Macro | FX Research & Strategy

Global

FX Monthly

2024, Issue 3: US Soft Landing and Central Bank Deliberations

What Has Changed This Month?

- We raised the USD forecasts against most currencies as US economic resilience could keep UST yields elevated for slightly longer. That could slow the recovery of non-USD currencies against the greenback. Along with recent yuan moves, we continue to expect yuan to remain under pressure and that could weigh on regional currencies. We tweaked SGD forecast a tad higher as we look for MAS to be one of the laggard in this easing cycle.

Our Strategies and Views

- The higher-for-longer narrative is back, lifting UST yields and the USD alongside. US economic exceptionalism continues to be validated by resilient data (ISM, GDP), providing the Fed more time to monitor its progress towards its inflation mandate and guide for a gradual pace of rate cuts in this coming easing cycle. Dovish pivots (BoE, RBNZ, etc) and outright rate cuts by key central bank (SNB) were a contrast to the Fed, providing an added boost to the greenback. Meanwhile, BoJ crossed a milestone by abandoning its yield curve control, negative interest rate policy and ETF/JREITS purchase program but its pledge to retain an accommodative stance lifted the USDJPY. Ahead of the key 152-threshold, there has been daily jawboning by MOF officials but more concrete actions are likely required should the greenback and UST yields continue to rise.
- We remain cautious that US exceptionalism, the possibility of the Fed being a laggard could already be priced into USD strength to some extent. Signs of weakness in the US data could weaken USD as well.
- China's 7-day NPC was the shortest under Xi's Presidency. Growth target remains lofty around 5% but Mar activity data suggest some stabilization. Focus remains on attracting FDIs, nurturing high-tech manufacturing to support growth. However, persistent slippage of home prices could continue to weigh on domestic demand.
- ASEAN FX are facing multiple headwinds which are both external and idiosyncratic. Idiosyncratically, the IDR and THB have both been weighed down by fiscal concerns due to ambitious spending plans by their respective leaders. The THB has also been affected by the possibility of a BOT cut ahead of the Fed. In addition to these factors, the DXY and UST yields being more supported due to US economic resilience is also hurting sentiment towards these currencies. We therefore see a slower recovery in ASEAN FX in light of such factors.
- We think MAS will stand pat at the upcoming meeting (no later than 12 Apr) amid sticky inflation and relatively healthy economic data prints. Our economists think that there is no rush to ease policy at this juncture, given the export driven recovery and still-elevated inflation.

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com

Fiona Lim
(65) 6320 1374
fionalim@maybank.com

Alan Lau, CFA
(65) 6320 1378
alanlau@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

Top 3 Currency Plays for Apr

Buy AUDCNH
Sell USD on Rallies
Sell CHFJPY

Key Events for the Month Ahead

Date	Event
3 Apr	OPEC+ JMMC Meeting
10 Apr	South Korea Legislative Elections

USD: US Disinflation Route Remain Bumpy & Extended

USD DXY	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	104.62 (102.43)	103.49 (101.59)	102.41 (100.63)	101.28 (--)

Previous Forecasts in Parentheses

Motivation: Given recent developments in the central bank space and US data releases, the USD trajectory is likely to remain resilient in 2Q as the disinflation route is likely to remain bumpy and there is still lingering evidence of resilience in the US economy. We continue to look for the DXY index to hover within 103-105 before moving more decisively towards 102 in 2024. Fundamentally, we remain negatively biased towards the USD in the medium term given the country's structural twin deficits and the national debt is expected to rise further over the next few years with a fiscal cliff potential in 2025.

The DXY is now around 3.5% stronger (0.6% increase from last month) since the low seen on 27 Dec 2023 (around 101). The Dec 2023 move lower was due to the shift in US real yields, equities and even expectations of Fed cuts as markets become confident of a weaker inflation outlook albeit with more solid growth. The US Dollar Index (DXY) rise was in line with the further rise in the 10-Year US Treasury yield settling at 4.24% (as at 26 Mar).

Looking forward, the USD could continue to remain supported on dips as the recent projections feed the narrative of US exceptionalism. The growth projections still paint a picture of a very gradual slowdown but upgrades suggest that risks of a no-landing scenario for the US seem to have increased. The longer-run rate was tweaked 0.1ppt higher and these robust economic projects suggest the Fed could remain slow-moving in terms of monetary policy easing. That could also mean that the decline in the USD would be more gradual and its pace largely depends on global growth outturns this year.

On the macro data front, US economic reports continued to affect market sentiment with US data releases still generally robust. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. Feb core CPI rose 6bp above consensus expectations to 0.36%, and yoy rate fell by less than expected to 3.8%. The composition was disinflationary however, with a sharp normalization in non-housing services inflation and a return to the Q4 trend for the owners' equivalent rent category. Payrolls rose 275k in Feb, most likely due to a 50k weather effect, but payroll gains were revised down in prior months. The unemployment rate surprisingly rose 0.2pp to 3.9%, reflecting weakness in the household survey measure of employment, which has underperformed the establishment survey measure in recent months.

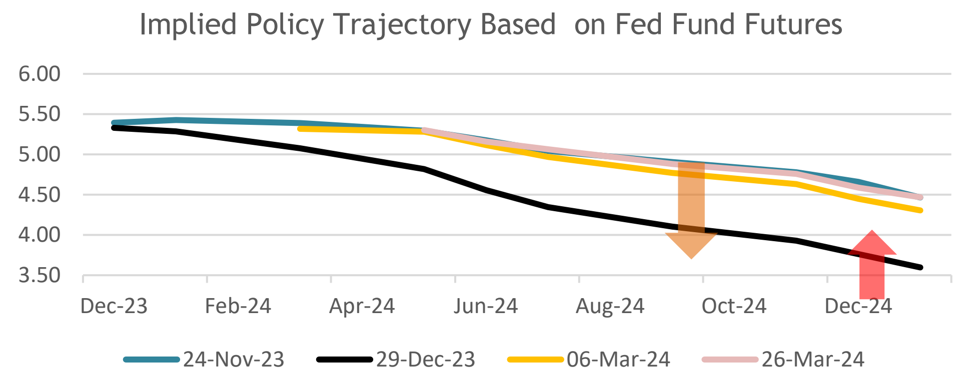
USD easing further after 2Q 2024. At the Mar FOMC and Powell's press conference, markets were focused on the number of rate cuts projected for this year, but the Fed essentially surprised with a shift in policy projection for 2025 instead. Markets' suspicion that the longer-run rate could be raised was validated but the revision was small. Fed's robust growth projection and shallower terminal rate stand in contrast to BoJ's accommodative monetary policy stance. Both major central banks are taking their time and a lot of caution to pivot in their monetary policies.

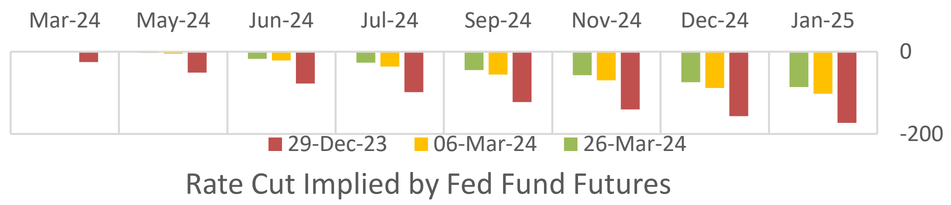
The Fed's current "dot plot" (i.e. FOMC participants' individual forecasts of FFR) signals FFR cuts of -75bps in 2024 and -100bps. We maintained our 2024 FFR outlook of -100bps cuts that is followed by another -100bps cuts in 2025, especially given our currently more "conservative" outlook on US growth (2023: +2.6%; 2024E: +1.0%; 2025E: +1.8%) relative to Fed's (above). Fed Chairman Powell's press conference draws attention to the on-going Quantitative Tightening (QT) i.e. Fed's balance sheet reduction that began in June 2022 at the rate of -USD47.5b per month and by -USD95b per month from Sep 2022. Fed is signaling slower QT pace is coming soon, without specifying the time and quantum. We believe this has a lot to do with the situation on the key barometer of financial system liquidity i.e. the overnight reverse repurchase or RRP which has been falling since mid-2023. Presumably, the intention is to mitigate any risk of money market liquidity crunch and thus short-term interest rate surge. Fed funds futures implied rate cut probabilities fell within the month with the likeliest outcome now a Jul cut at 74.5% (prev: 95%).

There is potential for US fiscal deficit to worsen into 2024 as its finances are increasingly stretched to support multiple conflicts and as such, increasing concerns on its fiscal health, not helped the least by high interest rate burden, could offset USD safe haven allure in a case of another geopolitical conflict. Markets are still cognizant that China is still weak and Eurozone PMIs are contractionary but this could shift once there is stronger evidence of recovery and therein lies the room for USD to fall further. We are already seeing some signs of rest of the world stabilization on that front. If current US presidential polling results persists, risks to the dollar from the elections will be skewed to the upside as the market processes the possibility of new tariffs ahead of the elections. Expect FX risk premiums to be affected by trade policy/tariffs, US-China relations, fiscal policy and currency policy. Broader US-China conflict is dollar positive.

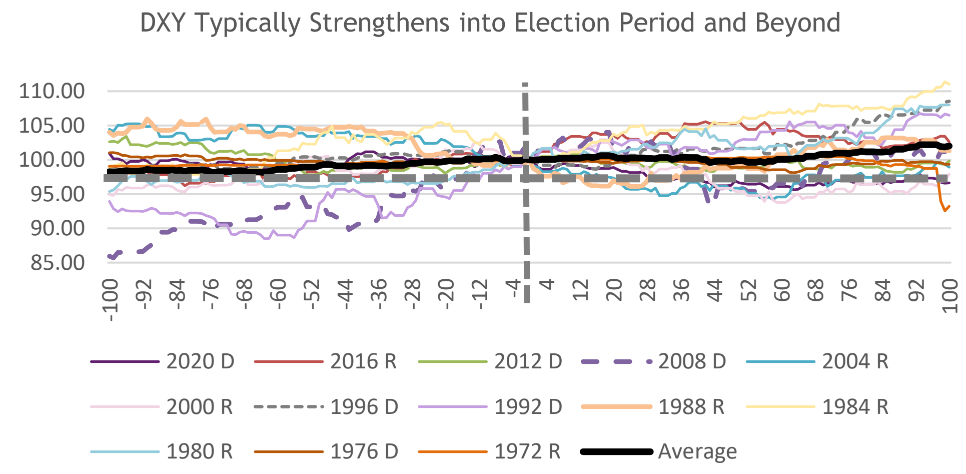
Key Data/Events: ISM Manuf (1 Apr), NFP (5 Apr), Factory Orders, Durable Goods Orders (2 Apr and 24 Apr), Trade Balance (4 Apr), Mar CPI (10 Apr), FOMC minutes (11 Apr), Empire Manuf (15 Apr), Retail Sales (15 Apr), PPI (11 Apr), Initial jobless claims (18 Apr), GDP 4Q (25 Apr), PCE deflator (26 Apr).

Rate Cuts Are A Matter of When and How Much, Markets Remain in Calibration Mode



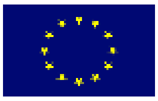


Note: Data above are taken as of 26 Mar 2024.
Source: Bloomberg, Maybank FX Research & Strategy



Source: Bloomberg, Maybank FX Research & Strategy
Note: R denotes a Republican President Win that year while D denotes a Democratic President Win.

EUR: Slower Bottoming of Growth



	2Q 2024	3Q 2024	4Q 2024	1Q 2025
EUR/USD	1.0800 (1.1000)	1.0900 (1.1050)	1.1000 (1.1100)	1.1100 (1.1200)

Previous Forecasts in Parentheses

Motivation: We revise our EURUSD forecasts lower in view of a USD that will be higher for longer. However, we do maintain the trajectory of a stronger EURUSD in view of fading US exceptionalism which should lead to a gradually weaker USD. Additionally, we stay convicted on our view that the Eurozone economy could be bottoming, and an improvement to growth could give a boost to the EURUSD, however we also recognize that this could take a longer time to play out than we initially expected. Hence, we lower the EURUSD forecasts for the next four quarters to account for this. Note that Germany, the largest Eurozone economy, slipped into a technical recession in the last quarter of 2023. While still in line with our narrative for a bottoming, the process could also take a longer than expected time to play out.

EURUSD traded within a 1.0768 to 1.0981 range in Mar, higher than the 1.0695 to 1.0898 range in Feb as the pair traded higher on fading US exceptionalism, adjustments to Fed rate cut expectations and firmer than expected Eurozone inflation. The pair traded towards the lower end of the range at the end of the month on the no landing narrative, or the belief that Fed rate cuts and consequently other central bank rate cuts could be further delayed. Therefore, our view remains that the ECB, and central banks in general, will err on the side of caution when it comes to rate cuts, given considerable uncertainty in the inflation outlook.

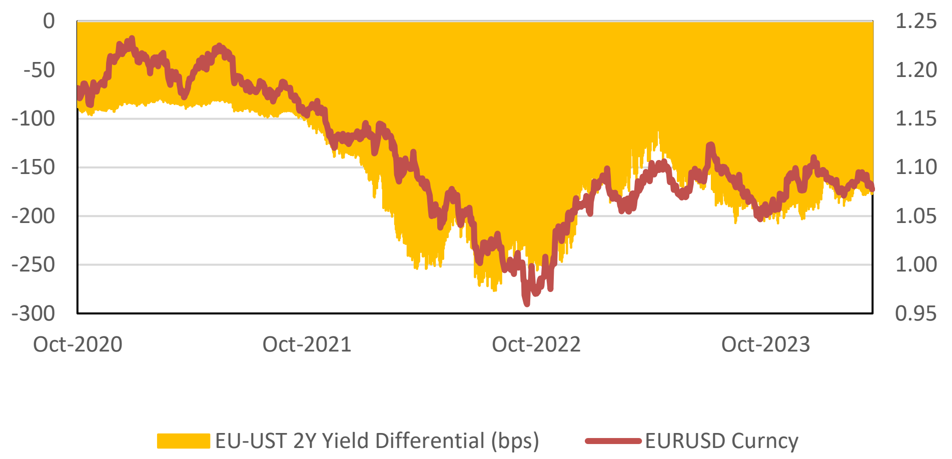
The ECB kept policy settings unchanged at their Mar 2024 meeting and has perhaps been the most forthcoming amongst central banks in terms of forward guidance and their considerations related to rate cuts. While the disinflationary path for the Eurozone remains intact, Lagarde offered three considerations for the ECB to be able to cut rates. Firstly, wage growth data needs to confirm if wages are growing in line with inflation sustainably reaching the ECB target by mid-2025. Secondly, whether corporate profit margins compress and allow inflation to reach ECB target without weighing too much on the labour market. Lastly, whether there is meaningful productivity growth which would allow the Eurozone to grow as inflation comes off i.e. an improvement to real growth outcomes. ECB officials and Lagarde have alluded to cuts being considered soon, with Lagarde indicating that Jun was a key month for rate cuts. However, Lagarde also cautioned that decisions will remain data dependent and that the ECB would not be able to commit to a particular rate path even after the first rate cut. Upcoming ECB decisions are on 11 Apr and 6 Jun and both the data in the lead up to the decisions and the decisions themselves should be key. Thus far, inflation in the Eurozone has been somewhat sticky with Feb headline at 2.6% YoY (exp: 2.6%; prev: 2.6%) and Feb core inflation at 3.1% YoY (exp: 3.1%; prev: 3.1%).

We see three 25bps cuts for the ECB this year to bring their deposit facility rate to 3.25% (currently: 4.00%), main refinancing rate to 3.75% (currently: 4.50%) and marginal lending facility rate to 4.00% (currently: 4.75%). This is broadly in line with consensus forecasts by economists at 75bps of cuts by year end and slightly more hawkish than current market pricing of roughly 100bps of cuts by year end. In general, we think that central banks are waiting for the Fed to cut rates first to avoid an adverse impact on their currencies and the ECB is no exception to this. As we have previously stated, we think that if the ECB cuts after or alongside the Fed or if Eurozone growth prospects improve, the EURUSD need not weaken and could in fact strengthen or remain supported. This is in line with our narrative for a bottoming of growth prospects in the Eurozone. We have seen evidence of this when EURUSD rallied even as the ECB tilted a bit more dovish. We saw once again that following the 21 Mar FOMC, where the Fed all but confirmed three rate cuts in 2024, EURUSD was one of the better performers.

Risks Ahead: Geopolitical headwinds could still weigh on the EUR. The war in Ukraine is not over, and the emergence of a new threat in the form of disruption of the traditional shipping route via the Suez Canal presents a salient risk to both growth and inflation. The longer route via the Cape of Good Hope could reduce Asia-Europe trade by an estimated 25% and the ECB should be keenly aware of the risks that an extended blockade should pose to the Eurozone economy. Downside risks to growth and upside risks for inflation could place the Eurozone in a precarious position. The US Presidential Election is a possible risk for the EUR. A Trump win could spell an early end to the Ukraine War and that should be positive for the EU. In addition, there is the risk that the recovery in growth underwhelms, and the Eurozone could slip into a recession. In such a scenario, we would expect the EURUSD to do worse than our forecasts. There is also a risk that this forces the ECB to cut rates first, which should result in EUR softness. This would entail a significant deviation from our base case scenario of a global soft-landing, and we do not think such a scenario is likely.

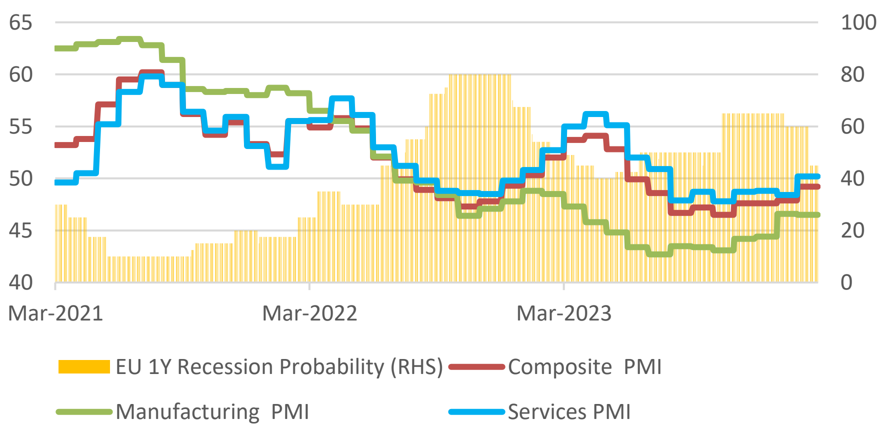
Key Data/Events: Feb ECB 1Y/3Y CPI Expectations, Mar EC Mfg PMI (2 Apr), Mar P CPI, Feb Unemployment Rate (3 Apr), Mar EC Svcs/Composite PMI, PPI Inflation (4 Apr), Feb Retail Sales (5 Apr), Apr Sentix Investor Confidence (8 Apr), **ECB Policy Decision (11 Apr)**, ECB Survey of Professional Forecasters (12 Apr), Feb Industrial Production (15 Apr), Apr ZEW Survey Expectations, Feb Trade Balance (16 Apr), Mar F CPI (17 Apr), Feb ECB Current Account, Feb Construction Output (18 Apr), 2023P Debt/GDP Rato, Apr Consumer Confidence (22 Apr), Apr P Mfg/Svcs/Composite PMI (23 Apr), Mar ECB 1Y/3Y CPI Expectations (24 Apr to 30 Apr), ECB Economic Bulletin (25 Apr), Mar Money Supply (26 Apr), Apr Consumer/Services/Industrial/Economic Confidence (29 Apr), Apr P CPI, 1Q A GDP (30 Apr).

Yields Differentials Key Driver of EURUSD



Source: Bloomberg, Maybank FX Research & Strategy

Bottoming of PMIs Could Herald Growth Bottoming



Source: Bloomberg, Maybank FX Research & Strategy

GBP: Finding Support

GBP/USD	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	1.2550	1.2600	1.2700	1.2700
	(1.2500)	(1.2500)	(1.2500)	(1.2550)

Previous Forecasts in Parentheses

Motivation: We revise our forecasts for GBPUSD to reflect higher levels and a steeper than previously expected appreciation trajectory for the pair. We may have been initially too pessimistic on the cable and our new forecasts reflect a trajectory for the cable that is more in line with other currencies. We do recognize a number of issues that could weigh on the cable such as heightened political uncertainty with elections needing to be held no later than Jan 2025, shrinking fiscal space and structural issues that have yet to be resolved from Brexit.

Hunt's budget was lacking expected cuts to income tax. However, nation insurance was cut by 2 percentage points and non-domiciled tax status was abolished. This was a longstanding ambition of the opposition Labour party. Various other measures aimed at tackling rising cost of living were also unveiled, and the budget is largely viewed as one that aims to give the Conservative party a better chance of retaining control of Downing Street ahead of elections. Opposition leader Starmer has already called the Conservatives out for failing to deliver promised income tax cuts. Fiscal space could be reduced as BOE QE losses add up, which could leave UK taxpayers with a hefty bill with BOE's losses indemnified by a government guarantee. Since Oct 2022, about £38b has been transferred to the BOE. Recall that previous confidence issues with the GBP were due to concerns over excessive borrowing in ex-PM Truss and ex-Chancellor Kwarteng's budget. While Sunak and Hunt have thus far avoided such a situation, we do not rule out the possibility of confidence issues arising from future concerns over the fiscal health of the UK.

In addition to the fiscal uncertainty, there is a great deal of political uncertainty surrounding the UK. Preliminary polls showed that the incumbent Conservatives are likely to lose an election to the Labour opposition led by Starmer. However, a recent study suggests that Starmer could be facing an uphill battle to unseat Sunak with changes to electoral boundaries. Assuming all parties perform as they did in 2019, Parliament is likely to be hung with no clear winner. Had the 2019 election been determined on the new electoral boundaries, the incumbent Conservatives would have more seats and Starmer's Labour party would have fewer seats. The political situation remains finely balanced, and we feel that this could dampen the outlook for the GBP.

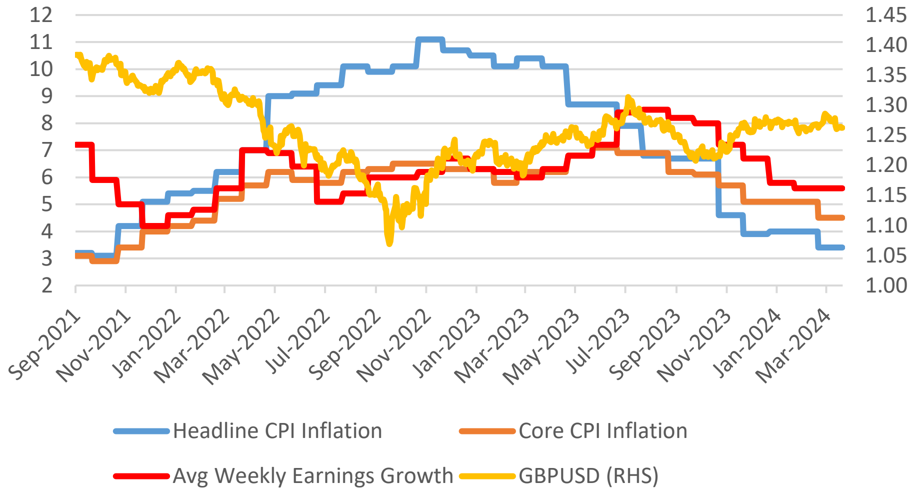
As widely expected, the BOE kept rates unchanged on 21 Mar 2024. Notably, hawks (Mann & Haskel) on the BOE MPC dropped their call for hikes in an 8-1 vote in favour of holding rates, with a sole dove (Dhingra) voting for a 25bps cut. Governor Bailey said that the BOE was "on the way" to victory over inflation, and that they need not wait for inflation to fully abate before cutting rates. Odds for a Jun BOE cut have risen to 54.2% (prev: 40.7%). GBP underperformed in the wake of the BOE announcement. As we have suggested, GBP could fade its outperformance amid adjustment to BOE rate cut expectations. Overall, signs point to an impending pivot to rate cuts for the BOE, although they could also be waiting for the Fed to move first. The BOE has not been as forthcoming (as the ECB or the Fed) in terms of forward guidance or their considerations on rate cuts. Disinflation is intact in the UK, however certain specific inflation indicators such as services inflation and PPI and RPI measures are mixed in showing that some inflationary pressures remain. A key consideration that the BOE has is also that of wage growth, which likely remains the single largest stumbling block for the BOE to pivot to rate cuts.

GBPUSD traded within a 1.2575 to 1.2894 range in Mar, with the pair testing highs amid a broad USD sell-off earlier in the month and retracing gains to end the month roughly around the 1.2600 levels where it had started the month as the no landing narrative, or the belief that Fed rate cuts and consequently other central bank rate cuts could be further delayed buoyed the USD.

Risks Ahead: Our outlook for the GBP remains cautious and some may even seem bearish to some, and it is entirely possible that the actual outcomes surprise to the upside and provide the GBP with some tailwinds. If the Sunak administration manages to successfully navigate the intricacies of a post-Brexit UK, then they could likely be re-elected, and the GBP may perform better than we expect. We cannot rule out however, salient downside risks such as the blockade of the Suez Canal and the negative impact that the resulting downsides to growth and upsides to inflation could weigh on the GBP.

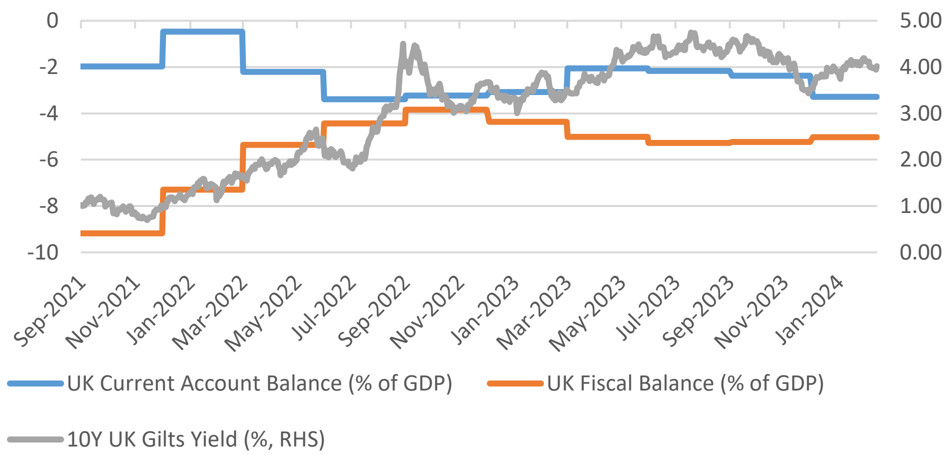
Key data/events: Mar BRC Shop Price Index, Mar Nationwide House Px, Feb Mortgage Approvals, Feb Money Supply, Mar F UK Mfg PMI (2 Apr), Mar Official Reserves Changes, Mar DMP 3M Output Price/1Y CPI Expectations, Mar Services/Composite PMI (4 Apr), Mar Construction PMI () Apr), UK Jobs Reports (8 Apr), Mar BRC Sales Like-for-Like (9 Apr), Mar RICS House Price Balance, BOE Bank Liabilities/Credit Conditions Surveys (11 Apr), Feb Monthly GDP, Feb Industrial/Manufacturing Production, Feb Construction Output, Feb Trade Balance (12 Apr), Apr Rightmove House Prices (15 Apr to 22 Apr), Feb Average Weekly Earnings, Feb ILO Unemployment Rate, Mar Jobless Claims/Claimant Count (16 Apr), Mar CPI/RPI/PPI Inflation (17 Apr), Apr CBI Trends/Business Optimism (18 Apr to 24 Apr), Mar Retail Sales (19 Apr), Apr CBI Reported Sales (21 Apr to 27 Apr), Mar Public Finances/Public Sector Net Borrowing, Apr P Mfg/Svcs/Composite PMI (23 Apr), Apr GfK Consumer Confidence (26 Apr), Apr Llyods Business Barometer, Apr BRC Shop Price, Mar Mortgage Approvals, Mar Money Supply (30 Apr).

Inflation and Wage Pressures Abate



Source: Bloomberg, Maybank FX Research & Strategy

CA and Fiscal Deficits Have Shrunk, Gilts Remain Elevated



Source: Bloomberg, Maybank FX Research & Strategy

AUD: Consolidation Continues

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
AUD/USD	**0.67** (0.68)	**0.68** (0.70)	**0.68** (0.70)	**0.68** (--)

Previous Forecasts in Parentheses

Motivation: We remain constructive on AUD and look for dips to buy into as above-target inflation could keep RBA hawkish (not helped the least by upcoming relief measures to help Australians to cope with cost of living, and still rising population growth due to migrants), longer-term constructive macro backdrop for Australia's resource mix amid the global pursuit of green transition and recovery (beyond the near-term pressure). We monitor China's efforts to stabilize its property sector (seems to have little effect for now) and ease local government debt. A lack of progress on those fronts could mean weaker demand for Australia's exports. Iron ore has been on the plunge since the start of the year and that has been keeping the AUDUSD from rising more. We adjust our AUDUSD forecasts a tad lower for this year as US' economic resilience could keep AU-US rate differential in discount as well as weak China recovery. However, we still maintain an upside trajectory for the currency as RBA could be the last few central banks to pivot.

RBA Removes Tightening Bias, finally. RBA finally removed its tightening bias from its policy statement for the Mar policy meeting. That was taken to be dovish but we bear in mind that RBA is one of the last major central bank to do so (vs. Fed, ECB, BoE, BoC in Jan). RBA left cash target rate unchanged at 4.35%. In Governor Bullock presser after the decision, she hesitated to give clear guidance on policy trajectory and remains "worried about inflation". This underscores the neutral stance of the RBA board but her acknowledgement of the slowdown in activity at home (Feb retail sales at +0.3%m/m vs. prev. 1.1%) suggests that the next move is more likely a rate cut. However, that does not mean a rate cut is near as services inflation continue to moderate "more gradually".

Inflation is still sticky. Feb CPI came in at 3.4%y/y, steady from the previous. Core CPI actually eased a tad to 3.9%y/y from 4.1%, albeit still above 2-3% target. Food contributed the most to the disinflation progress, slowing to 3.6% from prev. 4.4%. Most subcomponents however did not see as much progress - housing steady at 4.6%, health steady at 3.9%, transportation at 3.4% (vs. prev. 3.0%) and recreation at +0.4% (prev. -1.7%). We continue to watch the impact of PM Anthony Albanese's tax adjustments to help Australians cope with the cost of living, whilst making the tax system more equitable. **The adjustment will take effect from Jul 2024** and the Ministry of Finance reported that the adjustments would be "budget and inflation neutral". Still, we monitor the potential boost to spending as well as inflation in 2H. Taking these into account, subdued consumer and business confidence as well as easing labour market conditions, we anticipate that RBA will only start easing in Aug and we are likely to see a total of 50bps cut for this year.

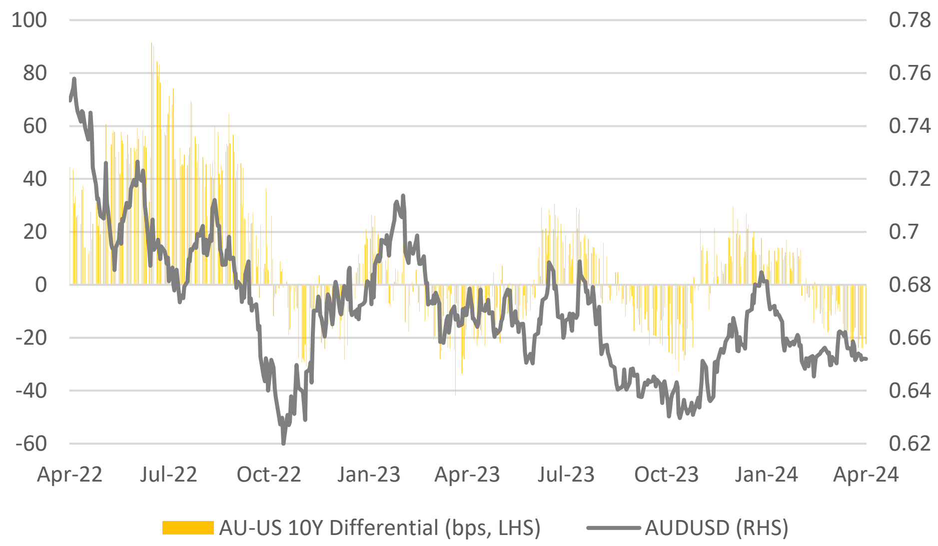
Window for Policy Divergence? We hold a constructive view of the AUD as convergence between RBA-other DM policy stance is done (shift to neutral). Our view that RBA's first cut could come in Aug is likely well after the Fed's likely timing of Jun/Jul. That could imply a divergence between Fed and RBA at some point that could be in the favour of AUD.

China's economic recovery remains a question mark. It is Australia's biggest trading partner and as such, always a relevant concern. We remain cautious on China's recovery given the lack of clarity on how the government can stabilize the real estate sector, the rumoured additional CNY 1 trn special sovereign bond plan on 16 Jan that did not seem to have materialized. The outlook for iron ore prices seem to have weakened with China's real estate still on a downward spiral and local government still facing financing pressure. As a result, there seems to be less room for infrastructure spending at this point. Any stronger cyclical upswing of the Chinese economy would be an additional boon.

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and a stickier-than-expected US inflation could hinder AUD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the AUD. (3) There are increasing signs that business conditions have been weakening. Should there be a sharper deterioration in confidence and labour market conditions, RBA could bring forward rate cut to the first half of 2024 and that would be negative for the AUD.

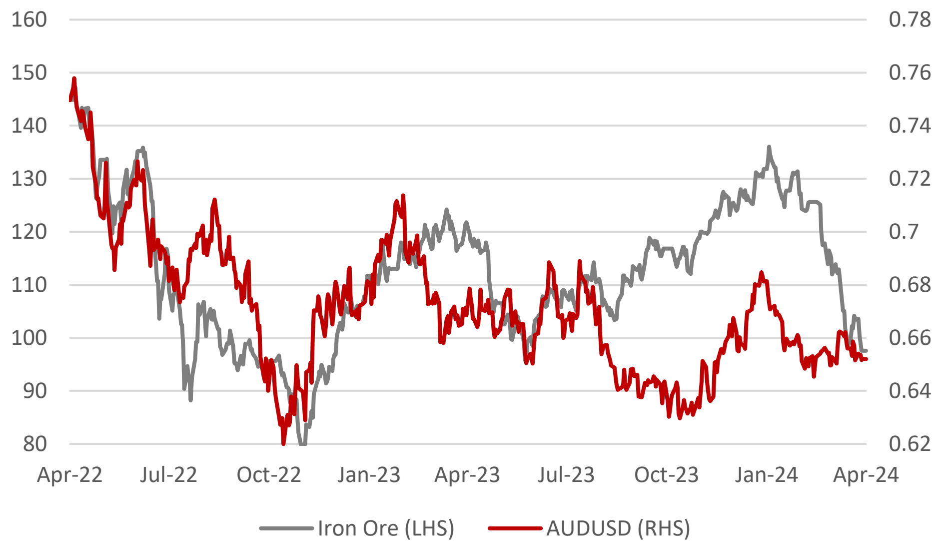
Key Data/Events: Mar M-I inflation, Minutes of RBA Mar meeting [2 Apr], Mar Services PMI, Feb building approvals [4 Apr], current account 4Q [5 Mar], Feb trade [5 Apr], Feb home loans [8 Apr], Westpac Apr consumer confidence [9 Apr], CBA household spending [11 Apr], NAB 1Q business confidence, Mar labour report [18 Apr], Apr prelim. Mfg, services PMI [22 Apr], 1Q and Mar CPI [24 Apr], Mar retail sales [30 Apr].

AU-US Yield Differential Swings Between Discount and Premium



Source: Bloomberg, Maybank FX Research & Strategy

Base Metals Remain Subdued as Global Growth Slows, Crimps on AUD



Source: Bloomberg, Maybank FX Research & Strategy

NZD: Orr Sounds Dovish Warnings

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
NZD/USD	0.61 (0.62)	0.62 (0.63)	0.62 (0.63)	0.62 (--)

Previous Forecasts in Parentheses

Motivation: We downgraded our NZD view as the country slips into technical recession. That raises risks of further deterioration in hiring conditions while inflation soften. This has threatened our view that RBNZ could become one of the last DM central banks to start easing. Even with the downgrade, we continue to see some downside risks to the NZD forecast as RBNZ Orr had recently sounded a tad more dovish. Our trajectory for NZDUSD is still mild bullish as we maintain our view for global growth to bottom out in 2H. Together with the start of rate cuts in the rest of the world, risk sentiment could become more supportive of the NZD. At home, we keep our eyes on the next inflation report as well as the next labour report for 1Q. Next RBNZ decision is on 10 Apr.

RBNZ Feb Decision - Risks to the Inflation Outlook Becoming More Balanced. This was the key takeaway from the RBNZ policy statement on 28 Feb. RBNZ held the official cash rate unchanged at 5.50% then and mentioned that risks to the inflation outlook have become more balanced as demand is being dampened by policy settings. <u>That was a dovish pivot for RBNZ</u>. More recently, Orr even spoke about central banks waiting for the opportunity to lower policy rate (including RBNZ) but this requires further decline in “consumer and business inflation expectations”. During an interview, he said that “the inflation tide is turning and the slowing economy is in line with its expectations”. We recall that headline inflation was projected in the Feb MPS to come within the 1-3% target band in 3Q 2024 (Sep quarter) and that current monetary policy settings (OCR at 5.50%) could help bring headline inflation back to 2% target in 2025. Rate cut guidance was projected to be in 2025.

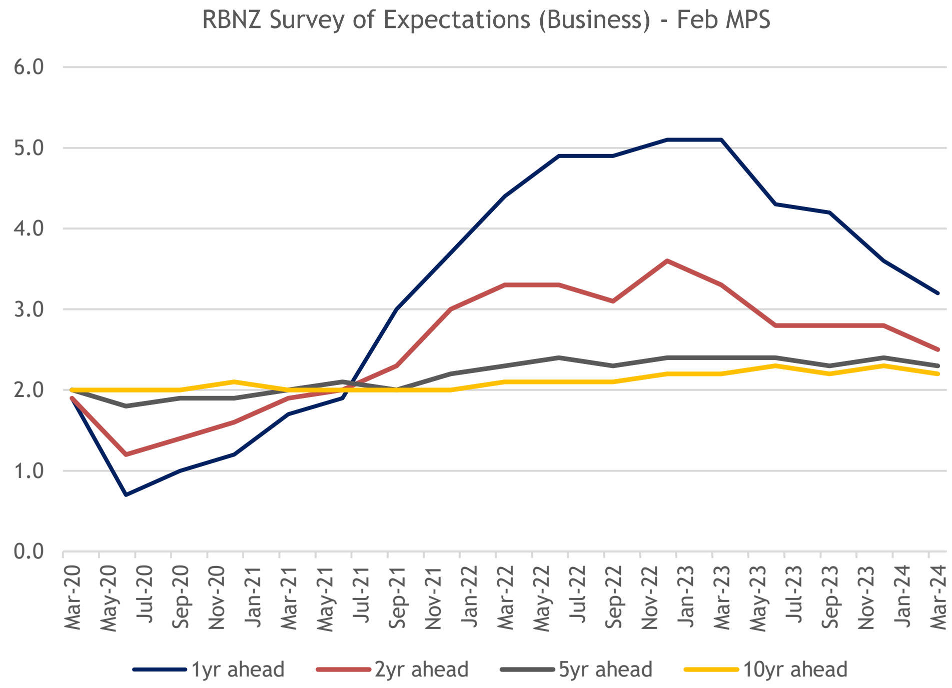
Economic Forecasts and Policy Guidance Could Shift in Apr MPS. More recent data suggests that economic forecasts and policy guidance could shift. Business confidence (34.7 vs. prev. 22.9) and consumer confidence (-8.6%) fell in Mar. Breakdown shows a fall in inflation expectations to 3.80% in Mar from 4.03% in the month prior. Food prices also fell -0.6%m/m in Feb vs. previous 1.2%. 2Y inflation expectation was seen at 2.50% in 1Q and a further fall towards 2% target could enable RBNZ to officially bring forward the RBNZ OCR rate cut guidance from 2025 to late 2024. GDP shrank unexpectedly by -0.1% in the 4Q (driven by fall in mfg, retailing and machinery sales), following a contraction of -0.3% in the quarter prior.

GDT on the Decline. The reason for NZD’s recent underperformance is the surprising fall in NZD. The global dairy trade average prices had fallen around 4.6% from its peak in Feb, last clearance at around $3497. <u>New Zealand’s trade deficit narrowed to NZD218mn in</u> Feb vs. previous NZD1089mn due to a bump up in the exports by 16.2%y/y in the month. Imports also rebounded to 3.3%y/y from previous -20.2%. Exports to China seem to have risen 10.4%y/y, likely due to Lunar New year distortion. Exports to the US and Australia were robust as well, up 5.9%y/y and 52.5%y/y respectively. Any improvement in exports could have the potential to offset the other domestic factors that drag on the NZD.

Risks Ahead: (1) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the NZD via the sentiment as well as the trade channel. (2) We had seen ample room for markets to price in sooner rate cuts and that has been brought to fruition. That said, markets are still in constant calibration on timing and magnitude of rate cuts and that could keep the NZDUSD in broader consolidation within 0.59-0.61 range.

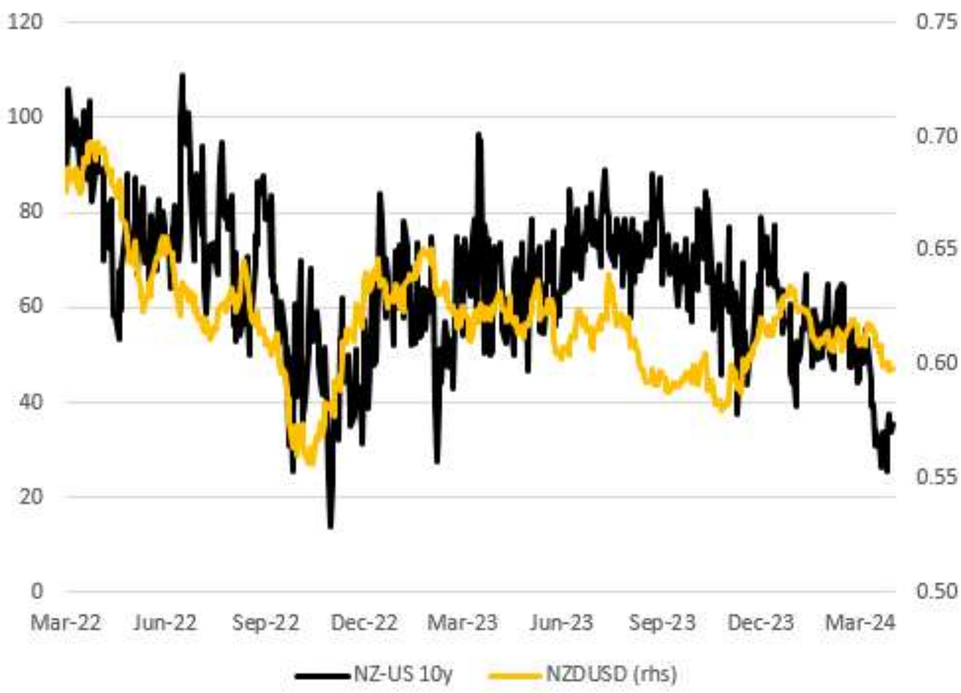
Key Data/Events: Mar CoreLogic House prices [3 Apr], Feb building permits, ANZ commodity price for Mar [4 Apr], RBNZ official cash rate, REINZ Mar house sales [10 Apr], Mar businessNZ Mfg PMI [12 Apr], Mar food prices [12 Apr], Performance services index for Mar [15 Apr], 1Q CPI [17 Apr], Mar trade [24 Apr], ANZ Apr consumer confidence [26 Apr], ANZ activity outlook for Apr, Apr ANZ business confidence, CoreLogic Apr House prices [30 Apr].

New Zealand's Inflation Expectations on the Decline



Source: RBNZ, Bloomberg, Maybank FX Research & Strategy

Falling NZ-US 10y yield differential To Drag the NZDUSD



Source: Bloomberg, Global Dairy Trade, Maybank FX Research & Strategy

CAD: Coming Close to Policy Normalization Conditions

USD/CAD	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	1.3600 (1.3300)	1.3500 (1.3300)	1.3400 (1.3000)	1.3300 (--)

Previous Forecasts in Parentheses

Motivation: We raised the USDCAD forecast higher for the next three quarters of the year as we maintain our view that BoC could be the next central bank to start its easing cycle and that could potentially weigh on the CAD in the coming quarter. In addition, US' economic resilience could keep US rates higher for longer, lending some support to the USDCAD on dips. Into the middle of 2024, we expect more central banks to get into the easing mode as inflation drifts nearer to respective targets and we anticipate USDCAD to come off more discernibly at that point. Risk-sensitive CAD should thrive as global growth outlook brightens a tad on a more benign inflation environment and as businesses and consumers look forward to a looser monetary policy environment.

Growth Resilient, But Conditions for Normalization could be Near. CAD was comparatively resilient in most of Mar as growth surprised to the upside (+0.4%m/m for Feb adv. Est.). That pared rate cut expectations of the BoC. We keep our call that BoC could cut rates in Jun. Other data such as the CFIB survey for Mar suggests that the business sentiment could be less robust at 52.7 vs. previous at 55.1. More firms in the CFIB survey saw general business situation as bad at 24.1 vs. previous 20.4 and fewer saw it as good and satisfactory in Mar compared to Feb. This survey may not bode so well for private investment. Expected price hike is softened to 2.7% vs. previous 2.8% while wage hike is expected to average 2.6% vs. peak of 2.8% seen in Jan. While there is certainly no "urgency to cut" as activity continues to hold up thus far, headline CPI has slipped to 2.8% for Feb, **within the 1-3% target.** BoC's preferred inflation metrics for operational guide - CPI trim, CPI median for Feb remain a tad higher at around 3.1-3.2%. Disinflation is still progressing and conditions for BoC to normalize monetary policy could be near. Taken together, any weakness in data (such as a rise in jobless rate) could be detrimental for CAD.

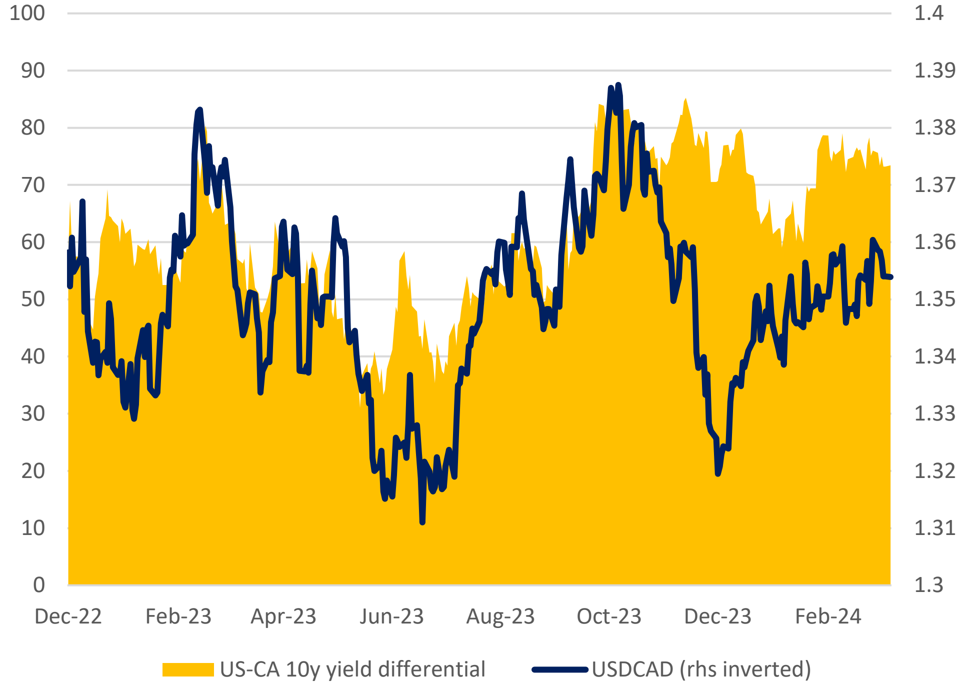
On 6 Mar, BoC had kept overnight rate at 5%, bank rate at 5.25% and deposit rate at 5%. Pace of QT is also kept unchanged. At that point, BoC still expressed concerns about inflation outlook, particularly in underlying inflation and that a "further and sustained easing in core inflation" is expected. The Minutes of the meeting revealed that the Governing Council still expects CPI inflation to remain around 3% in the coming months. High shelter cost is a key contributor to CPI inflation and could be a hurdle to getting inflation towards 2%. The Canada Mortgage and Housing Corporation reported record levels of Construction in Toronto, Vancouver, Calgary and Ottawa. However, even with the boost to supply, Canada could still be short 3.5mn units in 2030. Focus of the Council remains on wage growth, corporate pricing behaviour, supply and demand balance in the economy, inflation expectations of consumers and businesses. Since the last meeting, breakdown of the CPI release suggest that shelter costs remain rather elevated and services inflation is sticky. We probably need another set of inflation metrics to nudge the BoC into easing in Jun. We do not expect BoC to significantly change its tone on 10 Apr but Deputy Governor Gravelle had already flagged that the QT could be tapered and the tapering could continue even as BoC cut rates.

Oil to be of little help now as policy divergence is still a key driver of CAD. However, further recovery could add boost to CAD. Oil tends to amplify the effects of market sentiment on the CAD. However, in times of supply shocks, oil price increase does not really boost CAD much and CAD tends to be more risk-sensitive in those risk-off episodes. With global and domestic growth looking subdued at this point, oil prices are not expected to see much of revival at the start of 2024. That could also serve to amplify CAD's weakness for now. However, when global growth starts to recover and Canada's growth start to bottom, we expect the rise of crude oil prices to support the CAD.

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and any re-accelerations to boost USD against the CAD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a global recession is negative for the CAD. (3) Fiscal impulse could spur inflation higher and force the BoC to keep rates elevated for longer. In addition, shelter costs, rentals, housing shortage continue to pose a risk to disinflation trajectory and the timing of the rate cut. In that kind of environment, CAD would still be under pressure as the central bank becomes increasingly stuck between rock and hard place as growth slows at home.

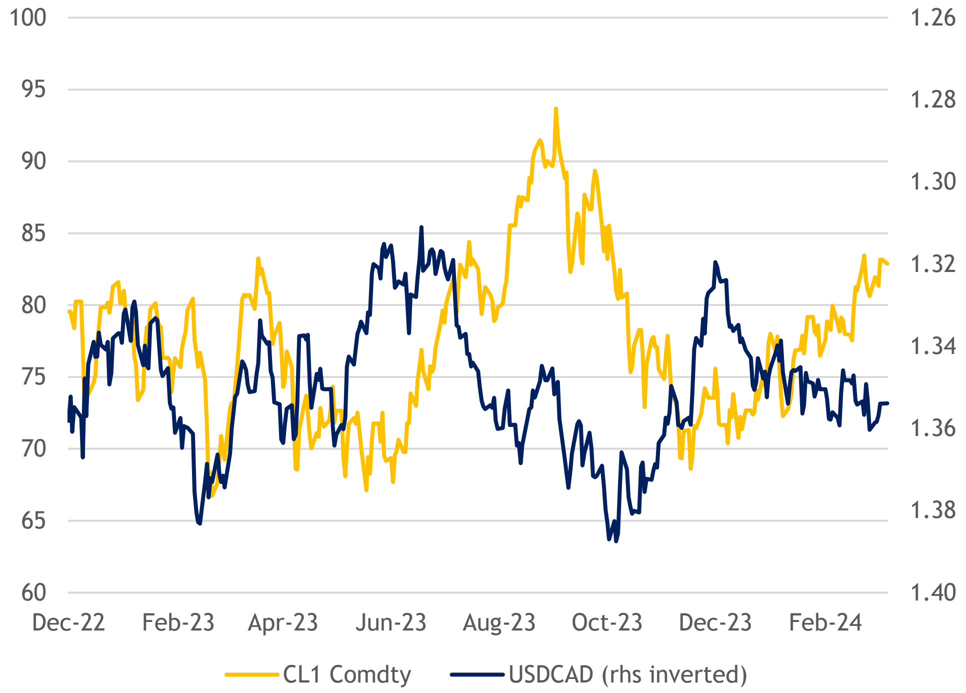
Key Data/Events: Mar services PMI [3 Apr], Feb trade [4 Apr], Mar labour report [5 Apr], Feb building permits, BoC policy decision [10 Apr], Mar housing starts [15 Apr], Mar CPI [16 Apr], Feb retial sales [24 Apr], BoC Summary of deliberations, CFIB business barometer for Apr [25 Apr], Feb GDP [30 Apr].

Wide US-CA Yield Differential Dominates USDCAD Supported on Dips



Source: Bloomberg, Maybank FX Research & Strategy

USDCAD Not Finding Much Support from Rising WTI



Source: Bloomberg, Maybank FX Research & Strategy

CHF: Surprise First to Ease

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
USD/CHF	0.9000	0.8900	0.8800	0.8700
	(0.8600)	(0.8500)	(0.8400)	(0.8400)

Previous Forecasts in Parentheses

Motivation: We revise our forecasts for USDCHF lower across the next four quarters after surprise easing by Swiss National Bank (SNB) in Mar. The CHF has been under pressure since SNB's move, and this is reflected in the level shift higher of the CHF. Nevertheless, we still maintain the trajectory of CHF appreciation against the USD on the belief that the USD will gradually fade alongside fading US exceptionalism and a global soft landing. Timing of rate cuts matters in so far that the CHF could become a funding currency of choice with this surprise cut and this is likely to exert upward pressures on USDCHF at least in the short term, or until major central banks actually start to cut.

The Swiss economy is likely to see moderate growth of +1.1% YoY in 2024 and +1.5% YoY in 2025 according to consensus estimates. The chance of a recession over the next 12 months is 20% and 2023 GDP is expected to print at +0.7% YoY. Manufacturing activity is still weak with Feb PMI at 44.0 (exp: 44.3; prev: 43.1) although services activity, while weaker, remains in expansion at 53.0 (prev: 54.6). Trade activity has increased with Feb exports at 0.2% MoM (prev: -0.5%) and imports at 3.8% MoM (prev: -3.9%).

Inflation looks to be slowing in Switzerland. Feb CPI printed at 1.2% YoY (exp: 1.1%; prev: 1.3%), although prices saw a sequential rise of 0.6% MoM (exp: 0.5%; prev 0.2%). Inflation coming off is largely in line with global trends where price pressures are on a broad downward trajectory. For Switzerland, the inflation target is between 0 to 2%. President Thomas Jordan said that it is unlikely that inflation exceeds this target, although he sees it approaching the ceiling of the target. Feb unemployment was stable at 2.2% SA (exp: 2.2%; prev: 2.2%). At its 21 Mar meeting, SNB cut rates to 1.50% (prev: 1.75%) given the significant decline in the inflation outlook for Switzerland. Being the first to cut and in a surprise move, we expect a period of CHF weakness that should last until the next central bank, or the Fed joins in and cuts. Longer term, we think that SNB could cut rates 2 more times in 2024 to 1.00% as inflation is expected to be on a broad retreat. On balance, we do still expect the CHF to appreciate against the USD over the course of the year as US exceptionalism fades.

The key reason provided for the SNB pivot to rate cuts is the relative strength of the CHF. Dec marked a key pivot in Swiss FX policy with interventions no longer being one-sided in favour of supporting CHF strength. One possible theory is that the surprise cut would help cap CHF strength and reduce the need for intervention to weaken the CHF as such interventions could bloat the SNB's already large balance sheet. Inflation is benign in Switzerland and is expected to remain benign with SNB's official forecasts at no higher than 1.5% through 2026. Historically the SNB has also not been too concerned with surprising the market, with the 50bps hike in 2022 and the 2015 unpegging of the CHF episodes that come to mind.

While the SNB is unlikely to be as interventionist as India in its management of the CHF, we do keenly observe for signs of SNB intervention to weaken the CHF. Given that inflation appears to be coming off and the downside risks to growth, we cannot rule out SNB easing via both weakening the CHF and reducing interest rates. We watch changes in SNB's balance sheet, official foreign reserves, and sight deposits closely for hints on SNB's future leanings. The declaration that intervention would no longer be one-sided in favour of CHF strength is also significant. We do maintain our view that the USD strength will gradually fade over the year amid fading US exceptionalism.

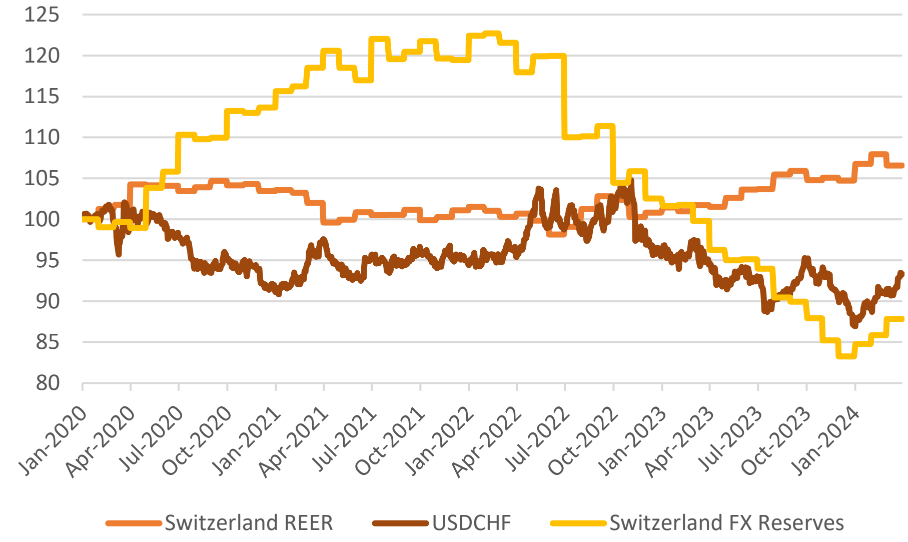
Risks Ahead: US exceptionalism could continue and that remains the main risk to our expectations for the trajectory of the CHF. Other risks include SNB intervening to moderate appreciation more than we expect or rising geopolitical tensions that could drive a quicker than expected pace of CHF appreciation.

There are also potential risks for the CHF outlook if growth in the Eurozone fails to pick up as we expect. The EU is Switzerland's main trading partner and a slowdown in the Eurozone could therefore weigh on Swiss exports and the CHF.

Key Data/Events: Feb Retail Sales, Mar Mfg/Services PMI, 29 Mar Sight Deposits (2 Apr), Mar CPI Inflation (4 Apr), Mar Foreign Currency Reserves, Mar SECO Consumer Confidence (5 Mar), Mar Unemployment Rate, 5 Apr Sight Deposits, 1Q Real Estate Index (9 Apr to 15 Apr), Mar Producer & Import Prices, 12 Apr Sight Deposits (15 Apr), Mar Exports/Imports (18 Apr), Mar Money Supply, 19 Apr Sight Deposits (22 Apr), Apr UBS Survey Expectations (24 Apr), 26

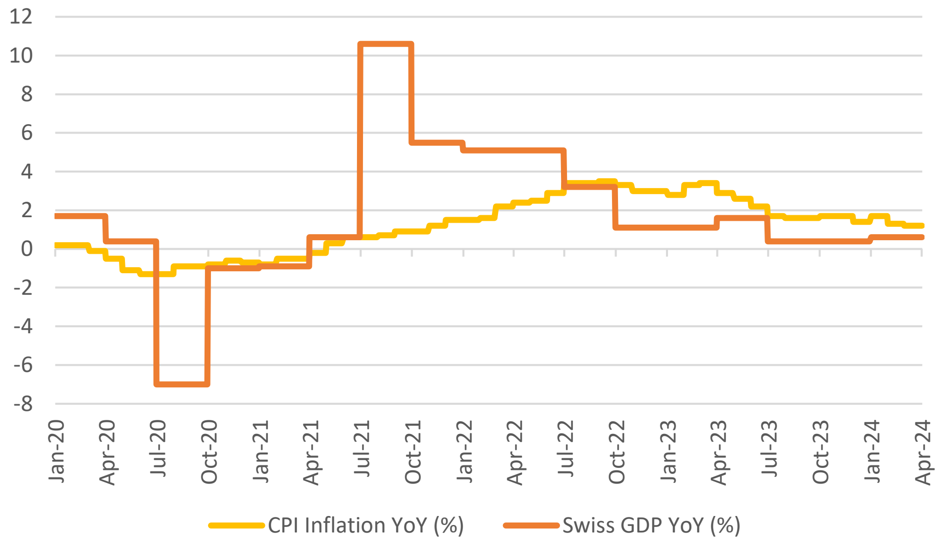
Apr Sight Deposits (29 Apr), Apr KOF Leading Indicator (30 Apr), Mar Retail Sales (30 Apr to 2 May).

SNB Intervention Now Two-Way (Base = Jan 2020)



Source: Bloomberg, Maybank FX Research & Strategy

Inflation is Benign and Growth is Tepid



Source: Bloomberg, Maybank FX Research & Strategy

JPY: Normalization in Play, Pair to Remain Elevated

USD/JPY	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	152.00	148.00	145.00	140.00
	(145.00)	(140.00)	(136.00)	(--)

Previous Forecasts in Parentheses

Motivation: Last month, the BOJ exited NIRP after more than nine years of maintaining the policy. They also additionally ended YCC and the purchases of the ETF/JREITs. Despite the magnitude of the moves, it actually failed to give any boost to the JPY with the currency in fact weakening post the decision. Multiple factors have caused this weakness which include the BOJ likely to undertake only a slow and gradual normalization/hiking process whilst the Fed has reversed to be a tad more hawkish (as it reduced the number of 2025 cuts). Repatriation is also unlikely to provide much support to the JPY given that yields could still remain too low for lifers or other players to consider moving back cash just yet. Given these persistent unfavourable conditions, the pair may continue to trade at an elevated level. Consequently, we have revised up our USDJPY forecast. However, at the same time, we also see that upside on the pair is limited beyond the 152.00 mark given intervention risks amid concerns from the government and the BOJ regarding currency weakness.

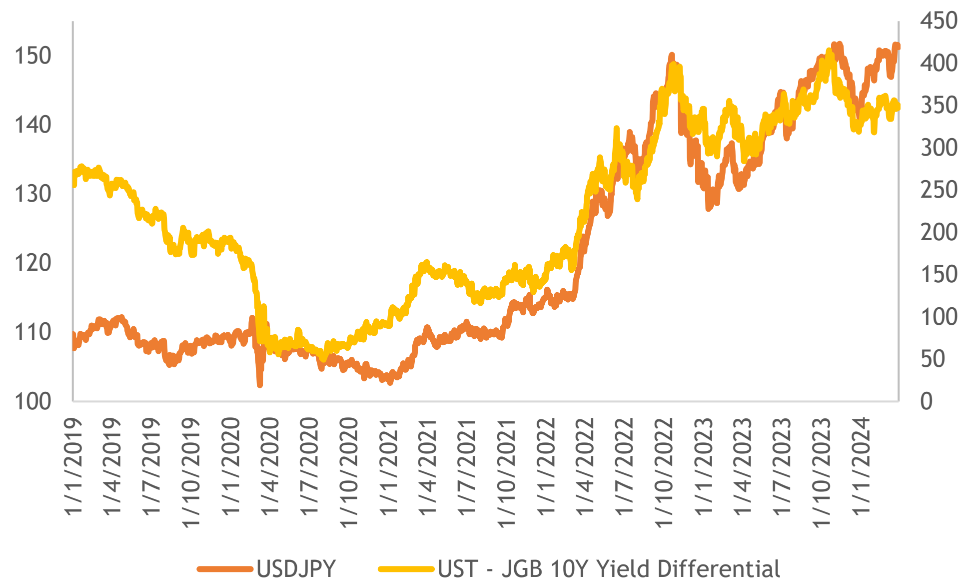
In line with media reports prior to the Mar meeting, the BOJ in one swoop ended NIRP, YCC and ETF/JREITs purchases. Focus though was on whether the BOJ would hike further and with Ueda's fairly neutral tone at the meeting, the JPY weakened as markets read it as sign that further tightening was not immediately on the horizon. We do though believe further tightening would occur albeit at a slow pace with a 25bps increase possibly in Oct 2024 and another 25bps hike to occur again in Jun 2025. A stronger conviction on the BOJ's part on virtuous wage-price cycle becoming more entrenched together with concerns about the JPY weakness and economic data pointing to "normality" are the likely to drive the BOJ's hiking moves. Additionally, Ueda also described his era as "normal" and whilst he did not define what "normal" would be, we do think that it implies that inflation and growth would move up together allowing rates to also be raised. There may be some mention about maintaining "accommodative conditions" in the forward guidance but those words do not mean the BOJ would not be hiking. Instead, it can be seen that they may still push up rates except that they may hold it below the neutral rate. The level of the neutral rate is up for debate but we see the possibility it could be around 1.0 – 2.0%. Some BOJ officials have also expressed that normalization is in place albeit that it would be gradual and slow. However, the USDJPY is likely to keep trading at elevated levels given that the BOJ's moves hardly would do enough to change the unfavourable fundamentals that would still weigh on the JPY. Yield differentials are likely to stay wide especially as the Fed's rate cut can risk being delayed with US data still holding up strongly. Repatriation at the same time may not pick-up given that yields could still be too low for lifers or other players to consider moving back cash just yet.

Upside for USDJPY beyond the 152.00 mark is also likely to be limited because of intervention risks. Jawboning from both Finance Minister Suzuki and currency chief Kanda have been strong recently. Suzuki has recently said that they are watching FX moves with a high sense of urgency and that some speculative moves are behind the recent weak yen. He also won't rule out any options against excessive FX moves. Kanda has also uttered similar words and notably made such comments right after a meeting among the BOJ, MOF and FSA. Their comments from now on is looking to keep the USDJPY below the key level of 152.00. However, it has also not done much in guiding the currency sustainably stronger. The 152.00 level itself actually marks the point where a double top could be created at but we do not think they will intervene at that level. It may take quite strong DXY momentum to break above the 152.00 mark decisively and under those conditions, direct intervention may not be effective. Instead, we see them more likely to come in at 155.00 which would be a level that the Japanese government would be unlikely to be able to tolerate anymore.

Risks Ahead: This includes the economy being weak and inflation falling below target at 2.0%, which would make it challenging for the BOJ to adjust rates any further. Another risk is US inflation remaining too sticky and other economic data staying robustly strong, leading to the Fed keeping rates high for longer and holding back on rate cuts.

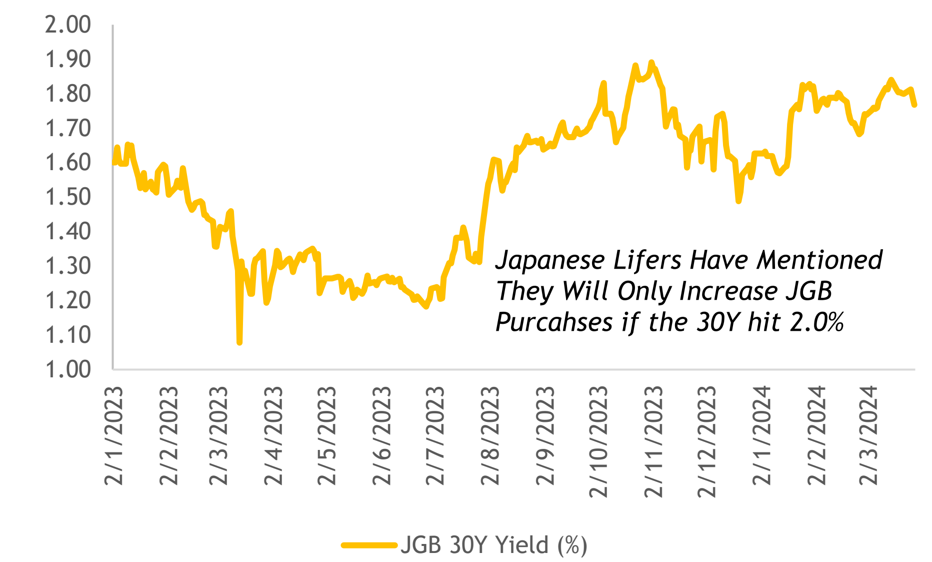
Key Data/Events: Mar monetary base (2 Apr), Feb household spending (5 Apr), Feb P leading/coincident index (5 Apr), Feb labor cash earnings (8 Apr), Feb BoP CA/trade balance (8 Apr), Mar eco watchers survey (8 Apr), Mar consumer confidence (9 Apr), Mar P machine tool orders (9 Apr), Mar PPI (10 Apr), Mar bank lending (10 Apr), Mar M2/M3 (11 Apr), Feb capacity utilization (12 Apr), Feb core machine orders (15 Apr), Mar nationwide/Tokyo dept stores (16 – 22 Apr), Mar trade balance (17 Apr), Feb tertiary industry index (18 Apr), Mar Tokyo condominiums (18 Apr), Mar CPI (19 Apr), Apr P Jibun Bank PMI composite/mfg/services (23 Apr), Mar PPI services (24 Apr), Apr Tokyo CPI (26 Apr), BOJ policy decision and forecasts (26 Apr), Mar job-to-applicant ratio and jobless rate (30 Apr), Mar P IP (30 Apr), Mar retail sales (30 Apr), Mar dept store, supermarket sales (30 Apr) and Mar housing starts (30 Apr).

Yield Differentials to Remain Wide Given Slow Pace of BOJ Hikes



Source: Bloomberg, Maybank FX Research & Strategy

Repatriation Unlikely to Pick Up as Yields are Likely to Remain Too Low



Source: Bloomberg, Maybank FX Research & Strategy

RMB: Slow Depreciation, We see Limited Recovery

USD/CNY	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	7.20 (7.10)	7.25 (7.15)	7.25 (7.20)	7.25 (--)

Previous Forecasts in Parentheses

Motivation: We shifted the USDCNY forecast up for this year after USDCNY managed to unshackle itself from the 7.20-peg. That said, the USDCNY fix remains under the 7.10-figure. The strong daily fix keeps the yuan supported should USDCNY fix continues to toe the 7.10-figure, the harder cap for USDCNY is effectively around 7.2420. That could become the new line of sand for USDCNY. Regardless, we think lines on the sand are not helpful and could be blown away. Given the yuan's appreciation against currencies of the non-USD trading partners, China's subdued growth and potential for PBoC to ease monetary policy further, depreciation pressure would continue to build on the yuan. What PBoC is trying to achieve in the near-term is 1) to remove the perceived 7.20-pseudo peg for USDCNY; 2) allow more room for market forces to drive the CNY; 3) daily strong fix is to keep the yuan supported and prevent a downward spiral of the yuan after the 7.20-peg is "removed". Eventually, what the officials hope to achieve is a slow and gradual depreciation in the CNY in the near-term so that spot USDCNY could be more reflective of its fundamentals and prevailing market forces. Hopefully, there will not be a repeat of 2015 devaluation. Beyond the 2Q, risk of anti-China sentiments from US elections could keep the USDCNH supported on dips. We look for USDCNY to remain largely around 7.25 for much of this year.

Potential for the US Rates to Remain High-for-Longer. The Fed upgraded in GDP forecasts for 2024-2026 and the projected median policy path, longer-run rate were also tweaked higher. Fed's easing cycle is likely to be very gradual and US' economic resilience could keep US rates elevated for a while longer. That is in contrast to the SNB, RBNZ and BoE which have surprised to the dovish side. The CHF, GBP, NZD and to a larger extent, JPY weakness have lifted the upside risks to the USD and that could explain why PBoC decided to end the pseudo 7.20-peg – the central bank is ending its wait for the USD to weaken. Feb activity data was mixed with FAI exceeding expectation at 4.2%y/y for Jan-Feb. IP also jumped 7.0%y/y over the same period compared to 4.6% in Dec. Retail sales rose 5.5%, slowing from 7.3% in Dec.

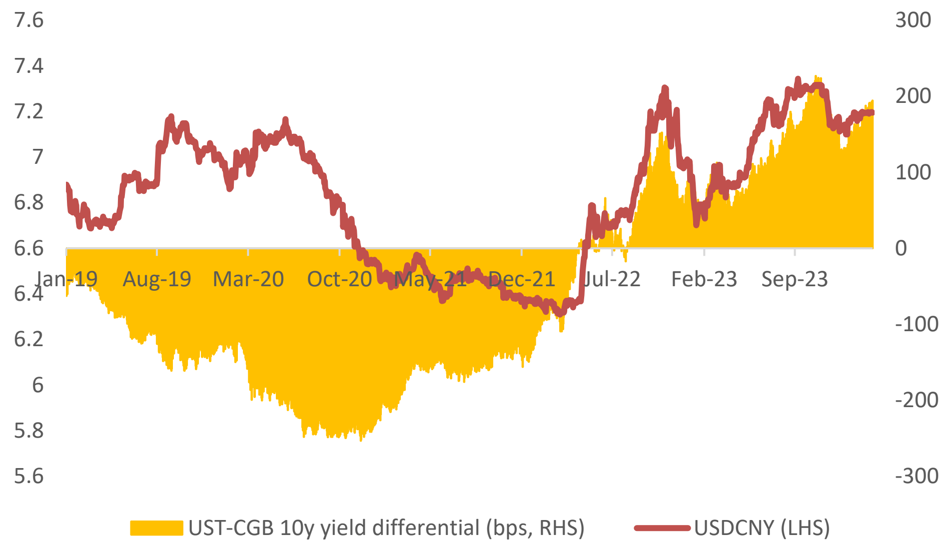
China's growth prospect is still a key determinant of the yuan. From the Two sessions, GDP growth target was unchanged from last year at "around 5%". However, China enjoyed favourable base effects of 2022 that helped flatter 2023 GDP. Comparatively, this makes the 5% growth target for 2024 more difficult to attain. Ultra-long special sovereign bonds do not add to the fiscal accounting, providing more leeway. Growth target is there but no clear action plan to revive consumption/ employment. In addition, while the decline in home prices (new and used) seem to have found a bottom, home prices are still clocking month-on-month declines and that negative wealth effect could continue to weigh on consumption as well as private investment. Attracting more foreign direct investment is a clear priority at the NPC and China Development Forum saw more American CEOs attending this year (right after the Two sessions) compared to 2023. In the last week of Mar, Xi met with more American leaders including Blackstone's and Qualcomm Inc. Based on an unnamed participant, the President spoke of his desire for China not to "decouple from the US" as well as more foreign investments. In addition to that, China just removed tariffs on wine shipments from Australia.

Little Current Account Pressure. The one silver lining is that weak consumption recovery has been crimping on China's imports. As a result, China's trade balance has remained in a rather healthy surplus state and so is its current account at ($56.2bn for 4Q). Still, spending on travelling is still a priority for most Chinese residents. We continue to expect tourism outflow to continue, albeit at a potentially slower momentum and that could add to the pressure on China's current account this year. YTD gains in the USD may reverse and along with that, we could expect CNY TWI to fall towards 97 over the next four quarters.

Risks Ahead Remain largely the Same: 1) The fall in new home prices underscores risk of the property sector, weak confidence still. Foreign investors may continue to hesitate to re-enter Chinese financial markets. Domestic investors may look abroad. That could continue to generate net capital outflow and that is negative for the yuan, especially if property craters further 3) Any further supply chain disruptions that threaten the disinflation narrative could pose risk to rate cut bets and revive fears of higher-for-longer. That would lift the USDCNH significantly. 4) As the US Presidential race heats up, there could be a rise of nationalism in the US as well that could see candidates resorting to Chinabashing again. Our 2H 2024 USDCNY forecasts are thus, imbued with the risks of US-China tensions heightening then.

Key Data/Events: Mar Foreign reserves (7 Apr), Mar credit data (9-15 Apr), Mar PPI, CPI (11 Apr), FDI (11-18 Apr), Mar trade (12 Apr), 1Y MLF 915 Apr), Mar new home prices, 1Q GDP, Mar IP, retail sales, FAI ex rural, property investment, surveyed jobless rate (16 Apr), Mar FX Net settlement (19 Apr), 1Y, 5Y LPR, Mar industrial profits (27 Apr), NBS Apr Mfg, Non-Mfg PMI, Caixin Apr Mfg PMI (30 Apr).

UST-CGB Yield Differential Still Keeping USDCNY Elevated



Source: BIS, SAFE, Bloomberg, Maybank FX Research & Strategy

China's Economic Goals for 2024 (NPC)

Measure	Target for 2024
GDP Growth	Around 5%
Fiscal Deficit	3% of GDP
Special Sovereign Bond	CNY 1 trillion
Special Local Government Bond	CNY3.9 trillion
CPI	Around 3%
Unemployment rate	Around 5.5%

Source: Maybank FX Research & Strategy

KRW: Looking for AI Boost

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
USD/KRW	1320 (1270)	1290 (1250)	1260 (1220)	1240 (1200)

Previous Forecasts in Parentheses

Motivation: We revise our USDKRW forecasts higher for the next four quarters in view of a USD that will be higher for longer. Nevertheless, we maintain a positive outlook and appreciation trajectory on USDKRW and see the recovery of the chip cycle and electronics demand as a key driver for KRW strength in 2024. The global chip cycle has bottomed and coupled with increased exuberance over artificial intelligence (AI) could potentially drive outperformance for the KRW with potential boosts to both the economy and trade. Given our broad expectations for a global soft-landing and fading US exceptionalism a high beta currency like the KRW should also outperform.

The latest 4Q23 preliminary GDP prints reinforced the narrative that the Korean economy is recovering. GDP grew by 2.2% YoY (exp: 2.2%; prev: 2.2%) in the last quarter of 2023, implying an annual growth rate of 1.4% YoY (exp: 1.4%; prev: 1.4%). The steady rate of growth should be supportive of the KRW, and we think that an uptick to growth could occur on AI exuberance and a bottoming of the global electronics/chip cycle. This should provide a further boost to the KRW. Mar exports rose by less than expected at 3.1% YoY (exp: 4.2%; prev: 4.8%). However, semiconductor exports grew by 35.7% YoY (prev: 66.7%), maintaining double digit growth and continuing to herald a recovery.

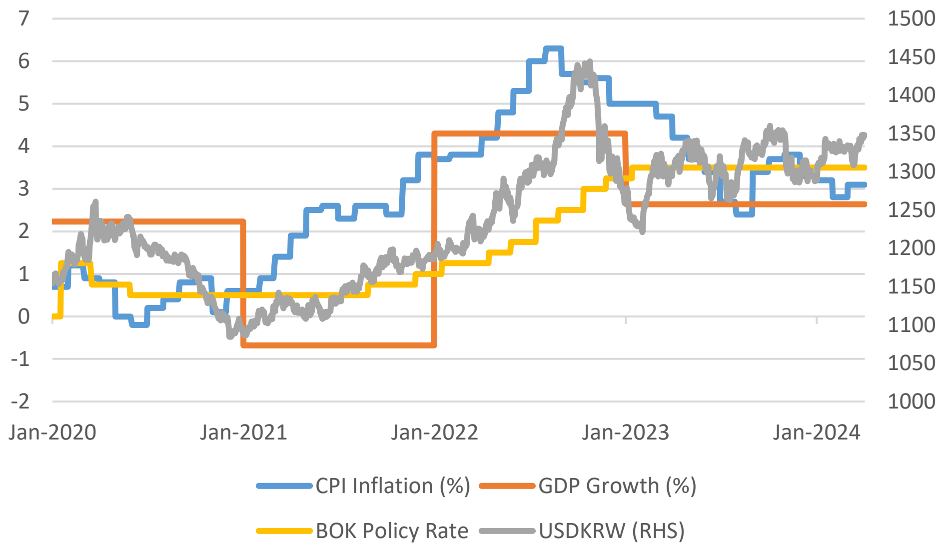
Feb inflation prints showed that inflation could be stickier than expected with headline CPI coming in at 3.1% YoY (exp: 3.0%; prev: 2.8%) and core CPI at 2.5% YoY (exp: 2.5%; prev: 2.5%). Taken together, growth and inflation prints should support the BOK holding its policy rate steady at 3.50% at the next meeting in Apr. At the most recent Feb meeting, BOK elected to stand pat even after the sharper than expected drop in Jan inflation. BOK is certainly concerned that the path to inflation could be bumpy and uncertain. We think BOK is likely to take cue to cut from the Fed and other major central banks in determining when to cut rates. Given the considerable uncertainty around the inflation outlook, they may start to consider rate cuts only in the latter half of 2024. Past episodes have also shown that BOK has had a tendency to hold for an extended period before pivoting to a cut. As of now, we suggest that there could be an extended hold in the works for the BOK and see a total of 75bps of rate cuts for Korea in the later half of 2024.

One potential factor that could spur USDKRW lower would be the inclusion of Korea onto global bond benchmarks. Market watchers suggest that it is highly likely that Korea is included onto major bond indices this year amid abating inflation driving higher demand for government bonds. Korea was on FTSE Russell's watchlist as of last year but had not been added despite having met the quantitative criteria for inclusion. These are namely (i) market size of at least US$50b of outstanding issuances, (ii) sovereign credit rating of at least A- (S&P) and A3 (Moody's). They have however not met the qualitative requirement for investor accessibility. This is likely due to both capital controls and non-resident tax burden. There is already some preliminary work done to meet the qualitative requirements. According to Finance Minister Choo, an omnibus account is to be opened at an ICSD by Jun 2024, which should facilitate better investor access and anonymity. The government will consider introducing night trading of 3Y and 10Y bond futures to enable better risk management. It seems more likely that Sep-24 will be the entry date with the FTSE Russell semi-annual review conducted in Mar and Sep every year. If the index inclusion does happen, we would expect the resulting inflows to Korea to spur KRW strength. Official government estimates place the size of inflows at around US$38b to US$45b should Korean govvies be placed on the FTSE Russell World Government Bond Index.

Risks Ahead: Risks to our KRW outlook would be include issues with debt and potential meltdown of the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW. In addition, the AI/chip recovery theme could disappoint and this would also threaten our positive medium term outlook on the KRW. Should a global soft landing not materialize as expected, we would also suggest that USDKRW could remain higher than we suggest in our forecasts.

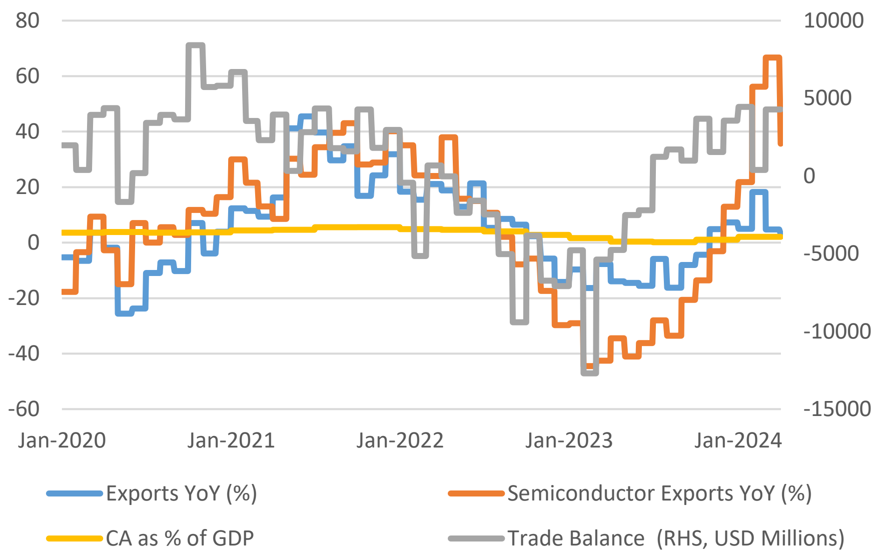
Key data/events: Mar Exports/Imports/Trade Balance, Mar S&P Mfg PMI (1 Apr), Mar CPI Inflation (2 Apr), Mar Foreign Reserves (3 Apr), BoP Goods/Current Account Balance (5 Apr), Mar Bank Lending to Household (9 Apr to 16 Apr), Mar Unemployment Rate, **BOK Policy Decision** (12 Apr), Mar Import/Export Price Index, Feb Money Supply (16 Apr), Apr 20-days Imports/Exports (22 Apr), Mar PPI Inflation (23 Apr), Apr Consumer Confidence (24 Apr), May Business Survey Mfg/Non-Mfg, 1Q Advance GDP (25 Apr), Mar Retail Sales (25 Apr to 30 Apr), Mar Cyclical Leading Index, Mar Industrial Production (30 Apr).

Extended BOK Pause Could Support KRW



Source: Bloomberg, Maybank FX Research & Strategy

Trade Balance Remains Healthy Amid Moderation in Semiconductor Exports



Source: Bloomberg, Maybank FX Research & Strategy

SGD: MAS May Not Ease

USD/SGD	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	1.3450	1.3400	1.3300	1.3300
	(--)	(--)	(1.3350)	(--)

Previous Forecasts in Parentheses

Motivation: We revise our 4Q 2024 forecast for USDSGD lower on the belief that MAS may not be able to ease as much as expected. We maintain the trajectory to come off gradually i.e. for SGD to strengthen against the USD gradually through the next four quarters. This is based on the belief that SGD will continue to stay resilient as MAS stands pat on policy and as the Fed cuts rates amid fading US exceptionalism. The current pace of SGDNEER appreciation (assumed to be 1.5%) should continue to be supportive of the SGD. Fed rate cuts should also be supportive of SGD strength, although cuts could benefit other constituents more than the SGD. We see that AI exuberance and the electronics cycle could be on the brink of an upswing, and we think that this could benefit the SGD.

As widely expected, MAS kept policy settings unchanged in Jan and continued to see its current appreciation of the SGDNEER as appropriate in ensuring medium term price stability. Specifically, MAS sees current policy guiding inflation to target in early 2025. MAS expects the 1% GST hike to lead to a one-off increase in inflation and tilted a bit more hawkish with the change of “sufficiently tight” to “appropriate” suggesting that they do not rule out further tightening. Continued sticky inflation, which is likely to come largely from services, could lead to the SGDNEER policy remaining unchanged for longer. We also cannot rule out further MAS tightening if resurgent inflation once again rears its ugly head. MAS is likely to stand pat in Apr, given that there is no rush to ease policy amid an export-driven economic recovery and elevated inflation. Our economists see MAS easing via a “slight” slope reduction in Oct at the earliest, although we think that there are hints that MAS could be reluctant or unable to ease as easily as or as much as the market is expecting. Our inference from Chief Economist Robinson’s speech on monetary policy is that MAS may not be able to ease quite as easily as an interest rate regime would, even if inflation targets are met. From the latest MAS survey in Mar, market expectations of SGDNEER policy vary quite widely. 4.8% of respondents see an Apr slope reduction, 14.3% see a Jul slope reduction and 30.0% see an Oct slope reduction. SGDNEER remains firm and trades at +1.76% above the mid-point on our model, and is likely to remain within the +1.50% to 2.00% region in the near-term.

USDSGD currently trades around our forecasts and hovers around 1.3450 levels. SGDNEER has remained firm on the upper end of the band following MAS’ Jan stand pat. Singapore’s robust macro fundamentals and unique exchange rate policy, which results in SG rates being highly correlated with US rates, underpinned the outperformance of the SGDNEER against a narrative that US rates would remain higher for longer. As we approach a time where potential rate cuts are being discussed, we think that the expectation of Fed rate cuts could lead to a tapering off in SGDNEER strength - specifically if basket constituents start to outperform the SGD i.e. appreciate by more against the USD than the SGD as the Fed cuts rates.

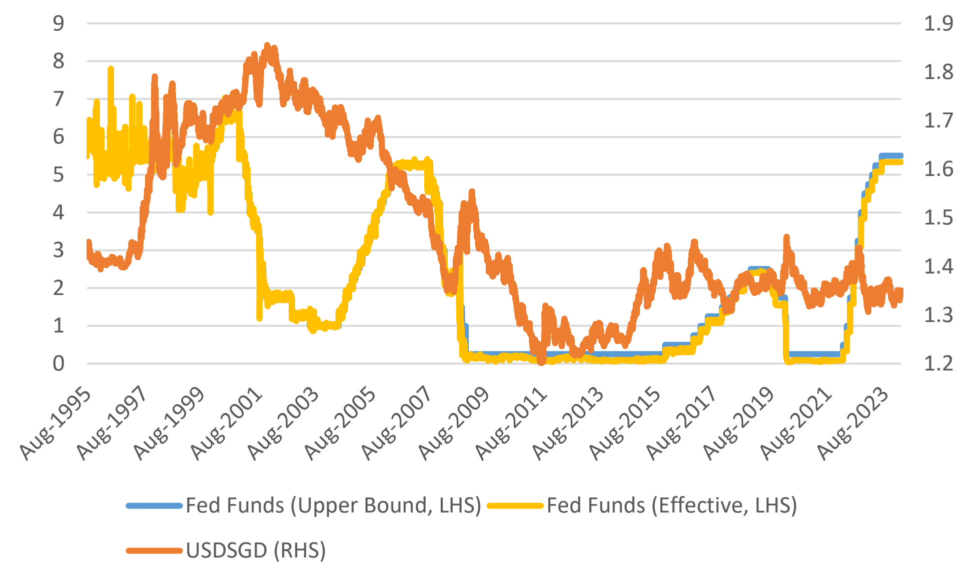
Singapore’s Budget 2024 catered for more balanced spending providing broad support to corporates and households, the first installment of the Forward Singapore programmes. A small fiscal surplus of 0.1% of GDP (S$0.78b) is projected for FY24, the first planned surplus in 7 years. FY23 deficit came in at 0.5% of GDP (S$36b), due to the S$7.5bn Majulah Package top up. This was despite higher-than-expected revenues and was below our economists’ expectations of a surplus. Our economists maintain the GDP forecast at 2.2% in 2024 and 2.1% in 2025 and expect the longer-term schemes in the budget to improve productivity and raise social inclusivity, boosting long term growth.

Against the narrative of a global soft landing and fading US exceptionalism, we therefore maintain our forecasts for USDSGD to come off gradually i.e. for SGD to strength against the USD gradually through 2024. This is based on the belief that SGD will continue to stay resilient as MAS stands pat on policy and the Fed cuts rates. The current pace of SGDNEER appreciation (assumed to be 1.5%) should continue to be supportive of the SGD. Fed rate cuts should also be supportive of SGD strength, although cuts could benefit other constituents more than the SGD. That is not to say that the SGDNEER will crash, but rather that it could come off from current elevated levels.

Risks Ahead: There are also salient risks on the horizon for the SGD. Notably, the blockade of the Red Sea could precipitate a drop in global trade volumes and result in a structural upward shift for inflation. This could also threaten our suggested narrative for the bottoming of the electronics/chip cycle. Should actual growth and inflation outcomes turn out contrary to MAS expectations, we do not rule out either further tightening.

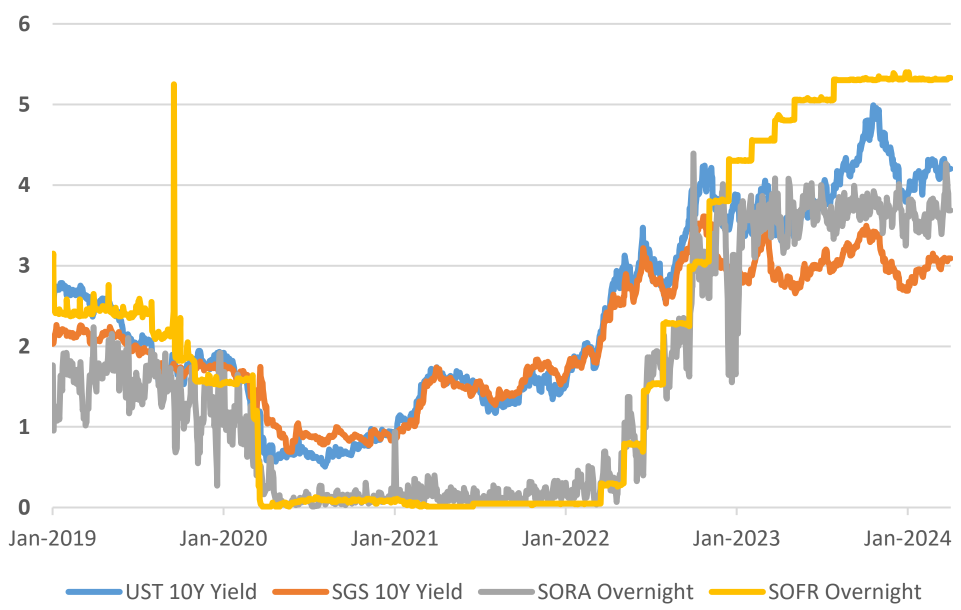
Key data/events: 1QP URA Private Home Prices (1 Apr), Mar Purchasing Managers Index/Electronics Sector Index (2 Apr), Mar Global PMI (3 Apr), Feb Retail Sales (5 Apr), Mar Foreign Reserves (8 Apr), MAS Policy Decision,1Q A GDP (no later than 12 Apr), Mar Electronics Exports, Mar NODX (17 Apr), Mar CPI Inflation (23 Apr), 1QF URA Private Home Prices, Mar Industrial Production (26 Apr), Mar Unemployment rate (29 Apr to 30 Apr), Mar Money Supply (30 Apr).

USDSGD Tends to Follow Fed Funds Lower



Source: Bloomberg, Maybank FX Research & Strategy Estimates

USD Rates and SGD Rates Are Highly Correlated



Source: Bloomberg, Maybank FX Research & Strategy

MYR: Poised for a Turnaround in External Drivers

USD/MYR	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	4.70	4.65	4.55	4.55
	(4.60)	(4.50)	(4.40)	(--)

Previous Forecasts in Parentheses

Motivation: We revise our USDMYR forecast higher to reflect the latest global central bank policy actions and FX developments. The recent FOMC dot plot adjustments and robust US data has led to continued near term support in the USD and UST yield levels and we expect it to be sustained in 2Q. In addition, we are also revising several currencies including factoring the risk of some potential CNY spillovers, as we factor in elements of a catch-up via an adjustment towards a weaker renminbi fixing by the PBOC as a result of weaker traction in China's recovery. Nonetheless, we continue to hold to our view of a gradual downward trend for the USDMYR remaining in place over 2024. US data as it stands continues to support the likelihood of Fed easing this year (at least 75bps cut in 2024) and this should likely give the EM FX space including the MYR some relief eventually. Given that our own BEER model finds the MYR is among the most undervalued regionally, the currency can potentially see good gains upon a turn in the external environment. Furthermore, domestic economic fundamentals look to remain robust with GDP expected at +4.4% in 2024. This should reduce the pressure on BNM to cut rates and in turn together with a US easing, help reduce the impact that the wide rate differentials have had on the MYR. Aside that, a continued improvement in the tourism sector as well as a turnaround in electronics export should help lift Malaysia's external position. Meanwhile, the surge in approved private sector investment since 2021 is also translating into rising actual/realised private investment. Consequently, we revise our view to see the pair ending at around 4.55 by year-end. Near term, we the currency is likely to be range bound at around 4.65-4.70.

Within the month, the USDMYR fell to a low of 4.6782 on 12 Mar following the 1 March BNM Financial Markets Committee statement welcoming "intensified coordination between the government and BNM to encourage more inflows into the market. It also stated "this includes stepping up coordination with GLCs and GLICs to encourage them to repatriate foreign investment income and convert that income into ringgit more consistently" on the back of continued USD strength & China weakness and some external balance concerns. In addition, the pair also fell into mid Mar in part possibly due to some month-end export proceeds activity from end Feb. In addition, BNM in its March Economic & Monetary Review reiterated that the Ringgit is undervalued in relation to fundamentals (e.g. sustained current account surplus – 2024F: +1.8% to +2.8% of GDP; 2023: +1.2% of GDP) and growth prospects (as per above), and its performance has been affected and influenced by external and cyclical factors such as interest rate differentials, global growth fluctuations and investors sentiments. BNM foresees gradual improvement in Ringgit this year on factors like expected US Fed's interest rate cuts plus Ringgit supportive measures like repatriation and conversion of overseas income by Government-linked companies (GLCs) and Government-linked investment companies (GLICs) as well as structural reforms (re: BNM Monetary Policy, 7 Mar 2024). Caveat to the prospect of firmer Ringgit are downside risks from shifting expectations on US Fed's monetary policy, weaker than expected China's economy and commodity prices.

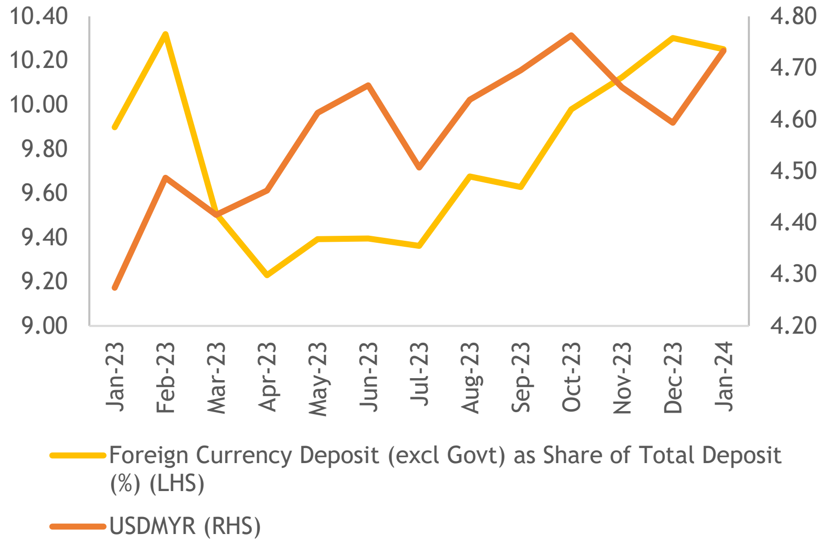
Economic fundamentals continue to underpin the MYR as we see it remaining robust. We would not be immediately too concerned about the 2023 GDP reading missing expectations at 3.7% YoY (est. 3.8% YoY) as our economist is expecting a better outlook for 2024. Growth is expected to come out at +4.4%, which would be driven by resilience in domestic spending that is in turn supported by stable job market conditions, implementation of the progressive wage policy and the consumer friendly budget. CPI for 2024 is also likely to stay manageable at 3.0%. Headline inflation edged higher to +1.8% YoY in Feb 2024 (Jan 2024: +1.5% YoY; MIBG Feb 2024E: +1.5% YoY; consensus: +1.5% YoY; 2M2024: +1.6% YoY; 2023: +2.5%) while core inflation was stable at +1.8% YoY (Jan 2024: +1.8% YoY; 2023: +3.0%). Maintain our 2024 inflation forecast at +3.0% - for now pending more information and details on Budget 2024 measures especially on subsidy rationalization.

The underlying economic conditions imply that pressure would be reduced for BNM to cut rates. This would proof to be of quite some importance for the MYR given that widening rate differentials between the US and Malaysia have been a weighing factor. With the Fed likely to ease in the latter half of 2024 and our economists seeing BNM staying on hold in 2024, the impact on the MYR from the wide differentials should at least start to subside by 2H 2024. We also anticipate an improvement in Malaysia's external position in 2024 on the basis of both increased tourism spending and a rebound in tech exports. The MYR should therefore be getting more support from an external position angle. Investment inflows should also rise as the surge in approved private sector investment since 2021 is translating into rising actual/realised private investment.

Risks to look out for in Apr 2024. Downside risks include any exacerbation of weakness in China's recovery (Malaysia's largest trading partner), further delay in the expected Fed easing trajectory or escalation in geopolitical tensions in the run-up to the US Presidential elections. All these can lead to a stronger USD, which in turn hurts the MYR.

Key domestic events and issues to watch in Apr: S&P Global PMI mfg (1 Apr), 29 Mar foreign reserves (5 Mar), Feb mfg sales (8 Apr), Feb IP (8 Apr), Mar trade data (19 Apr), 15 Apr foreign reserves (25 Apr) and Mar CPI (25 Apr).

Corporates and Individuals Continue to Hold a Higher Percentage of their Cash in Foreign Currency (Monthly)



Source: Bloomberg, Maybank FX Research & Strategy

Tourism Arrivals Have Been Strong in 2023 and Expectations are For it to Stay Strong in 2024

Source: Tourism Malaysia, Maybank FX Research & Strategy

IDR: Slower Appreciation Path Expected

USD/IDR	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	15750	15650	15500	15250
	(15200)	(14800)	(14600)	(--)

Previous Forecasts in Parentheses

Motivation: We have raised our USDIDR forecast higher, seeing the path downwards for the pair may be much slower than our initial expectations. This is due to the possibility that UST yields may also only gradually come off this year given the risk that the Fed could only cut rates at a slower pace with US data still holding up well. Rate differentials between Indonesia and the US may remain relatively tight for a while and this could keep inflows into the Indonesia bonds or related instruments at bay. Meanwhile, idiosyncratically, we take note of fiscal concerns especially with Prabowo now officially declared the winner. The President-elect has ambitious plans which among them include his free school lunch and milk programme and targeting an 8% growth rate over his 5-year term, which can all lead to potentially higher expenditure, which in turn can risk leading to a widening of the fiscal deficit. As it stands, markets seem concerned about this given the outflows from IGBs in recent times. Near term, we note of further upside risks to the USDIDR and the possibility that it could trade at a higher range of 15750 - 16000 given greenback strength and idiosyncratic concerns.

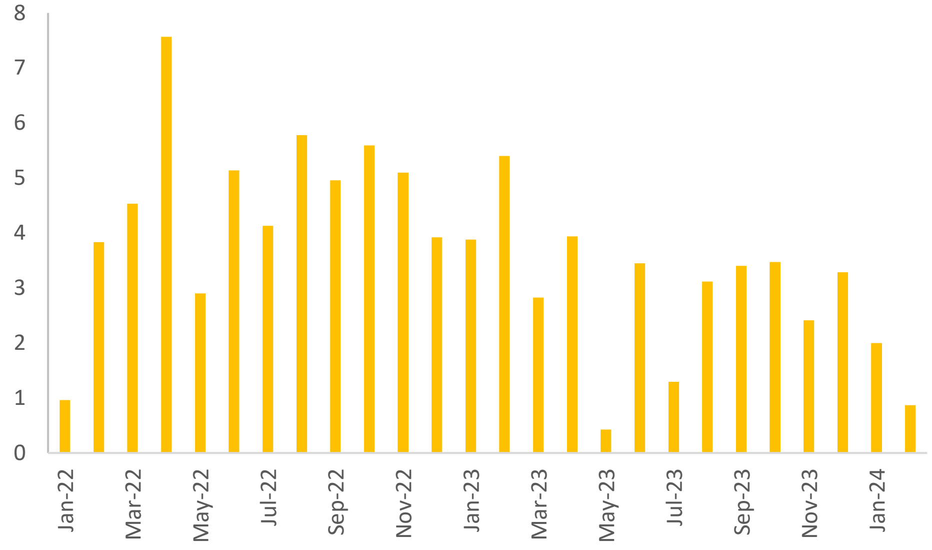
The election commission has confirmed that Prabowo – Gibran are the winners of the recent Presidential election with ~59% of the total vote. Anies – Muhaimin garnered ~25% of the vote whilst Ganjar – Mahfud received the remaining ~16%. The results mean a run-off has been avoided although Anies is contesting the result. He has filed a case with the constitutional court, alleging that the last-minute inclusion of Jokowi's son as the Vice-Presidential candidate unfairly swayed the vote and he is asking for a re-run that excludes Gibran. Anies has also claimed that there was widespread allocation of social assistance to influence the vote in favour of the eventual winner. Ganjar has also said that he would contest the vote. At this point, we think it unlikely that the election result would be overturned and market focus instead would now shift to the policies of Prabowo – Gibran. With regards to that, there are concerns that Prabowo's policies could risk leading to a widening of the fiscal deficit beyond the legal limit of 3%. The President – elect after all has ambitious plans which among them include his free school lunch and milk programme and targeting an 8% growth rate over his 5-year term. Prabowo though has also aimed to have tax revenue at 14 – 16% of GDP but this goal can prove challenging to achieve if he also intends to stimulate the economy strongly. IGBs have been seeing an outflow for the month, which could be a reflection of market concerns of the fiscal situation. IDR weakness consequently could risk persisting given the situation.

From a fundamental perspective, economic data out for the month has created some concern as the Feb trade balance narrowed to $867m (Jan. $2000m). This came on top of falling exports and raising imports. The decline in commodity prices due to the downturn in China has certainly weighed on the former. However, our in-house economist still expects that the country can turnaround a trade surplus this year as imports should gradually decline. A lot of imports earlier this year has been driven by a need to increase food supply due to concerns related to the El Nino conditions. This requirement is likely to decline over time as sufficient supply builds up and hence, the trade positions should come under less pressure and prevent negative spill over on the IDR. Meanwhile, Mar CPI continues to remain within the target range (1.5 – 3.5%) at 3.05% whilst Feb consumer confidence index is still reasonable at 123.1 (Jan. 125.0). Whilst there are some concerns that election spending did not trickle down as much to support consumer spending, budget spending on infrastructure projects should still keep the economy supported. Overall, BI is not likely to face pressure to cut ahead of the Fed and that should give support to the IDR. BI has also supported the economy through macro prudential measures by trying to ensuring more lending to certain sectors.

Risks Ahead: This could include any escalation in the political situation if any candidate is successful in overturning the results. Other risks would also include US inflation re-accelerating, which could result in the Fed either keep rates higher for longer or even possibly hiking again. Rhetoric from the US President election can also risk hurting the EM currencies such as the IDR.

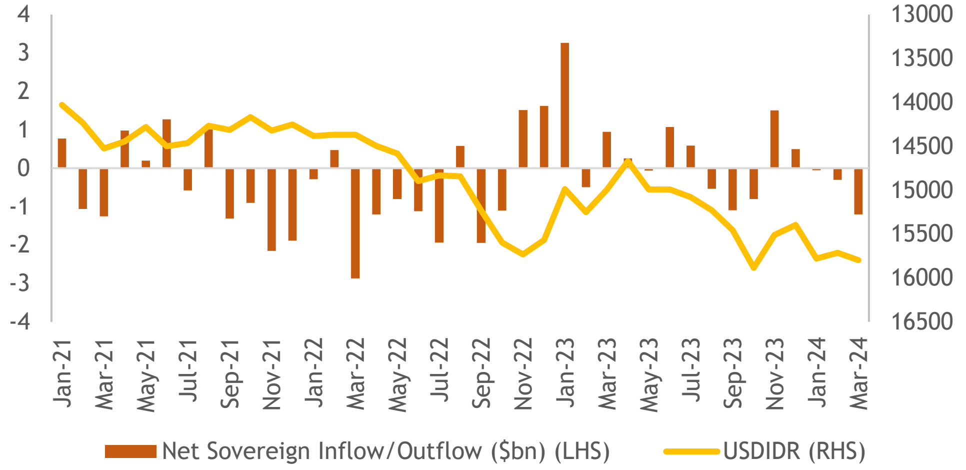
Key Data/Events: Mar foreign reserves (5 Apr), Mar local auto sales (11 - 16 Apr), Mar consumer confidence (16 Apr), Feb external debt (19 Apr), Mar trade data (22 Apr) and BI policy decision (24 Apr).

Narrowing Trade Balance Poses a Risk to the IDR Although it Should Still be in Surplus Overall in 2024



Source: Macrobond, Maybank FX Research & Strategy

Fiscal Concerns and Uncertainty on Timing of Fed Easing Weighing on Bond Appetite



Source: Bloomberg, Maybank FX Research & Strategy

PHP: Global Factors Weigh In, Leading to Slower Downward Path

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
USD/PHP	**56.50**	**56.00**	**55.50**	**55.00**
	(54.50)	**(54.00)**	**(53.50)**	**(--)**

Previous Forecasts in Parentheses

Motivation: We revise higher the USDPHP forecast but still expect a downward trend, albeit it may occur at a slower pace. This is due to UST yields possibly only gradually coming off this year given the risk that the Fed could only cut rates at a slower pace with US data still holding up well. Yield differentials between the Philippines and the US is therefore likely to remain relatively tight and keep inflows into the PHP at bay. The fundamental condition of a twin deficit is also going to keep weighing on the currency. However, the BSP is unlikely to cut ahead of the Fed (which may come mid-year) especially as they may keep a hawkish tilt given inflation risks into 2Q 2024 arising from the El Nino condition. This should therefore keep the PHP supported. Near term, we expect that the USDPHP is likely to trade at an elevated range of 56.00 – 57.00 amid the climb in the DXY.

Economic data out over the month did point to a likelihood the BSP is probably going to have to keep rates on hold at the upcoming Apr meeting. Feb headline CPI actually reaccelerated above expectations to 3.4% YoY (Jan. 2.8% YoY, est. 3.0% YoY), putting the downward path for inflation at risk. The pick-up was driven by higher food prices (FNAB category) and there is a possibility that price pressures for this category could linger in the near term amid the El Nino conditions. Core inflation did moderate to 3.6% YoY (Jan. 3.8% YoY) but it is still at an elevated level. Our in-house economists are expecting that the BSP is likely to keep monetary policy on hold through 1H 2024 and that a likely first cut may only come in 3Q 2024. They expect to see 75bps of cuts by year end. The BSP's overall hawkish tilt in the near term would keep providing the PHP with support.

Aside that, other economic data out for the month pointed to an unchanged fundamental situation for the country. Jan trade balance continued to see a wide deficit although much unchanged at -$4.2bn (est. -$4.7bn, Dec. -$4.2bn). Exports did jump by 9.1% YoY (est. 7.4% YoY, Dec. -0.5% YoY) on the back of stronger electronics shipment given a pick-up in the global tech cycle. Agricultural exports were also strong. Imports did decline by -7.6% YoY (est. -5.1% YoY, Dec. -3.5% YoY) with declines in imports of capital goods, intermediate goods, mineral fuels, lubricant & related materials and intermediate goods. However, there was actually a pick-up in consumption goods import, pointing to strong consumer spending in the economy. Regardless of this one month of data, our in-house economists are expecting that imports are going to overall be higher in 2024 with the same applying for exports. They actually see the trade deficit for 2024 widening to -$54.5bn (2003. -$52.6bn). Meanwhile, Jan budget balance actually flipped to surplus at PHP88.0bn (Dec. –PHP401.0bn) although we would not read too much into this data point as it would not necessarily signal any improving trend. The surplus can also be due to seasonal factors such as slower implementation of projects at year start. Finance Minister Ralph Recto has warned the surplus may not sustain over the coming months. We also expect that for the entire 2024, the government would likely still see a substantially wide deficit at -5.5% of GDP. Overall, the twin deficit is expected to persist, which would be a negative for the currency and limit gains for it this year.

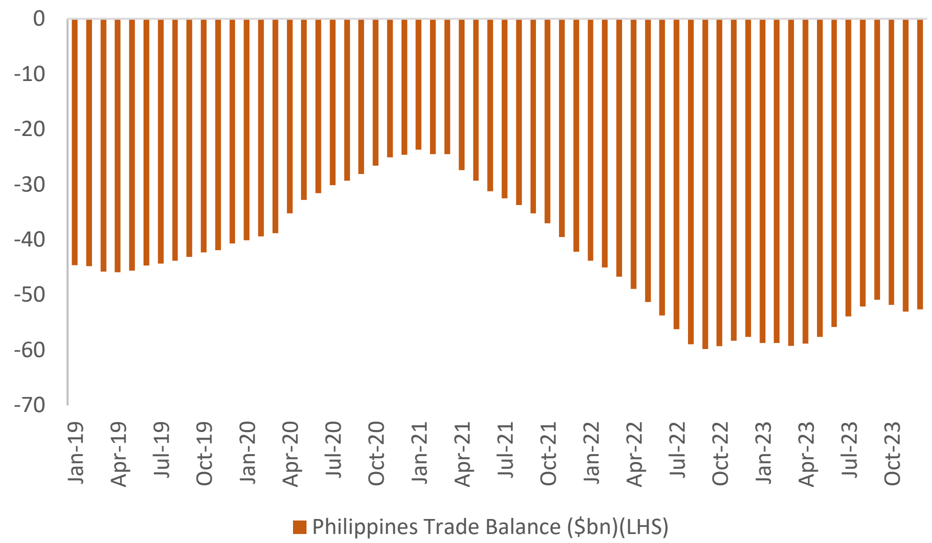
Regarding the flow data, the latest monthly net outflows showed that there was -$0.8bn in Jan, which could be driven by investor cautiousness regarding the pace of Fed rate cuts. We believe the outflows may have persisted in the subsequent months as the US data continued to hold up strongly, which in turn may have weighed on the PHP. Meanwhile, equity markets saw only a negligible level of net outflow at $-8.3m as of 25 Mar 2024 although ytd it was at net inflow of $200m. Generally, this amount pales in comparison to the volume of outflows/inflow into bonds, which for the entire 2023 stood at an inflow alone of around $3.1bn and therefore, it would not be sufficient in offsetting the potential level of outflows from bonds.

Risks Ahead: This is much unchanged from the prior month and includes if US inflation remain sticky, resulting in the Fed keeping rates higher for longer or engaging in further rate hikes. The PHP would be heavily hurt by this and there is even the risk that the BSP could raise rates higher, which can potentially stress the economy quite heavily. In such a scenario too, high global inflation could cause a widening of the trade deficit given the country's high import requirement.

Key Data/Events: Mar CPI (5 Apr), Mar foreign reserves (5 Apr), BSP policy decision (8 Apr), Feb unemployment rate (10 Apr), Feb trade data (11 Apr), Feb bank lending (11 Apr), Feb

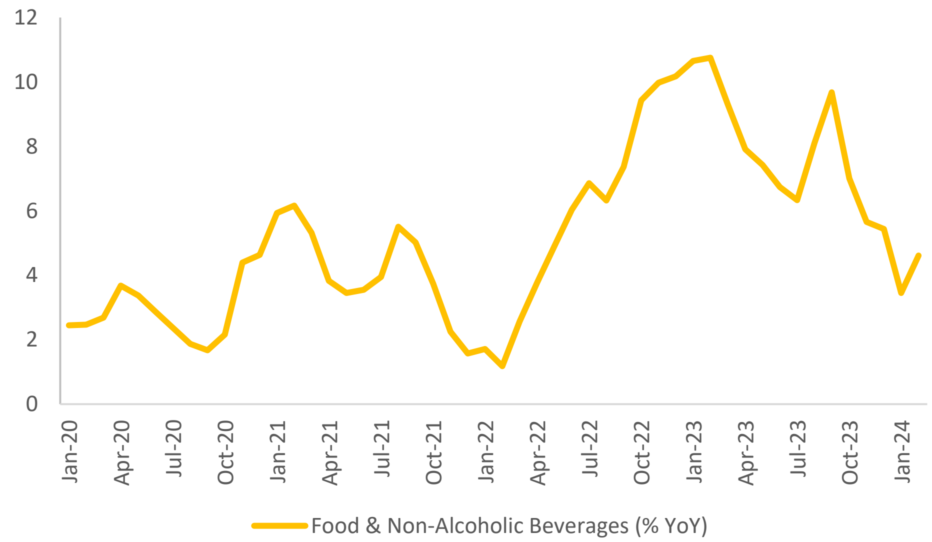
OFWR (15 Apr), Mar BoP overall (19 Apr), Mar budget balance (24 Apr) and Mar bank lending (30 Apr).

Wide Trade Deficit Continues to Weigh on the PHP



Source: Bloomberg, Maybank FX Research & Strategy

Risk of Further Pick-Up in Food Inflation Amid El Nino Likely to Keep BSP Hawkish, Supporting the PHP



Source: Macrobond, Maybank FX Research & Strategy

THB: Global and Domestic Headwinds Weigh In

USD/THB	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	36.50	35.50	35.00	34.50
	(--)	(--)	(34.50)	(--)

Previous Forecasts in Parentheses

Motivation: We are keeping our USDTHB forecasts for the next two quarters although we are doing a slight adjustment upwards for 4Q 2024 just to reflect DXY strength still holding up into year end. The THB is facing a whole slew of headwinds both domestically and externally. These include the possibility that the BOT may cut in Apr given the pressure they face from the government to ease due to the weak economy. A cut at that time would not only likely put them ahead of the Fed but it is also coming in the background of concern that the Fed may have to delay rate cuts this year due to US data holding up well. If anything, the Fed at the recent FOMC has actually slowed its rate cut trajectory over the next two years. Additionally, domestically, there continues to be substantial fiscal concerns as the government is still persisting on trying to roll out the digital wallet handout that is now targeted for 4Q 2024. Meanwhile, the domestic economy remains weak amid concerns on whether tourist numbers and consumption this year can see sufficient growth. Near term, we expect the USDTHB to be elevated although it should end the year lower as greenback strength should come off with the Fed likely to still ease somewhat this year.

Our in-house economist is expecting the BOT to cut rates in April by 25bps which would bring it to 2.25%. The central bank at this point looks to be giving strong hints as Assistant Governor Piti Disyatat recently said with regards to the Apr meeting that “whatever is being considered is more like a recalibration rather than an easing cycle to support the economy because the economy is actually recovering”. His words also seem to be some attempt to soothe markets by implying that they are not intending to aggressively cut this year although we stay wary about the extent they may go given the weak economy and government pressure. MOF is continuing to exert strong pressure on the central bank with Fiscal Policy Office Director General Pornchai Thiraveja having noted that an easing monetary policy should be considered to help boost local demand amid lower consumer prices. MOF has also put out a very weak inflation forecast this year at 1%, which is at the lower end of BOT’s inflation target range of 1 – 3%. The narrowing of the real rate differentials with the US given the possibility of this rate cut is going to weigh on the THB. That said, consensus is already for two cuts this year. However, if the BOT drops any hints of more easing than that at their meetings, the USDTHB could risk trading at higher levels, possibly around the 37.00 mark. We do not though think it likely that the BOT would provide such hints.

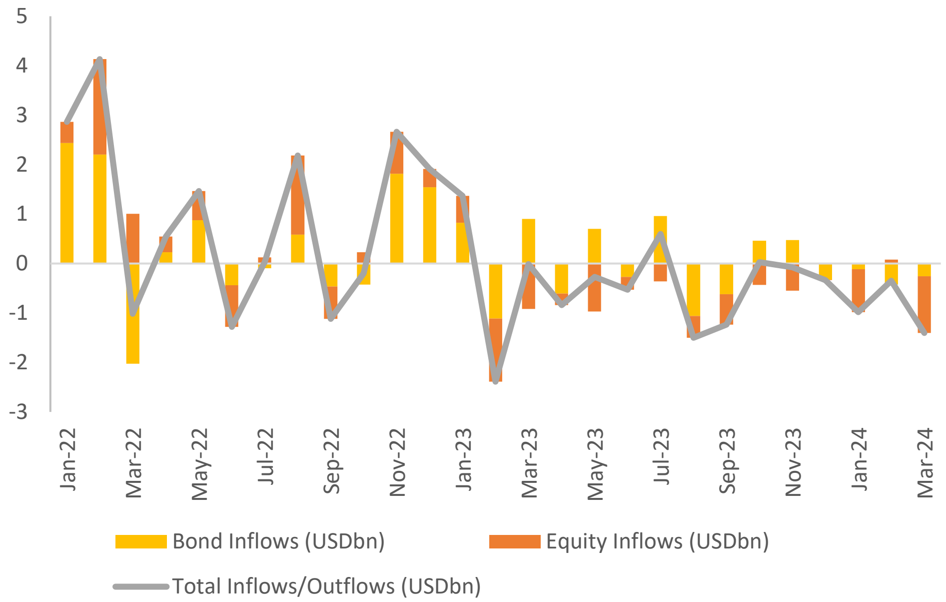
Meanwhile, fiscal concerns seem like it may keep weighing on sentiment towards the currency. The government still seems adamant in pushing for the roll out of the digital wallet handout. Recently, Deputy Finance Minister Julapun Amornvivat has said that the government is aiming to implement the $14bn cash handout plan in 4Q 2024. He has also said PM Srettha would chair a meeting of a digital wallet committee on 10 Apr 2024 where the details of the plan would be finalized including the sources of funding and other technical issues. He also has said that the cabinet is expected to approve the programme by end Apr. Bond outflows MTD as of 26 Mar 2024 stood at -$0.6bn which maybe some reflection of concerns related to the fiscal situation, potential BOT cuts and the Fed slowing its rate cut trajectory pace further (amid US data holding up well).

Economic data this month was mixed but it was not reassuring. Tourism numbers was storng in the month of Feb with foreign tourist arrivals hitting 3.4m (93.1% of 2019 level) although it is difficult to see if this can hold up. If anything, international passenger arrivals averaged 77,000 daily in the week ending 17 Mar, which was a decline of 26.2% from the peak post CNY holiday in Feb. 2Q also tends to be a low season so tourism numbers could decline in the coming months. Meanwhile, Feb CPI data was also subdued at -0.77% YoY (Jan. -1.11% YoY) whilst the Feb S&P Global PMI mfg declined further to 45.3 (Jan. 46.7). Feb customs trade balance also stayed in deficit although it did narrow. As it stands, the THB’s underlying fundamentals do look concerning.

Risks Ahead: BOT engaging in an aggressive easing cycle whilst the Fed continues to slow down its rate cut trajectory. We stay cognizant of this happening given the pressure felt by the BOT to ease from the government (amid the weak economy) whilst US data at the same time holds up well.

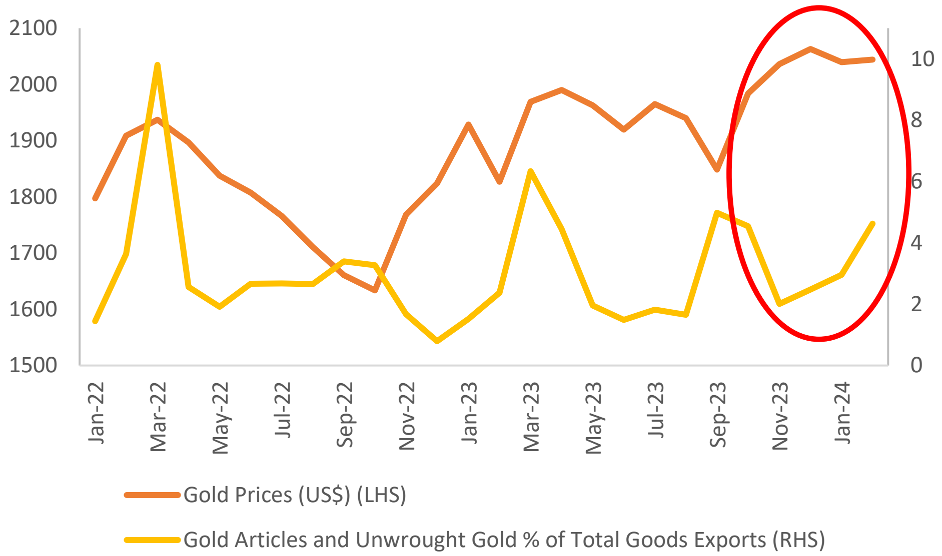
Key Data/Events: Mar CPI (5 Apr), Mar consumer confidence (9 – 17 Apr), BOT policy decision (10 Apr), Mar car sales (18 – 24 Apr), Mar customs trade data (24 – 30 Apr), Mar ISIC mfg production index/capacity utilization (26 – 30 Apr), Mar BoP CA/overall balance (30 Apr) and Mar trade data (30 Apr).

Portfolio Outflows Persist Given Concerns on the Fiscal Position and Risks of Delays in Fed Easing



Source: Bloomberg, Maybank FX Research & Strategy

Record Gold Prices Provides Relief for the THB as it Supports Exports



Source: Macrobond, Maybank FX Research & Strategy

VND: Vietnamese Shifting away from Fiat and the Centralized World?

	2Q 2024	3Q 2024	4Q 2024	1Q 2025
USD/VND	24700	24500	24300	24300
	(24100)	(24000)	(24000)	(--)

Previous Forecasts in Parentheses

Motivation: USDVND has been on a one-way train higher, aided by the recent rebound in US rates (yields) as well as broader USD strength. The rise of gold and bitcoin to record highs were said to have driven demand for these alternative assets higher in Vietnam. For a while now, the gap in the onshore gold prices vs. international gold prices have widened, spurring arbitrage activities as gold production and imports are under state control. More recently, the National Financial Monetary Policy Advisory Council proposed ending the government's monopoly on gold bar production and gold imports (BBG). This came after PM Pham Minh Chinh urged the SBV to improve the gold market management in mid-Mar.

With regards to cryptocurrency, the government has ordered the MoF to draft a legal framework to either ban or regulate cryptocurrencies. While virtual assets such as cryptocurrencies are not seen as legal means of payment, cryptocurrencies can be used for remittances from overseas to Vietnam. In addition, 70% of adult population owns a bank account (as per SBV in 2020) but around half are not able to access credit. This likely drove demand towards the use of cryptocurrencies as a way to access financial services. The rise of bitcoin to recent record high likely magnified the allure of holding virtual currencies and that might have contributed to the weakness of the VND lately. The positive wealth effect provided by these virtual assets might mean that household spending could be crimped should there be a harsh clampdown. Up to 2022, Vietnam is top and now ranked third in the world in Chainalysis' global crypto adoption index 2023.

Structurally, what the VND had been able to count on (for a few years now) is the various trade agreements forged and concomitant flow of FDIs into Vietnam as foreign investors diversify their supply chain away from China. As a result, the VND benefits not just from an improvement in its balance of payments but also from the strengthening of its export competitiveness in the medium term.

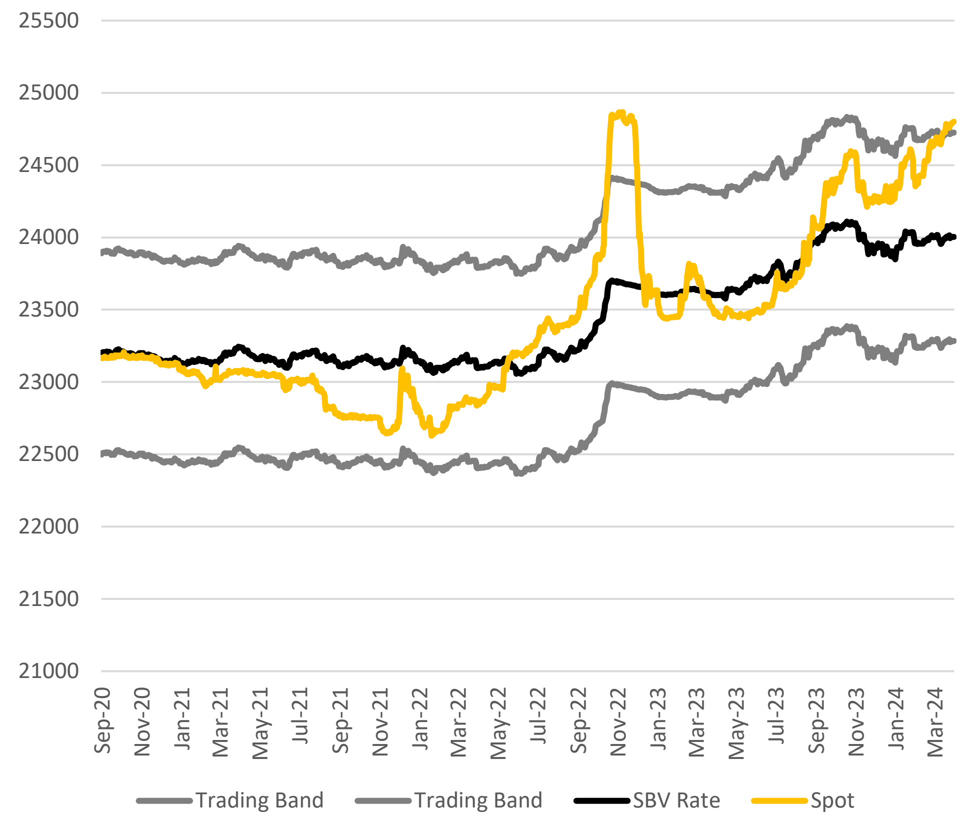
Growth slowed in 1Q to 5.66%y/y from previous 6.72% due to the deceleration in services growth amid cautious consumer demand and the Red Sea shipping disruptions. Construction growth also slipped to 6.8% from 9.3% in 4Q. Our economist noted that the jump in exports growth stands in contrast with slower manufacturing production amid lingering caution among manufacturers about the strength of foreign demand and credit access. In addition, the red sea shipping crisis could have hindered production, raising costs pressure and slowing imports of raw materials and components. Trade surplus doubled to $2.93bn. iIn spite of the challenges at the moment, our economist remain positive on the export and manufacturing outlook. Tourism recovery is cushioning growth given 8.3% growth in accommodation $ food services. Tourist arrivals rose +4.4% to a new post-pandemic high, above Mar 2019 level by around 13.4% due to the rebound in Chinese visitors in Mar. FDI pledges in real estate surged more than two-fold in 1Q on a year-on-year basis.

A Growth-Focused Government. Vietnam has toed the line (set by the US) by being one of the first few countries in the region to set the effective corporate tax minimum at 15% starting in January. Our economist has also warned that FDI flows could cool in 2024 due to infrastructure constraints. What is clear thus far into the new year is that the government continues to remain growth-focused via infrastructure investments as well as the extension of numerous relief measures (VAT cuts, fee reduction, etc) to support domestic demand. Meanwhile, the external environment seems to have turned benign along with the electronics recovery. VND could continue to benefit as its goods trade continues to remain in surplus, albeit checked by expected recovery in household spending.

Growth could remain on a stronger foothold this year and that, along with improving external position (trade balance, FDI inflows) could support the VND. There could be stronger regulation on cryptocurrencies and gold given the recent proposals and rhetoric from the government. Discouraging speculative activities in these asset classes could potentially reduce the drag on VND.

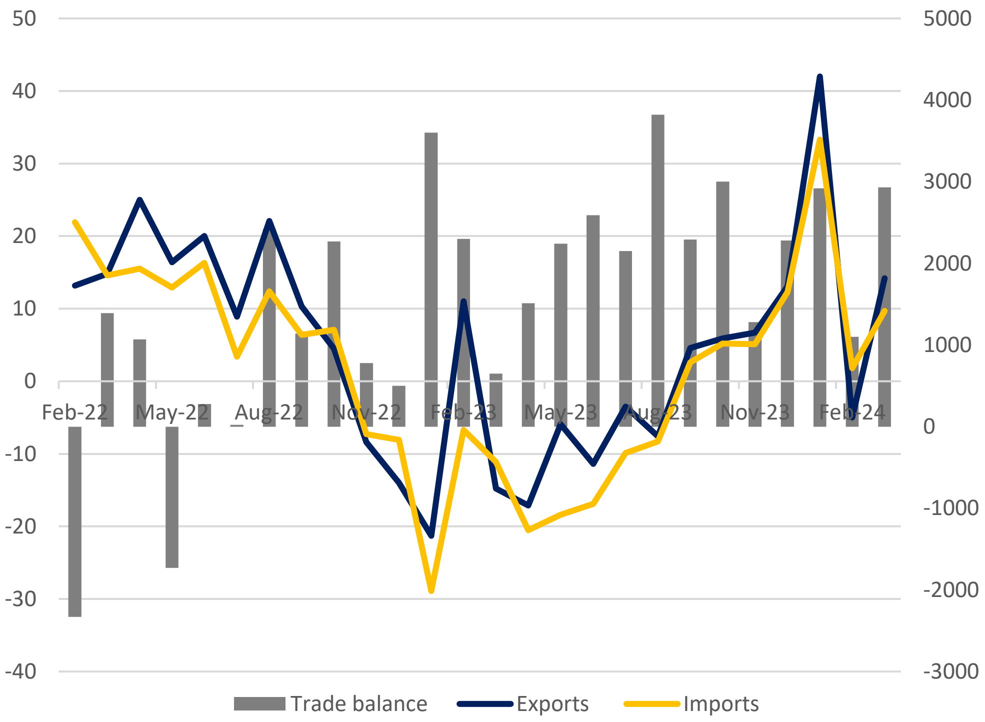
Key Data/Events: Apr trade, IP, CPI, retail sales [25-30 Apr].

VND is under renewed pressure in 2024



Source: Bloomberg, Maybank FX Research & Strategy

Exports Growth Rebounded in Mar and Trade Surplus Doubled



Source: Bloomberg, Maybank FX Research & Strategy

INR: Inflows Supportive of Strength

USD/INR	2Q 2024	3Q 2024	4Q 2024	1Q 2025
	83.50	82.50	82.00	81.00
	(83.00)	(--)	(--)	(--)

Previous Forecasts in Parentheses

Motivation: We adjust our USDINR forecasts slightly higher for one quarter on the belief that the USD could remain better supported against the INR for the upcoming quarter. However, we do recognize that structural factors, such as inflows should be supportive of INR strength and we maintain an appreciating trajectory for our USDINR forecasts. The RBI will continue to lean against the wind and slow the pace of INR appreciation. USDINR has been one of the most stable pairs, largely due to the Reserve Bank of India's (RBI) preference to reduce volatility in the INR by "leaning against the wind". We suggest that the RBI is very likely to continue to lean against the wind for an extended period as INR is likely to appreciate. We think the USD will gradually weaken through 2024 as US exceptionalism fades and a global soft landing is achieved. RBI could easily lean against the wind in such a situation and accumulate more foreign reserves in an environment where expectations are for the Fed to cut and for USD to gradually weaken.

With the announced inclusion of India's sovereign debt on global bond benchmarks, foreign inflows into India have picked up pace. This is also against the backdrop of an economy that is prospering, with one of the highest economic growth rates in the world (Governor Das suggested ~7% for the current fiscal year) and with inflation kept relatively in check (Governor Das suggested ~4.5% for current fiscal year). On top of that, India is portraying itself as an alternative for global funds to China, which in an era where asset managers are trimming or underweighting their exposures to China could be a significant continued driver of inflows to India. Lastly, foreigners were estimated to own a mere 2% of Indian sovereigns, highlighting a massive potential for an increase to foreign ownership. As a point of comparison, foreign holdings of US sovereign debt are at around 24% and foreign holdings of China sovereign debt are around 9% (dropping off from 11%). Further inflows look very likely, and this should continue to support INR strength.

However, we have also seen that USDINR is one of the most stable pairs, in many recent episodes of big currency moves such as the post-NFP USD rout in Dec the DXY declined 1.1% while USDINR NDF was just barely 0.2% lower. Similarly, post-Oct US CPI print, DXY weakened by about 1.5% while USDINR NDF was about 0.3% weaker. As such, we think that USDINR is a rather tricky pair to express a view on FX. This is likely due in part to RBI's penchant to lean against the wind to reduce volatility in the INR. However, do consider that this stability could be seen as a positive for asset managers and investors and could potentially increase investor confidence for INR-denominated assets and spur further inflows.

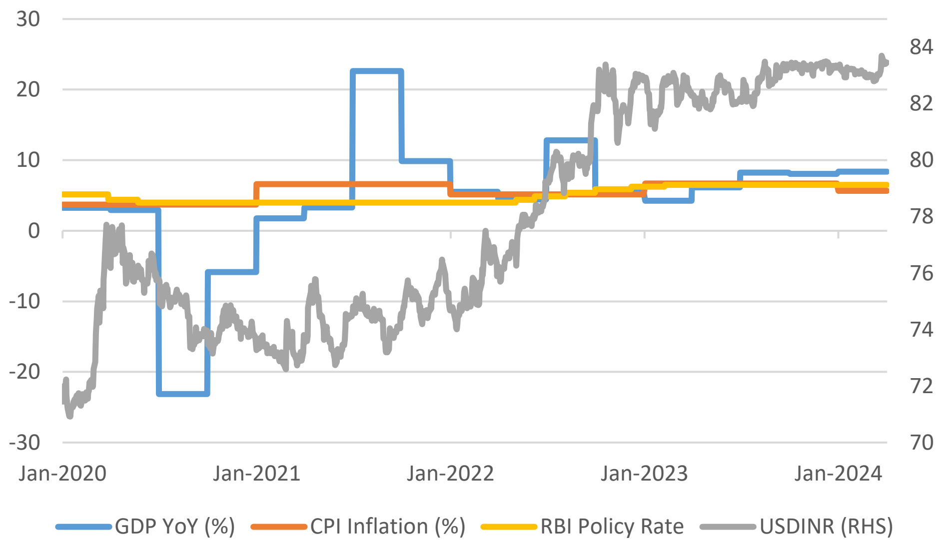
Second GDP estimates suggest that 2024 growth could come in at 7.6% YoY (exp: 7.0%; prev: 7.3%). This suggests a continued bright economic outlook for one of the world's fastest growing countries. We do see some similarities between the China of old and India currently. In economic literature, population growth remains one of the key drivers for growth. India overtook China as the world's most populous country in Apr 2023, and with population growth dynamics looking favourable for years to come, growth could continue to remain support. We expect a global soft-landing and continued economic expansion in India should be a factor for INR strength.

On the monetary policy front, inflation in India remains relatively under control with Feb inflation at 5.09% YoY (exp: 5.04%; prev: 5.10%). While the absolute number remains high, RBI's inflation target is also higher than normal at around 4%. When taken together with growth prospects being positive should imply that the RBI will not be in a hurry to pivot to a growth supporting stance, simply because there is no need for them to. Also, they will have ample space to support growth if they need to with the current policy rate at 6.50%. RBI voted 5-1 in favour of accommodation withdrawal and remains hawkish as of 8 Feb. RBI should stay on hold at their next meeting (5 Apr) and we think they will likely hold rates through 2024. On balance, RBI remaining on hold amid strong growth prospects and a relatively benign inflation outlook should also be in favour of INR strength.

Risks Ahead: The main risks that threaten our USDINR forecasts then would be RBI switching out of its stance to lean against the wind. This could occur as a matter of policy change or if there is too much scrutiny, possibly by the US Treasury on the INR kept artificially weak. While not likely, a combination of higher for longer inflation and poorer growth outcomes for India could also threaten our outlook for the INR.

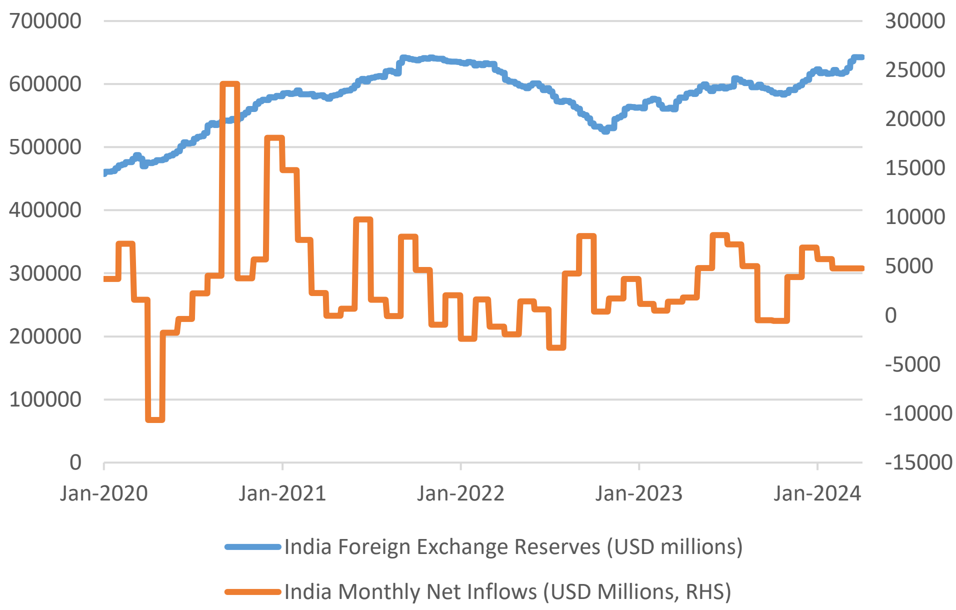
Key data/events: Mar F Mfg PMI (2 Apr), Mar F Svcs/Composite PMIs (4 Apr), **RBI Policy Decision (5 Apr),** Feb Industrial Production, Mar CPI Inflation (12 Apr), Mar Wholesale Prices, Mar Imports/Exports/Trade Balance (15 Apr), Apr P India Mfg/Svcs/Composite PMIs (23 Apr), Mar Eight Infrastructure Industries (30 Apr).

No Hurry for RBI to Ease as INR Remains Stable, while Growth is Promising and Inflation Benign



Source: Bloomberg, Maybank FX Research & Strategy

India's FX Reserves and Inflows Rising at Same Time



Source: Bloomberg, Maybank FX Research & Strategy

2024 FX Forecast Table

	End Q2-24	End Q3-24	End Q4-24	End Q1-25
USD/JPY	152.00	148.00	145.00	140.00
EUR/USD	1.0800	1.0900	1.1000	1.1100
GBP/USD	1.2550	1.2600	1.2700	1.2700
AUD/USD	0.6700	0.6800	0.6800	0.6800
NZD/USD	0.6100	0.6200	0.6200	0.6200
USD/CAD	1.3600	1.3500	1.3400	1.3300
USD/CHF	0.9000	0.8900	0.8800	0.8700
USD/SGD	1.3450	1.3400	1.3300	1.3300
USD/MYR	4.7000	4.6500	4.5500	4.5500
USD/IDR	15750	15650	15500	15250
USD/THB	36.50	35.50	35.00	34.50
USD/PHP	56.50	56.00	55.50	55.00
USD/CNY	7.20	7.25	7.25	7.25
USD/CNH	7.20	7.25	7.25	7.25
USD/HKD	7.80	7.78	7.78	7.77
USD/TWD	32.00	31.50	31.00	31.00
USD/KRW	1320	1290	1260	1240
USD/INR	83.50	82.50	82.00	81.00
USD/VND	24700	24500	24300	24300
DXY Index	104.62	103.49	102.41	101.28
	End Q2-24	End Q3-24	End Q4-24	End Q1-25
SGD/MYR	3.49	3.47	3.42	3.42
JPY/SGD	0.88	0.91	0.92	0.95
EUR/SGD	1.45	1.46	1.46	1.48
GBP/SGD	1.69	1.69	1.69	1.69
AUD/SGD	0.90	0.91	0.90	0.90
NZD/SGD	0.82	0.83	0.82	0.82
CAD/SGD	0.99	0.99	0.99	1.00
CHF/SGD	1.49	1.51	1.51	1.53
SGD/IDR	11710	11679	11654	11466
SGD/THB	27.14	26.49	26.32	25.94
SGD/PHP	42.01	41.79	41.73	41.35
SGD/CNY	5.35	5.41	5.45	5.45
SGD/HKD	5.80	5.81	5.85	5.84
SGD/TWD	23.79	23.51	23.31	23.31
SGD/KRW	981	963	947	932
SGD/INR	62.08	61.57	61.65	60.90
SGD/VND	18364	18284	18271	18271
	End Q2-24	End Q3-24	End Q4-24	End Q1-25
JPY/MYR	3.09	3.14	3.14	3.25
EUR/MYR	5.08	5.07	5.01	5.05
GBP/MYR	5.90	5.86	5.78	5.78
AUD/MYR	3.15	3.16	3.09	3.09
NZD/MYR	2.87	2.88	2.82	2.82
CAD/MYR	3.46	3.44	3.40	3.42
CHF/MYR	5.22	5.22	5.17	5.23
MYR/IDR	3351	3366	3407	3352
MYR/THB	7.77	7.63	7.69	7.58
MYR/PHP	12.02	12.04	12.20	12.09
MYR/CNY	1.53	1.56	1.59	1.59
MYR/HKD	1.66	1.67	1.71	1.71
MYR/TWD	6.81	6.77	6.81	6.81
MYR/KRW	281	277	277	273
MYR/INR	17.77	17.74	18.02	17.80
MYR/VND	5255	5269	5341	5341

*Source: Maybank FX Research as of 2 Apr 2024. *These forecasts are meant to be indicative of FX trends and not meant to be point forecasts.*

DISCLAIMER

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. Maybank IBG expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Maybank IBG and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of Maybank IBG may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of Maybank IBG's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank IBG and Maybank IBG and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), MRPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MST Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MST does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MST does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Wedbush Securities Inc. ("Wedbush"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Wedbush in the US shall be borne by Wedbush. This report is not directed at you if Wedbush is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Wedbush is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Wedbush Securities Inc. 1000 Wilshire Blvd, Los Angeles, California 90017, +1 (646) 604-4232 and not with the issuer of this report.

UK

This document is being distributed by Maybank Securities (London) Ltd ("MSUK") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia ("PTMSI") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited ("MIBSI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057). **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: Maybank IBG and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 2 April 2024, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MST, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 2 April 2024, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 2 April 2024, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months MIBSI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

Maybank IBG may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

Published by:

Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange
Singapore
Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com
(+65) 6320 1379

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com
(+65) 6320 1374

Alan Lau
FX Strategist
alanlau@maybank.com
(+65) 6320 1378

Shaun Lim
FX Strategist
shaunlim@maybank.com
(+65) 6320 1371

Indonesia
Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales
Malaysia
Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Tan Yew Yan
Head, Sales Corporates & CFS
yewyan.tan@maybank.com

Singapore
Sheetal Dev Kaur
Head, Corporates Sales (MBS)
skaur@maybank.com
(+65) 63201335

Tan Huilin
Head, Sales FI
TanHuilin@maybank.com
(+65) 63201511

Janice Loh Ai Lin
Head, Sales (MSL)
jloh@maybank.com.sg
(+65) 6536 1336

Shanghai
Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Indonesia
Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Philippines
Angela R. Ofrecio
Head, Global Markets Sales
Arofrecio@maybank.com
(+632 7739 1739)

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6340 1079

Se Tho Mun Yi
Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

s