%	7-Aug-19	1	6.223	6.924	6.223
Total				**302**			

Sources: BPAM

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0792	141.46	0.6582	1.2515	7.1266	0.6087	151.0400	92.3730
R1	1.0764	140.62	0.6550	1.2464	7.1088	0.6066	150.5600	91.7390
Current	1.0732	139.78	0.6515	1.2410	7.0902	0.6042	150.0100	91.0630
S1	1.0690	139.26	0.6494	1.2345	7.0740	0.6024	149.6700	90.6800
S2	1.0644	138.74	0.6470	1.2277	7.0570	0.6003	149.2600	90.2550

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3580	4.6232	15028	56.6513	35.0510	1.4537	0.6523	3.4138
R1	1.3543	4.6129	15006	56.4807	34.9190	1.4516	0.6512	3.4090
Current	1.3510	4.6055	14990	56.4040	34.6920	1.4501	0.6504	3.4082
S1	1.3481	4.5966	14952	56.0967	34.6270	1.4470	0.6493	3.3999
S2	1.3456	4.5906	14920	55.8833	34.4670	1.4445	0.6486	3.3956

**Values calculated based on pivots, a formula that projects support/resistance for the day.*

Equity Indices and Key Commodities

	Value	% Change
Dow	33,042.78	-0.15
Nasdaq	13,017.43	0.32
Nikkei 225	31,328.16	0.30
FTSE	7,522.07	-1.38
Australia ASX 200	7,209.28	-0.11
Singapore Straits Times	3,187.56	-0.24
Kuala Lumpur Composite	1,396.91	-0.57
Jakarta Composite	6,636.42	-0.67
Philippines Composite	6,510.67	-1.25
Taiwan TAIEX	16,622.74	-0.08
Korea KOSPI	2,585.52	1.04
Shanghai Comp Index	3,224.21	0.09
Hong Kong Hang Seng	18,595.78	0.24
India Sensex	62,969.13	0.20
Nymex Crude Oil WTI	69.46	-4.42
Comex Gold	1,977.10	0.71
Reuters CRB Index	255.50	-2.00
MBB KL	8.59	-0.12

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	4.0886	Oct-23	Neutral
BNM O/N Policy Rate	3.00	6/7/2023	Neutral
BI 7-Day Reverse Repo Rate	5.75	22/6/2023	Tightening
BOT 1-Day Repo	1.75	31/5/2023	Tightening
BSP O/N Reverse Repo	6.25	22/6/2023	Tightening
CBC Discount Rate	1.88	15/6/2023	Tightening
HKMA Base Rate	5.50	-	Tightening
PBOC 1Y Loan Prime Rate	3.65	-	Easing
RBI Repo Rate	6.50	8/6/2023	Neutral
BOK Base Rate	3.50	13/7/2023	Neutral
Fed Funds Target Rate	5.25	15/6/2023	Tightening
ECB Deposit Facility Rate	3.25	15/6/2023	Tightening
BOE Official Bank Rate	4.50	22/6/2023	Tightening
RBA Cash Rate Target	3.85	6/6/2023	Neutral
RBNZ Official Cash Rate	5.50	12/7/2023	Tightening
BOJ Rate	-0.10	16/6/2023	Neutral
BoC O/N Rate	4.50	7/6/2023	Neutral

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