1 August 2024

Maybank

Global Markets Daily

As Soon As September

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Risk sentiment was better overnight as the Fed signalled that it could cut rates "as soon as" Sep while standing pat on its policy rate yesterday. There were indications that the Fed was becoming more sensitive to the risks of cutting too early or too late as it recognized the need to balance both sides of their dual inflation-employment mandate. Powell's presser was viewed as dovish. Market pricing firmed for cuts in Sep and Dec (with an off chance for a 50bps cut) and overall cuts in 2024 increased to about 92bps (prev: 87bps). Equities and USTs (10Y: -11bps) rallied, gold gained and the USD was broadly lower. Nevertheless, we caution that risks remain - Iran's Supreme Leader approved a direct strike on Israel in retaliation for the assassination of Hamas leader Haniyeh on Iranian soil. Markets are shrugging this off and the Fed takes precedence at the moment, but sentiment can sour very quickly and we therefore urge caution. While we do recognize the virtues of holding safe havens in such a situation, CHF, JPY and Gold are all starting to look a bit stretched and are testing key technical levels.

BOJ Hikes Rates

BOJ hiked yesterday against consensus and our expectations. It seems that BOJ could become more pre-emptive in their actions, given that economic conditions still look rather fragile. This is in contrast to their relatively slower reaction in the past. As such, we are now of the view that the BOJ is tilting more hawkish. Nevertheless, further hikes could be more gradual. Multiple factors remain in favour of JPY strength with the BOJ tilting hawkish, Fed tilting dovish and a tense geopolitical situation. On the USDJPY, we think bias is for it to go lower and have revised our forecasts to reflect as such. Supports for USDJPY are at 148.82 and 145.76. Resistance is at 150.00.

Data/Event We Watch Today

We watch BOE Policy Decision today.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0826	0.10	USD/SGD	1.336	-0.46
GBP/USD	1.2856	0.16	EUR/SGD	1.4463	-0.37
AUD/USD	0.6542	0.06	JPY/SGD	0.8906	1.35
NZD/USD	0.5951	0.81	GBP/SGD	1.7176	-0.31
USD/JPY	149.98	-1.83	AUD/SGD	0.874	-0.40
EUR/JPY	162.36	-1.75	NZD/SGD	0.795	0.34
USD/CHF	0.878	-0.53	CHF/SGD	1.5214	0.05
USD/CAD	1.3808	-0.30	CAD/SGD	0.9676	-0.17
USD/MYR	4.5905	-0.68	SGD/MYR	3.4292	-0.28
USD/THB	35.65	-0.93	SGD/IDR	12138.72	0.04
USD/IDR	16260	-0.25	SGD/PHP	43.5822	-0.13
USD/PHP	58.365	-0.48	SGD/CNY	5.4031	0.08

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3322	1.3595	1.3866

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G10: Events & Market Closure

Date	Ctry	Event
31 Jul	JP	Policy Decision
31 Jul	US	Policy Decision
1 Aug	UK	Pollicy Decision
1 Aug	SW	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
29 Jul	TH	Market Closure

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index – *Lower on a stronger indication of Fed cut in Sep*.** DXY was last seen lower at 104.015 levels this morning as the USD broadly weakened with the Fed saying cuts could come as soon as Sep. DXY is now at a key level and we watch keenly to see if any further downside comes in. We still have BOE and NFP later in the week, giving ample opportunity for volatility. Back on the daily chart, we see some slight bearish bias starting to take shape and a break of the 104-figure opens the way towards 103.60. USD could be better supported if the Fed elects to make smaller cuts, with market pricing in an off-chance for 50bps in Sep and Dec. There could also be some support for the USD as geopolitical tensions escalate, after Iran's Supreme Leader sanctioned a strike on Israel. Further on the horizon, US presidential elections continue to unfold, with latest poll data showing Harris surpassing Trump in key swing states. USD could also find some support in the lead up to the elections. To summarize, while there are broad risks for a weaker USD as Fed cuts become more certain, support for the greenback also looms on the horizon in the form of geopolitical risks and US political developments. We still maintain our conviction for a broadly lower USD in the longer term, but recognize that there could be bumps in the path. US data for the week ahead includes Jul ADP Employment, Chicago PMI, Jul Pending Home Sales, **FOMC Decision** (Wed), 2QP Unit Labour Costs, Jul Mfg PMI, Jul ISM Mfg (Thu), Jul NFP, Jun Factory Orders and Durable Goods Orders (Fri).

- **EURUSD – *Unfavourable technicals*.** EURUSD is just a tad higher at 1.0830 levels this morning with unfavourable technicals still at play and the Fed giving better indication or rate cuts. EUR could find support on an inflation re-acceleration and earlier strong GDP print. Jul headline CPI re-accelerated to 2.6% YoY (exp: 2.5%: prev: 2.5%), while core CPI inflation similarly picked up to 2.9% YoY(exp: 2.8%; prev: 2.8%). While we remain cautious in the near-term we view dips as opportunities to buy. We still expect action to be sideways ahead of major central bank decisions. Earlier, ECB held rates steady, remains data dependent and market is roughly pricing in what we see at 50bps of cuts remaining for the year. We continue to watch for a rebound of EURGBP on the belief that the ECB-BOE divergence should narrow, although there is a growing risk that there could be further optimism for the GBP. ECB are likely adopting a cautious approach despite having cut in the face of an uptick in inflation previously. The hung French parliament may not be the worse if it results in greater fiscal discipline, which could favour the EUR. Macron just rejected the NFP proposal to appoint Lucie Castets as PM, indicating his preference to appoint a PM after the Olympic games. Nevertheless, broader events beyond EU politics should continue to be drive the pair for now, such as the Eurozone's recovery trajectory. PMI prints thus far had disappointed but some may allude it to the summer effect. We hold a cautiously optimistic view and look for deeper pullbacks to buy the pair. Data due this week includes Jul Eurozone Mfg PMI, ECB Economic Bulletin and Jun EC Unemployment Rate (Thu).

- **GBPUSD – *Hovers around key support*.** GBPUSD was last seen higher at 1.2858 levels after the Fed gave indication that cuts were on the horizon. Being one of the highest yielder in the G10 space, it is no surprise that GBP was also hurt by the recent talk of carry trade unwinding. Meanwhile, the BOE should continue to move towards the dovish direction, although the decision remains extremely close in terms of market pricing, we lean towards a BOE cut that should weigh on GBPUSD. CFTC positioning showed that fast money bets for a stronger GBP have hit their highest levels since 2014 and that could result in a bigger downward move should BOE indeed tilt dovish. Talks of a re-negotiation of Brexit terms and warmer relations with the EU could provide GBPUSD support on dips. Starmer had dropped some hints on re-engaging the EU post-Brexit and positive outcomes could have significant upside for the pair. Meanwhile, we continue to look for 75bps of rate cuts for the BOE this year. Disinflation remained intact for the UK as opposed to in the Eurozone where inflation was resurgent. Moreover, recent UK wage gains had been edging lower, which at the margin should give BOE increased comfort to cut rates. UK inflation surprised to the downside and confirmed the disinflationary trend in the UK. Only point of contention remains that services inflation is high at 5.7% YoY. We continue to watch for a rebound of EURGBP on the belief that the ECB-BOE divergence should narrow, although there is a growing risk that there could be further optimism for the GBP. Back on the GBPUSD, resistances at 1.2950 and 1.3050. Supports are at 1.2850 and 1.2750. Data for week ahead includes Jul Nationwide House Prices, Jul Mfg PMI, **BOE Decision** and DMP 3M Outprice Price/1Y CPI Expectations (Thu).

- **USDCHF – *Stretched to Downside?*** USDCHF was last seen lower at 0.8770 levels as the Fed provided better indication of rate cuts. USDCHF could be a tad stretched to the downside and CHF gains could slow. Of the traditional safe-havens, it does seem that only gold and CHF retain most of the safe-haven properties. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF. Nevertheless, we do see USDCHF lower into quarters ahead alongside fading US economic exceptionalism and Fed rate cuts. Back on the chart, bias is to the downside but further decline could slow given that stochastics flag oversold conditions. Supports the 0.8740 and 8700. Rebounds to meet resistance at 0.8800 and 0.8880. This week has Jul CPI Inflation and Jul Mfg/Svcs PMI (Fri).

- **USDJPY – *BOJ Hikes, Positions Closed Off*.** The pair was last seen at 149.22 as it fell sharply following the BOJ's decision to hike. The move was against the economist's consensus and Ueda in particular noted that he "thought best to adjust bit by bit early". BOJ now appeared to be pre-emptive in the move given that economic conditions still looked rather fragile. This would contrast to their slower reaction function in the past. In some sense, we are of the view that the BOJ now is tilting more hawkish. Regardless, they may still be gradual in their hiking cycle given that the economy appears fragile at this point. However, with the Fed now signaling a Sep cut and the possibility that it could ease more over the next few quarters, we see that the JPY should receive more support. Near term, it may still trade around the 150.00 mark amid still wide yield differentials but in the medium term, we expect a gradual trend downwards. The BOJ also slash their bond purchases but it was below market expectations which had expected to be a significant reduction, possibly of 1tn yen (the immediate reduction would only be 400bn yen). Certainly, this action did temper our view that the BOJ is not exactly much hawkish just yet even if they have tilted. We have now revised forecast for the USDJPY to be lower. Back on the chart, support is at 150.00, 148.82 and 145.76.Resistance is at 156.00, 158.03 and 160.00. Remaining key data releases this week include Jul monetary base (Fri).

- **AUDUSD – *Further Declines To Slow.*** AUDUSD was last seen higher at 0.6533 levels this morning after the Fed gave better indication of rate cuts. Pair had been on a precipitous slide, weighed by a combination of disappointment on China's growth/stimulus front that dragged on base metal prices as well as steeper drops in the equity markets. Right now, the world seems to be entering a soft patch with manufacturing recovery somewhat stalling and these concerns over cyclical slowdowns validated by increasingly dovish central bankers comments. We could be in an environment where more central banks are increasingly concerned with growth rather than inflation. Rate cuts could be priced in more aggressively and this concerns on growth momentum could keep markets on the edge. Pro-cyclical AUD may need to see further downside before this sentiment could turn. A bottom may take some time to fall after such a sharp decline. In addition, we are approaching Aug which is seasonally bearish for the AUD. We suspect this seasonal effect has been brought forward by half a month. Back on the AUDUSD chart, we watch if it can hold below the support around 0.6530 before 0.6470. The 0.6470 coincides with the apex of the falling wedge that has formed. Rebounds to meet resistance at 0.6600 before 0.6670. Data for week ahead includes Judo Bank Mfg PMI, 2Q Import/Export Price Index, Jun Trade Balance (Thu) and 2Q PPI Inflation (Fri)

- **NZDUSD -** ***Possible double bottom, although bias still bearish*****.** NZDUSD was last seen higher at 0.5955 this morning after the Fed gave better indication of rate cuts. We continue to remain slightly bearish near-term as the 50-dma is turning to make a bearish cross over on 200-dma. Back on the NZDUSD chart, support is at 0.5920 followed by 0.5850. Rebounds to meet resistance at 0.6000. Bias is bearish for this pair. NZD, being a pro-cyclical currency could also be affected by souring sentiment, weaker growth outlook and we may need to get past this period of risk-off before NZD can find a floor. Although the Fed has tilted more dovish, geopolitical risks could still weigh on this pair. Move towards 0.5850 could form a double bottom. No further data for NZ this week.

- **USDCAD -** ***Lower on dovish FOMC*****.** The pair was last seen lower at 1.3809 as the Fed gave better indication of rate cuts and tilted more dovish. As we suggested, CAD's decline may start to slow. BoC had cut rates on 24 Jul as expected by 25bps to 4.50% with a pivot in the monetary stance towards getting "growth to pick up again". CAD will unlikely be under increasing pressure as markets are also pricing in Fed cuts so policy divergence between the Fed and BoC would be limited. We see a chance BoC could pause and assess the rate cut decisions as core inflation may remain sticky and wage growth was strong in spite of the rise in unemployment rate. Bloomberg Nanos Confidence data released yesterday at 53.3 compared to prior 53.0 shows a gradual recovery in optimism for the economy. Key resistance on the daily chart is seen around 1.3850. A failure to break above that would form a double top. A rising wedge has formed for the pair. Pullback to meet resistance at 1.3760 before the next at 1.3690 (50- dma). We prefer to short USDCAD at this point, betting on the reversal due to a double top. OIS suggests a third consecutive cut in Sep. Once again, any upside surprise to the data from here (e.g GDP this week) could pare aggressive bets on rate cuts in Sep and knock USDCAD off its highs now. Spot reference at 1.3818. Prefer to sell USDCAD towards 1.3760 (T1) before 1.3690 (T2). Stoploss at 1.3875 for a risk-reward ratio of 1:2.25. Data wise, GDP is released on Wed and S&P Manufacturing PMI on Thu.

- **Gold (XAU/USD) -** ***Gains firm on Fed indications of rate cuts*****.** Gold was higher at 2456.30 levels, as the Fed gave better indication of rate cuts. Key resistance is at 2484 (recent high) and 2500. Supports are at 2430 before the next at 2400. Earlier correction should be viewed as healthy given that conditions were stretched to the upside. Moreover, gold was not spared from the carry trade unwind. We anticipate that the corrections may not be too deep given that we are in an environment of ongoing geopolitical conflicts, falling UST yields and various political events. Gold remains an asset for risk diversification at an environment of somewhat healthy risk appetite still where equities continue to rise but remain a tad vulnerable to geopolitical shifts and trade/foreign policy changes while bonds are sandwiched between rate cut expectations and higher-for-longer narrative. Of the safe-havens, gold may well be the least stretched to the upside, although as we enter unchartered territory of fresh highs, key technical levels could become less certain.

Asia ex Japan Currencies

SGDNEER trades around +1.81% from the implied mid-point of 1.3595 with the top estimated at 1.3322 and the floor at 1.3866.

- **USDSGD – *Lower*.** USDSGD was lower this morning at 1.3350 levels after the Fed gave a better indication of rate cuts on the horizon. Last Fri, MAS held as expected and reiterated they see that price gains will slow "further to around 2% in 2025". They lowered their inflation forecast this year to 2% - 3% from 2.5% - 3.5% whilst they expect economic growth to come out closer to the upper half of 1% - 3% this year. SGD remains resilient as MAS held steady last Fri, with the trade-weighted SGDNEER slightly stronger at +1.81% above the mid-point this morning with USDSGD at 1.3350 levels. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue. Although the SGD is still subject to broader drivers, we expect it to hold up better than other currencies in times of USD-strength. At the same time, it is unlikely to outperform in times of USD-weakness. Look for USDSGD to remain relatively steady ahead of major central bank decisions this week. Long-term view is still for USDSGD to go lower. MAS appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although we do not expect SGDNEER to tank. In the medium -term, we remain positive on the SGD given robust macro fundamentals and a monetary policy that has an appreciating currency as a default stance. Resistance at 1.3400 and 1.3450. Supports are 1.3350 and 1.3300.

- **SGDMYR – *Consolidation*.** Cross was lower at 3.4127 levels this morning. With the latest outperformance of MYR, this exceeds our earlier expected range. We now see potential for pair to trade two-way within 3.40 to 3.50. SGD and MYR have been the two more resilient Asian currencies of late and we think this can continue. Supports at 3.42 and 3.40 levels. Resistances at 3.45 and 3.47 levels.

  USDMYR – *Outperformer*. Pair was last seen at 4.5565 as it continued its move downwards as a number of the USD – Asian pairs move downwards in line with the USDJPY. The Fed signaling a Sep cut looks to have also helped soothe sentiments. The pair is certainly an outperforming among many of its Asian peers. We do sense there is more positive idiosyncratic optimism towards the MYR amid the government reforms (diesel subsidy rationalization), better than expected growth and more foreign investor interest. Also, authorities leading coordinated conversions by GLCs/GLICs into local currency has given much support to the currency. BNM likely to keep rates on hold can also be giving MYR support at a time when we talk about easing elsewhere about the Fed and globally. External events especially those related to the US, China and Japan are likely to remain the key drivers going forward. Back on the chart, support is at 4.5500 and 4.5000. Resistance stands around 4.6000 and 4.6500. Key data releases this week include Jul S&P global PMI mfg (Thurs).

- **USDCNH – *Lower*.** USDCNH was last seen around 7.2330 as it moved lower in line with the decline in the USDJPY and the Fed signalling a Sep cut. PBoC fixed the USDCNY reference slightly lower at 7.1323 this morning vs. previous 7.1346. Trend-wise though, USDCNY has been fixed gradually higher even as the USD environment is arguably more benign. Beyond the carry-trade unwinding that has benefitted the CNY and CNH, we think this could continue. USDCNH and USDCNY may continue to trade sideways with an upside skew within the 7.20-7.30 range. Given that the sentiment on China is already rather bearish (2Q GDP surprised to the downside, retail sales weakened considerably, persistent declines in home prices), we do not rule out that there is room for some upside surprise to the PMI post a series of rate cut this week (7day reverse repo, LPRs, 1Y MLF) that could potentially boost the yuan sentiment. We note that Jun industrial profits out over the weekend actually was strong than prior month at 3.6% YoY (May. 0.7% YoY). Regardless, we continue to watch for major price action to remain within the 7.20-7.30. Opposing forces seem to be equally strong to keep this pair within the range. Jul PMI readings were all lower with the composite at 50.2 (Jun. 50.5), mfg PMI at 49.4 (Jun. 49.5) and non-mfg PMI at 50.2 (Jun. 50.5). Caixin PMI mfg is weaker at 49.8 (est. 51.5, Jun. 51.8).

- **1M USDKRW NDF – *Lower*.** 1M USDKRW NDF was lower 1363.60 levels this morning alongside a sharply lower USDJPY and USD broadly coming off post-FOMC where the Fed gave better indication for rate cuts. Some nascent signs of support starting to build for KRW. Jun Industrial Production was higher than expected at 3.8% YoY (exp: 2.8%; prev: 4.3%), but under expectations at 0.5% SA MoM (exp: 0.8%; prev: -0.6%). Combined with earlier growth print, BOK should be in no hurry to ease to be growth supportive. BOK stood pat earlier, in line with our expectations. BOK has had a tendency to hold for an extended period before pivoting to a cut and this should provide KRW with some support. Jul PPI increased to 2.5% (prev: 2.3%) and this helped to guide USDKRW slightly lower. Apart from upside risks on inflation, there could also be concerns about KRW weakness if they were to cut ahead of the Fed. KRW remains vulnerable as one of the lower yielders in the region. USDKRW spot has seen about a week of extended trading hours and we could see some volatility as market acclimates to this change in market structure. Extending trading hours is one of the initiatives to improve investor access to Korea and is in line with the strong push the government is making to get onto global bond indices. We see resistances at 1380 and 1400. Supports are at 1360 and 1340. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. Risks for the KRW include issues with debt mainly related to the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW in line with BOK assessment. Upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep 2024 is the earliest possible inclusion date. While we recently revised our KRW forecasts higher, we are still looking for a possible recovery with the KRW one of the more stretched currencies in Asia. Week ahead has Jul Trade Balance, Jul SP Global Mfg PMI (Thu) and Jul CPI Inflation (Fri).

- **USDINR 1M NDF – *Steady*.** Both spot and 1M NDF continues to consolidate, with 1M NDF last seen around 83.77. Foreign Exchange Reserves increased from $666.9b to $670.9b last Fri, building on the war chest to support INR. RBI will likely keep rates on hold at least while Fed remains on hold as data releases continue to reaffirm that India experiences a satisfactory pace of growth. India's FY 24/25 budget was released on Tue, and Finance Minister Nirmala Sitharaman announced a 2 trillion rupees ($24 billion) package to boost employment and implement changes in direct tax policy, which we foresee would boost disposable income this year. Budget also looks to target narrowing the budget deficit to 4.9% of GDP. We look to see if India could continue to be an economic bright spark relative to the rest of the region. Back on the 1M USDINR NDF daily chart, rising wedge has formed which typically precedes a bearish pullback. Support at 83.65 (100 -dma) before the next at 83.55 (50 -dma). Data on fiscal deficit and Eight Infrastructure Industries to be released today, PMI on Thu and Foreign Exchange Reserves on Fri.

- **1M USDIDR NDF – *Testing 50-dma, Sideways Expected*.** Pair was last seen at 16256 as it continues the 50-dma. The 1M NDF came down yesterday amid the move lower in the USDJPY and the Powell signaling a Sep cut.

However, it still underperformed a lot of the regional pairs. We do take note that idiosyncratic concerns could be weighing in, particularly related to the fiscal uncertainty of a new Presidential administration coming in. Prabowo is looking to quite strongly push ahead with the free school lunch program. There is plenty of conflicting signals regarding the level of fiscal discipline that the new administration would adhere to with some news saying they would possibly even raise the debt and fiscal deficit ceiling. Near term, the pair could trade sideways but we stay wary of it moving further up amid possible greenback rebound further into the quarter amid more US presidential election anxiety and a more risk off environment prevailing. Back on the chart, resistance at 16400 and 16519 (year-high). Interim support at 16293 (50-dma) with the next after that at 16158 (100-dma) and 16000. Remaining key data releases this week include Jul CPI (Thurs).

- **1M USDPHP NDF - *Testing 50-dma, Sideways Expected*.** The pair was last seen at 58.32 as it made a leg lower with the decline in the USDJPY and Powell signaling a Sep cut. As a whole though, it actually remains within recent ranges. We think that it could head trade sideways near term although we stay wary of a climbing up amid possible greenback rebound further into the quarter amid more US presidential election anxiety and a more risk off environment prevailing. Back on the chart, resistance at 50-dma at 58.57 with the next after that at 59.00 and 59.56. Support is at 58.00 and 57.66. There are no remaining key data releases this week.

- **USDTHB - *Sharply Lower*, *Sideways Expected*.** Pair was last seen at 35.48 as it fell sharply in line with the move down in USDJPY and the Fed signaling a Sep cut. Gold climbed also giving the THB much support. Jun trade balance was also wider and so was the Jun BoP CA balance. We do note yesterday that the BOT adjusted foreign exchange rate rules allowing that Thai nationals can now move $200,000 out of the country a year without underlying transactions compared to the current amount of $50,000. However, the currency does not appear to be affected much by this and focus was instead on the positive factors. We think the pair could trade more sideways from here in the near term. We stay wary of political risks though as a verdict related to Move Forward and PM Srettha's cases are also due in Aug. Former PM Thaksin's court hearing would also be due that month. The could also increasingly be more pricing in of the US election anxiety from Aug onwards. Back on the chart, support is at 35.50 and 35.00. Resistance is at 36.00 (200-dma) and 36.50 (around 50-dma and 100-dma). Remaining key data releases this week include Jul business sentiment index (Thurs) and 26 Jul gross international reserves/forward contracts (Fri).

- **USDVND - *Lower*.** USDVND was last seen around 25206. Support at 25000 and 24858 (200-dma). Equities clocked a net outflow of -$19.8mn on 25 Jul. This suggests that sentiments remain rather fragile. Regardless, smaller gold premium, high interbank interest rates likely eased demand for gold/ foreign currencies and reduce pressure on the VND. We The recent fall in the 2y UST yields amid greater bets on rate cut for the Fed have also boosted the VND. Resistance is the upper bound of the day at 25461 based on the fix at 24249. In news from home, the GM of North Vietnam and Residential at Frasers Property Vietnam told the press that data centres, industrial parks are reserved for high-tech production and parks to serve multinational tenants and to attract new funding waves (Vietnam Investment Review). Economic data out yesterday showed Jul IP was stronger at whilst CPI and retail sales are also higher. Trade balance was lower amid higher imports even though exports was stronger. There are no remaining key data releases this week.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.39	3.36	-3
5YR MO 8/29	3.54	3.53	-1
7YR MS 4/31	3.69	3.67	-2
10YR MT 11/33	3.75	3.72	-3
15YR MS 4/39	3.88	3.87	-1
20YR MX 5/44	4.03	4.02	-1
30YR MZ 3/53	4.15	4.14	-1
IRS			
6-months	3.52	3.52	-
9-months	3.49	3.48	-1
1-year	3.48	3.48	-
3-year	3.45	3.43	-2
5-year	3.50	3.48	-2
7-year	3.61	3.56	-5
10-year	3.70	3.66	-4

Source: Maybank
**Indicative levels*
***Daily Trade Data: 1) Government bonds and 2) PDS/corporate bonds*

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- Local government bonds had a heavy trading session with significantly increased liquidity, driven by buying pressure. Traders focused on the belly of the yield curve, while real money investors were in the 10y and longer maturities. Notably, the 10y MGS benchmark saw around MYR1b trades. With month-end portfolio rebalancing and yield chasing ahead of the US FOMC meeting, the yield curve bull-steepened by 2-3bps.

- MYR IRS ended the day 1-5bps lower, tracking the lower US rates as market sentiment shifted to risk-off. Receiving bias in IRS persisted throughout the session. Trades include the 4y rate at 3.45% and the 5y rate in the range of 3.47-3.49%. 3M KLIBOR was unchanged at 3.57%.

- Onshore PDS activity was light. In the GG space, Danainfra 4/43 traded at MTM. AAA names saw mixed trading: CIMB Islamic 11/28 traded 3bps higher, DIGI 9/26 traded 5bps higher, while TNB Power Gen 3/43 traded 5bps lower in yield. In the AA1/AA+ space, UMW 11/26 saw MYR80m traded 2bps lower. AA2 Ambank Islamic saw MYR35m traded at MTM. A3/A- MBSB 12/29 traded 4bps higher. The remaining names were relatively unchanged.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.97	2.94	-3
5YR	2.88	2.80	-8
10YR	2.94	2.88	-6
15YR	2.97	2.90	-7
20YR	2.96	2.90	-6
30YR	2.90	2.88	-2

Source: MAS (Bid Yields)

- SGS yields declined 2-8bps, mirroring the UST yields which continued to move down ahead of the FOMC meeting. UST yields turned mixed after the FOMC left interest rates unchanged as expected and shifted the balance of risks towards the US labor market. All eyes are turn to Powell's press conference for cues of a September rate cut.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.60	6.61	0.01
2YR	6.63	6.60	(0.03)
5YR	6.75	6.73	(0.02)
7YR	6.92	6.91	(0.01)
10YR	6.94	6.90	(0.03)
20YR	7.09	7.07	(0.02)
30YR	7.08	7.04	(0.04)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened on the day before Fed's monetary meeting yesterday. A rally on Indonesian government bond was in line with global money inflow that coming to the emerging markets due to strong expectation for the Fed to be dovish. As expected, last night, the Fed kept maintaining its policy rate at 5.25%-5.50%. However, on the last press conference, the Fed Governor Jerome Powell gave strong indication for the U.S. Central Bank to cut its policy rate on the next its monetary policy meeting. According to this condition, we expect Indonesian bond market to continue its rally trend today as the global investors will seek an investment destination that offering high return with sound fundamental background. The yield of Indonesian 10Y government bond is expected to reach 6.83% this week. On the local fundamental side, we will wait the latest release of Indonesian inflation. Indonesian CPI is expected to increase 0.18% MoM (2.45% YoY) in Jul-24. Indonesia needs lower interest rate environment during recent stable economic growth with low pressures of inflation. On the manufacturing side, we just saw Indonesian manufacturing side to come on contraction mode after the country's PMI Manufacturing index dropped to 49.3 in Jul-24.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0873	155.43	0.6602	1.2890	7.2707	0.6008	168.1467	101.3080
R1	1.0849	152.70	0.6572	1.2873	7.2488	0.5979	165.2533	99.7130
Current	1.0832	148.81	0.6542	1.2860	7.2142	0.5959	161.1900	97.3340
S1	1.0802	148.43	0.6496	1.2830	7.2092	0.5905	160.7433	96.9610
S2	1.0779	146.89	0.6450	1.2804	7.1915	0.5860	159.1267	95.8040

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3463	4.6326	16341	58.7057	36.0980	1.4570	0.6390	3.4509
R1	1.3411	4.6116	16301	58.5353	35.8740	1.4517	0.6371	3.4400
Current	1.3349	4.5625	16265	58.3380	35.4510	1.4460	0.6328	3.4179
S1	1.3333	4.5799	16239	58.2833	35.4750	1.4433	0.6341	3.4231
S2	1.3307	4.5692	16217	58.2017	35.3000	1.4402	0.6331	3.4171

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	3.9000	Oct-24	Neutral
BNM O/N Policy Rate	3.00	5/9/2024	Neutral
BI 7-Day Reverse Repo Rate	6.25	21/8/2024	Neutral
BOT 1-Day Repo	2.50	21/8/2024	Neutral
BSP O/N Reverse Repo	6.50	15/8/2024	Neutral
CBC Discount Rate	2.00	19/9/2024	Neutral
HKMA Base Rate	5.75	-	Neutral
PBOC 1Y Loan Prime Rate	3.35	-	Easing
RBI Repo Rate	6.50	8/8/2024	Neutral
BOK Base Rate	3.50	22/8/2024	Neutral
Fed Funds Target Rate	5.50	1/8/2024	Neutral
ECB Deposit Facility Rate	3.75	12/9/2024	Neutral
BOE Official Bank Rate	5.25	1/8/2024	Neutral
RBA Cash Rate Target	4.35	6/8/2024	Neutral
RBNZ Official Cash Rate	5.50	14/8/2024	Neutral
BOJ Rate (Lower bound)	0.00	20/9/2024	Tightening
BoC O/N Rate	4.50	4/9/2024	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	40,842.79	0.24
Nasdaq	17,599.40	2.64
Nikkei 225	39,101.82	1.49
FTSE	8,367.98	1.13
Australia ASX 200	8,092.33	1.75
Singapore Straits Times	3,455.94	0.41
Kuala Lumpur Composite	1,625.57	0.85
Jakarta Composite	7,255.76	0.19
Philippines Composite	6,619.09	0.19
Taiwan TAIEX	22,199.35	-0.11
Korea KOSPI	2,770.69	1.19
Shanghai Comp Index	2,938.75	2.06
Hong Kong Hang Seng	17,344.60	2.01
India Sensex	81,741.34	0.35
Nymex Crude Oil WTI	77.91	4.26
Comex Gold	2,473.00	0.86
Reuters CRB Index	278.12	1.23
MBB KL	10.22	1.39

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