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Maybank

Global Markets Daily

Back to Data Watching

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Carry Unwinding Could Be Done

The rapid carry-trade unwinding had clearly taken a pause for much of last week since the release of the US Jul ISM services which turned out stronger and comparatively dovish comments by current/former BoJ officials/summary of opinions. The latest was that of the former BoJ board member Makoto Sakurai who opined that the central bank cannot hike at least for the rest of the year but "it's a tossup whether they can do one hike by next Mar". We are of the view that neither the Fed nor BoJ would want to aggravate market volatility. With net short JPY contracts now dwindled to just 11K as of 6 Aug (2021 low), there is a good chance that the wildest swings of this carry trade are behind us.

US CPI is Focus this Week before China's Activity Data

This week, the focus is on US Jul CPI on Wed. For much of this year, inflation seem to have been too sticky for the Fed to pivot with confidence. Core inflation had been on a gradual decline. Consensus looks for core CPI to tick lower to 3.2%y/y for Jul from previous 3.3%. An inflation report that meets this expectation would be most benign for markets. We continue to stay constructive on the AUD as we expect US to soft lands and for growth to potentially pick up in most parts of the world as central banks start to ease in greater synchronicity. Nearer- term, AUD could once again be swung by China's data due this Thu (15 Jul). The great AUD slide was triggered by the weaker-than-expected Jun activity data from China. While one can argue that outcome is binary with stronger China data to boost AUD. With growth expectations for China rather low now, balance of risks could be skewed to the upside.

Data/Event We Watch Today

A quiet day to kick off a busy week. The FDI (Jul), Jul credit data could be released from China as well as US NY Fed 1Y Inflation expectations (Jul).

G10: Events & Market Closure

Date	Ctry	Event
12 Aug	JP	Market Closure
14 Aug	NZ	RBNZ Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
12 Aug	TH	Market Closure
15 Aug	PH	BSP Policy Decision
15 Aug	SK, IN	Market Closure

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0917	-0.02	USD/SGD	1.3239	-0.13
GBP/USD	1.2761	0.10	EUR/SGD	1.4455	-0.14
AUD/USD	0.6578	-0.23	JPY/SGD	0.9029	0.30
NZD/USD	0.6001	-0.22	GBP/SGD	1.6891	-0.05
USD/JPY	146.61	-0.42	AUD/SGD	0.8711	-0.33
EUR/JPY	160	-0.48	NZD/SGD	0.7935	-0.46
USD/CHF	0.8651	-0.18	CHF/SGD	1.5296	-0.01
USD/CAD	1.373	-0.02	CAD/SGD	0.9642	-0.12
USD/MYR	4.424	-1.10	SGD/MYR	3.3415	-1.02
USD/THB	35.243	-0.04	SGD/IDR	12031.85	0.25
USD/IDR	15925	0.20	SGD/PHP	43.2765	-0.07
USD/PHP	57.275	-0.10	SGD/CNY	5.4153	0.05

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3216	1.3485	1.3755

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index - *Stabilizing*.** The DXY rose and was last seen around 103.10 as the greenback continues to stabilize without strong market cues. The rapid carry-trade unwinding had clearly taken a pause for much of last week since the release of the US Jul ISM services which turned out stronger and comparatively dovish comments by current/former BoJ officials/summary of opinions. The latest was that of the former BoJ board member Makoto Sakurai who opined that the central bank cannot hike at least for the rest of the year but "it's a tossup whether they can do one hike by next Mar". We are of the view that neither the Fed nor BoJ would want to aggravate market volatility. With net short JPY contracts now dwindled to just 11K as of 6 Aug (2021 low), there is a good chance that the wildest swings of this carry trade are behind us. This week, the focus is on US Jul CPI on Wed. For much of this year, inflation seem to have been too sticky for the Fed to pivot with confidence. Core inflation had been on a gradual decline. Consensus looks for core CPI to tick lower to 3.2%y/y for Jul from previous 3.3%. An inflation report that meets this expectation would be most benign for markets. There would be further paring of aggressive rate cut bets from current implied 100bps cut expected from Fed Fund Futures. USD and US rates may rise a tad more but better risk sentiment could continue to slow their climb on net. We continue to stay constructive on the AUD as we expect US to soft lands and for growth to potentially pick up in most parts of the world as central banks start to ease in greater synchronicity. Back on the DXY index, spot at 103.10. Resistance remains at 103.56 (50% Fibonacci retracement of the Dec 2023- Apr 2024 rally) before 104.26. Support at 102.00. Data we watch for this week include NY Fed 1Y inflation expectations for Jul today. Tue has NFIB small business optimism for Jul and Jul PPI. Wed has Jul CPI, real average hourly earnings for Jul. Thu has empire mfg for Aug, Jul retail sales, Philly Fed business outlook, Import/export price index for Jul along with Jul industrial production.

- **EURUSD - *Steadying*.** EURUSD was last seen at 1.0917 levels this morning. Pair seems to be steadying after finding support at around 1.0880 and being resisted at around 1.1000. We see two-way risks for the EUR at these levels, with a rebound in the USD a possibility if fears fade and bets on Fed cuts pare back. EUR could also find support on sticky inflation and better growth differentials, although weak PMI data could weigh. Our suggested narrative that the ECB-BOE divergence should narrow is playing out and although further risk aversion is likely to have an upward bias on the pair we think this is a reasonable point to take profits. ECB are likely adopting a cautious approach despite having cut in the face of an uptick in inflation previously. We closely watch developments in French politics, namely who is chosen as the new PM although this is likely to happen on the conclusion of the Olympics as Macron had expressed a preference for. Nevertheless, broader events beyond EU politics should continue to be drive the pair for now, such as the Eurozone's recovery trajectory. Eurozone data this week includes Aug ZEW Survey Expectations (Tue), 2QP GDP, Employment, Jun Industrial production (Wed) and Jun Trade Balance (Fri).

- **GBPUSD - *Finding support*.** GBPUSD has found support and rebounded higher to 1.2757 levels as market pares back from recent carry trade unwind narrative and ensuing equity selloff. This narrative weighed on GBP as a high beta. BOE's earlier surprise rate cut could continue to weigh on pair as we continue to look for 50bps more of cuts in 2024 and suggest to watch services inflation and wages, which is likely the BOE's sole source of discomfort, closely for more hints to their leanings for future meetings. We continue to suggest that GBP outperformance could moderate, although we are bullish on GBP in the longer-term. 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. Our suggested narrative that the ECB-BOE divergence should narrow is playing out and although further risk aversion is likely to have an upward bias on the pair we think this is a reasonable point to take profits. Back on the GBPUSD, resistances at 1.2800 and 1.2850. Supports are at 1.2700 and 1.2650. UK data this week includes Jun Avg Weekly Earnings, Jun ILO Unemployment Rate, Jobless Claims (Tue), Jul CPI/PPI/RPI Inflation (Wed), 2QP GDP, Jun Monthly GDP, Jun Industrial/Manufacturing Production, Jun Trade Balance (Thu) and Jul Retail Sales (Fri).

- **USDCHF – *Rebounds*.** USDCHF was last seen higher at 0.8651 levels as sentiment improved. As suggested earlier, we thought USDCHF could be a tad stretched to the downside and CHF gains could slow. At this point, risks look two-way for the pair. 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 are at 0.8550 and 0.8500. Rebounds to meet resistance at 0.8680 and 0.8750 thereafter. Swiss data this week includes 9 Aug Sight Deposits (Mon), Jul Producer/Import Prices, 2QP GDP (Thu) and 2Q Industrial and Construction Output (Fri).

- **USDJPY – *Settling Around 145*.** The pair was last seen at 146.85. This pair was lifted slightly by comments from former BoJ board member Makoto Sakurai who opined that the central bank cannot hike at least for the rest of the year but "it's a tossup whether they can do one hike by next Mar". We are of the view that neither the Fed nor BoJ would want to aggravate market volatility. With net short JPY contracts now dwindled to just 11K as of 6 Aug (2021 low), there is a good chance that the wildest swings of this carry trade are behind us. Recall that the summary of opinions from the BOJ's 31 Jul board meeting indicated that the board did not appear to view the hike last month as a tightening. They saw it as a "adjustment in the degree of monetary accommodation in accordance with underlying inflation, which will not have monetary tightening effects". Amid these mixed signals, the pair can continue to be two-way. Back on the chart, resistance at 147.50, 150.00 and 152.00. Support at 145.37 and 140.25. Data-wise, we have Jul PPI on Tue followed by 2Q GDP, Jun final IP due on Thu.

- **AUDUSD – *Forming a Bottom*.** AUDUSD touched a high of 0.6605 after China's inflation came in to be stronger than expected last Fri. However, profit-taking soon take over and pair is now a tad lower at around 0.6580. With net short JPY positions at a mere 11K compared to 184K logged on CFTC two weeks ago, we are more confident that much of the carry-trade unwinding could be behind us. We do think that the softness in the AUD since last Fri was a reflection of two potential external triggers 1) US CPI that markets perceive could still trigger further volatility, 2) China's Jul activity data (15 Jul). Afterall, the recent AUD decline was triggered by China's Jun data which surprised to the downside. At home, with RBA being perceived as hawkish and still likely to remain one of the last to start easing, we remain constructive on the AUD. As we have mentioned before, AUDUSD could take time to form a bottom as global growth recovery is now in question. We see upside risks to the AUD. Key support is seen around 0.6470. Resistance is seen around 0.6609 before the next at 0.6640 (50-dma). Data-wise from home, we have Westpac consume confidence for Aug tomorrow along with 2Q wage price index and Jul NAB business survey. Thu has consumer inflation expectation for Aug along with Jul labour report.

- **NZDUSD - *Double Bottom*.** NZDUSD hovered around 0.6010. The double bottom around 0.5850 is still rather compelling to us. However, this could dented temporarily by the upcoming RBNZ where we expect the central bank to kick off its easing cycle and to take the policy rate from 5.50% to 5.25% to support growth. Pullbacks to potentially meet support at 0.570 before 0.5930 and we see them as buying opportunities as we continue to look for global growth to gain a tad more traction and the US to soft land. Resistance at 0.6050 to eye before 0.6070 (50-dma) and then at 0.6200. Ultimate key support at 0.5850. Week ahead has Jun net migration on Tue. RBNZ decision on Wed. Thu has food prices for Jul and card spending. Fri has BusinessNZ Mfg PMI.

- **USDCAD - *Move Lower*.** USDCAD was last seen around 1.3730, reversing lower as sentiment improved. Pair may find tentative support around 1.3720. Bullish momentum is fading and stochastics show signs of falling from overbought conditions. Our call for a pullback has come to fruition almost completely. A break fo the current support around 1.3720 would open the way towards 1.3600. Last week, BOC officials revealed in its summary of deliberations last week that the governing council spent "considerable time" to discuss the state of the labour market as further deterioration could dampen consumption and weigh on growth and inflation. That underpins the decision for a back-to-back cut on 24 Jul. Week ahead has Jun building permits today. Thu has wholesale sales ex petroleum for Jun and Jul existing home sales. Jul housing starts and Jun mfg sales are due Fri.

- **Gold (XAU/USD) - *Not much momentum*.** Gold bounced off 50-dma and was last seen around 2426. We noticed that the gold moves were rather muted compared to the broader market volatility in the past few weeks. We suspect there were some JPY or CNY-funded gold purchase that was unwound too, slowing the upmove of the bullion. It seems that prices could remain within the 2360-2480 range. Dips are likely to see bargain hunters. We remain constructive on the gold given geopolitical risks but prefer to buy on deeper pullbacks before towards 2367 (50-dma) before the next at 2290.

Asia ex Japan Currencies

SGDNEER trades around +1.86% from the implied mid-point of 1.3485 with the top estimated at 1.3216 and the floor at 1.3755.

- ***Two-way risks***. USDSGD was slightly lower this morning at 1.3235 levels and has been relatively stable compared to other pairs. The USD finding a bit of a breather has helped to moderate SGDNEER strength, which moves away from band edge. Earlier 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 after MAS' hold, and the trade-weighted SGDNEER is relatively weaker at +1.86% above the mid-point this morning. 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. 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 1.3300 and 1.3350. Supports are 1.3200 and 1.3150. SG data releases this week include 2QF GDP (Tue) and Jul NODX/Electronics Exports (Fri).

- **SGDMYR - *Resumes moves down***. Cross was lower at 3.3436 levels this morning as MYR outperformance continued. Of late, MYR has been an outperformer in the AxJ currency space. We watch if the pair can decisively hold below the support at 3.3553 with the next support at 3.3032. Resistances at 3.40 and 3.45 levels.

- **USDMYR - *Lower***. Pair was last seen at 4.4250 as MYR outperformance continues. 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 at 4.4000 and 4.3800. Resistances are at 4.4500 and 4.5000. Key data for Malaysia this week includes 2Q Current Account and 2Q GDP (Fri).

- **USDCNH - *Now in Two-way trades***. USDCNH was last seen around 7.1760 after touching a low of 7.0838 on 5 Aug. This was rather close to the key support that we pencilled in at 7.0875. USDCNY is fixed at 7.1458, higher than the previous 7.1449. There are two-way risks for the yuan at this point from China's own Jul data given low expectations already, US' data that could unwind the aggressive dovish bets on the Fed (we saw that on ISM services) and potentially from Powell at Jackson Hole. The range where the yuan could trade could be wide within 7.14-7.20. In news, there are rumours of PBoC potentially narrowing the interest rate corridor within which short-term interest rates can fluctuate. Data-wise, Jul credit data could be due anytime by Thu. FDI could be released anytime within the week. Thu would have 1Y MLF rate, home prices for Jul as well as other activity data.

- **1M USDKRW NDF - *Lower*.** 1M USDKRW NDF was lower at 1361.50 levels this morning as sentiment improved. Growth and inflation prints suggest that 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. We look for a possible recovery with the KRW one of the more stretched currencies in Asia. Data releases for South Korea include Jul Bank Lending to Household (Mon), Jul Import/Export Price Index, Jun Money Supply (Tue) and Jul Unemployment rate (Wed).

- **USDINR 1M NDF - *Steady*.** USDINR 1M NDF remained broadly steady at 84.03 this morning. Recent carry trade unwind seems to be weighing on INR alongside a sell-off in Indian equities. RBI should still be able to keep INR relatively stable. 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 budget for the new fiscal year targets narrowing the budget deficit to 4.9% of GDP, which should be INR supportive. 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 for the week ahead includes Jul CPI Inflation, Jul Industrial Production (Mon), Jul Trade Blance (Mon to Wed), Jul Wholesale Prices (Wed) and 9 Aug FX Reserves (Fri).

- **1M USDIDR NDF - *Lower, Cautious*.** Pair was last seen at 15948 as it moved lower on growing relief from the BOJ's reassuring words not to hike if there is market instability in addition to the reserves widening. Regarding the latter, the reserves rose by $5.2bn in Jul to $145.4bn from $140.2bn. We are though look to be in a period of heightened volatility amid the uncertainty regarding US election, seasonally weaker months for risk assets and concerns on US recessions. We would therefore continue to stay cautious on USDIDR. Two way movements in the near term could be the case. We are also cognizant of the idiosyncratic concerns related to the country's fiscal position as we transition to a new administration of President-elect Prabowo. Back on the chart, support at 15888 and 15600. Resistance at 16000, 16278 (50dma) and 16519 (year-high). Data releases this week include Jul Auto Sales (Mon to Thu), Jul Trade Balance and Jun External Debt (Thu).

- **1M USDPHP NDF - *Lower, Cautious*.** The pair was last seen at 57.32 as sentiment improved. Comments from Finance Secretary Ralph Recto that the Philippines is in talks with JPM for the inclusion of PHP government bonds in the JPM EM Bond index looks to have given the PHP a lift. Whilst news of such talks are positive somewhat, we stay wary on the timing at which this would occur. Meanwhile, Ralph Recto also said that the Philippines needs an early rate cut “more so” now given that the government needs to raise cash at cheaper cost and as fast as it can to pay maturing debts. His words come after Governor Remolona had talked about the possibility that an Aug rate cut could be delayed as inflation recently breached the target. We are cognizant of the risk that a rate cut can be delayed and the support that can provide for the PHP. Two-way movements expected for the pair near term. Back on the chart, support at 57.00 and 56.86. Resistance is at 57.92 and 58.46. 2Q GDP meanwhile came out in line with expectations at 6.3% YoY (est. 6.3% YoY, 1Q. 5.8% YoY), which at least helps in avoiding to create more pressure for the central bank to cut so soon. Key data this week includes BSP Policy Decision and Jun Overseas Remittances (Thu).

- **USDTHB – *Biased to the downside*.** Pair was last seen at 35.23, remaining relatively steady. Bias remains to the downside with THB sentiment given extra boost by the rise in gold prices. MOF has set up a panel to select the new board chairman for BoT and the panel will hold its first meeting on 23 Aug. Sahit Limpongpan is tipped to get the role according to the local press citing unidentified sources. Back on the chart, support at 35.28 is threatened and the next is seen at 35.00. Resistance is at 36.00 (around 200-dma) and 36.40 (around 50-dma and 100-dma). Data-wise, we have gross international reserves due on Fri.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.33	3.33	Unchanged
5YR MO 8/29	3.48	3.49	+1
7YR MS 4/31	3.70	3.70	Unchanged
10YR MT 11/33	3.75	3.77	+2
15YR MS 4/39	3.90	3.90	Unchanged
20YR MX 5/44	4.04	4.04	Unchanged
30YR MZ 3/53	4.15	4.16	+1
IRS			
6-months	3.49	3.48	-1
9-months	3.42	3.42	-
1-year	3.39	3.37	-2
3-year	3.33	3.32	-1
5-year	3.38	3.38	-
7-year	3.47	3.48	+1
10-year	3.57	3.56	-1

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

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- In the local government bond market, Ringgit govvies traded sideways with lighter volumes as market participants remained cautious despite lower onshore IRS rates and a stronger Ringgit, which strengthened by about 450pips against the USD to 4.4285. MGS and GII yields ended mixed, between -1bp and +2bps for the day.

- MYR IRS rates were mixed, with 1y-4y levels lower by 1-3bps, the 5y was unchanged, and longer tenors were mostly 1-2bps higher. While US rates rose and equity risk sentiment improved following better initial claims data, this had minimal impact on MYR rates. Local IRS market continued in the same direction as the previous session, with a receiving bias. The 2y and 5y rates got dealt in the range of 3.30-32% and 3.37-39% respectively. 3M KLIBOR fell again by 1bp to 3.54%.

- The PDS market saw moderate activity. The majority of trading volume was concentrated in GGs, with Danainfra and Prasarana trading within a narrow range. In the AAA sector, long-dated infrastructure & utilties bonds like TNB, Sarawak Energy and PASB traded mixed, with spreads in +/-3bps range. The outperformer was UMWH perp (AA3/AA-) as its spread narrowed significantly with MYR30m traded. UEMS 4/25 traded at MTM level. A2 Alliance Bank 10/35 saw major spread change with MYR10m dealt. Overall, flows were healthy with two-way activity, predominantly focused on the long ends.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.78	-	-
5YR	2.77	-	-
10YR	2.86	-	-
15YR	2.90	-	-
20YR	2.92	-	-
30YR	2.94	-	-

Source: MAS (Bid Yields)

- USTs weakened overnight, with yields rising following a lower weekly jobless claims which led market to lower expectations for significant rate cuts this year. Additionally, was the weak demand for the 30y bond sale, which came on the heels of similarly low interest in 10y bond auction. SGS market was closed last Friday for National Day holiday. The SGS yield curve exited its inversion following last Monday's strong rally and has remained in positive territory, though narrowly, with the 2y10y spread at +8bps. The 2y10y UST curve has 9bps to go to exit its prolonged inversion.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.56	6.56	(0.00)
2YR	6.58	6.59	0.01
5YR	6.62	6.62	0.00
7YR	6.85	6.85	(0.00)
10YR	6.79	6.77	(0.01)
20YR	6.95	6.94	(0.01)
30YR	6.99	6.99	(0.00)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds kept on a rally trend until the last Friday (09 Aug-24). Both of local and foreign investors seemed having strong enthusiasm for collecting Indonesian government bonds, driven by attractive yield during recent era high expectation on the policy rate cut by major central banks, the release of new series of FR0103, and solid performances on Indonesian economic background. Indonesian economy kept performing growth around 5% recently amidst slow pace of economic growth, relative prudent on the government's fiscal policy stances with current fiscal deficit ratio at below 3% of GDP, and Bank Indonesia's high awareness to counter imported inflation pressures with the level of BI Rate at 6.25%. For this week, we expect Indonesian bonds to keep maintaining their rally trends, although investors will keep being dynamic with their profit taking action, especially for responding major economic data, such as the latest result of U.S. CPI inflation on the next Wednesday.

- The latest developments in Indonesia's economic data show that retail sales index is still growing positively on an annual basis until Jul-24. According to Bank Indonesia, Indonesian retail sales index growth strengthened from 2.7% YoY in Jun-24 to 4.3% YoY in Jul-24. The growth of retail sales of motor components and food is still seen to grow high on an annual basis, respectively by 7.5% YoY and 6.4% YoY in Jul-24. This condition can be a signal that the condition of the Indonesian retail sector is still quite solid amidst various pressures, especially from the slow global economic downturn.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0941	148.45	0.6621	1.2802	7.2023	0.6051	161.9667	97.9013
R1	1.0929	147.53	0.6600	1.2781	7.1883	0.6026	160.9833	97.1237
Current	1.0918	146.91	0.6577	1.2755	7.1765	0.6006	160.4000	96.6160
S1	1.0907	145.98	0.6562	1.2733	7.1620	0.5985	159.4133	95.8947
S2	1.0897	145.35	0.6545	1.2706	7.1497	0.5969	158.8267	95.4433

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3284	4.5114	15977	57.4883	35.3950	1.4494	0.6262	3.3983
R1	1.3261	4.4677	15951	57.3817	35.3190	1.4474	0.6218	3.3699
Current	1.3238	4.4205	15930	57.3000	35.2370	1.4453	0.6181	3.3395
S1	1.3220	4.3949	15894	57.1917	35.1650	1.4439	0.6140	3.3236
S2	1.3202	4.3658	15863	57.1083	35.0870	1.4424	0.6106	3.3057

**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	3.8000	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	9/10/2024	Neutral
BOK Base Rate	3.50	22/8/2024	Neutral
Fed Funds Target Rate	5.50	19/9/2024	Neutral
ECB Deposit Facility Rate	3.75	12/9/2024	Neutral
BOE Official Bank Rate	5.00	19/9/2024	Neutral
RBA Cash Rate Target	4.35	24/9/2024	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	39,497.54	0.13
Nasdaq	16,745.30	0.51
Nikkei 225	34,831.15	-0.74
FTSE	8,168.10	0.28
Australia ASX 200	7,777.70	1.25
Singapore Straits Times	3,261.83	0.37
Kuala Lumpur Composite	1,596.05	0.36
Jakarta Composite	7,257.00	0.86
Philippines Composite	6,647.80	1.50
Taiwan TAIEX	21,469.00	2.87
Korea KOSPI	2,588.43	1.24
Shanghai Comp Index	2,862.19	-0.27
Hong Kong Hang Seng	17,090.23	1.17
India Sensex	79,705.91	1.04
Nymex Crude Oil WTI	76.84	0.85
Comex Gold	2,473.40	0.41
Reuters CRB Index	275.96	0.72
MBB KL	10.16	0.20

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