Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Recession Re-pricing in Play

US Retail Sales Surprises to the Upside

There was quite a barrage of data that suggests that US economic health is still rather resilient. Retail sales advance accelerated more than expected to 1.0%m/m in Jul from previous -0.2%. Empire manufacturing is also less negative at -4.7 for Aug vs. previous -6.6. Initial jobless claims also fell to 227K vs. previous 234k, showing little signs of rising layoffs. Meanwhile, there are other signs of slowdown with industrial production down -0.6%m/m in Jul from previous +0.3%. Philly Fed business outlook down -7.0 in Aug from 13.9 in Jul as businesses became less optimistic on general business activity six months ahead. DXY rose a tad as a result, in tandem with the bounce in UST yields. Markets now price in 92bps cut by the Fed by the end of this year vs. 100+bps seen before the release. We still see room for further re-pricing as our house view looks for 50bps cut. USDAsians to retrace higher, in tandem today.

Pledges of Further Growth Measures

PBoC Pan Gongsheng opined in interviews (by Xinhua) that he expects "further steps" to support growth but the central bank would refrain from "drastic" measures. Further drastic easing could be challenging since PBoC has been making immense efforts to cool the local bond markets. The series of rate cuts delivered to 7-day reverse repo, LPRs and then a larger 20bps reduction of MLF rate in Jul saw CGB 10y fell to a low of 2.084% on 5 Aug. Bias remains to the downside and there could also be knock-on effects on the CNY. We continue to look for CNY to weaken on a trade-weighted basis.

Data/Event We Watch Today

Singapore's NODX just came out strong for Jul (+15.7%y/y vs. prev. -8.8%). Malaysia's 2Q GDP is due today followed by UK retail sales, CA housing starts (Jul), US housing starts, Aug prelim. US Univ. of Mich. Sentiment (Aug P).

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0972	-0.36	USD/SGD	1.3224	0.47
GBP/USD	1.2855	0.20	EUR/SGD	1.4509	0.10
AUD/USD	0.6612	0.21	JPY/SGD	0.8859	-0.84
NZD/USD	0.5986	-0.20	GBP/SGD	1.6998	0.66
USD/JPY	149.28	1.32	AUD/SGD	0.8742	0.68
EUR/JPY	163.8	0.96	NZD/SGD	0.7914	0.27
USD/CHF	0.8726	0.86	CHF/SGD	1.5156	-0.37
USD/CAD	1.373	0.10	CAD/SGD	0.9632	0.34
USD/MYR	4.4377	0.40	SGD/MYR	3.3678	0.20
USD/THB	35.108	0.05	SGD/IDR	11916.5	0.09
USD/IDR	15700	0.16	SGD/PHP	43.2328	-0.07
USD/PHP	56.94	-0.04	SGD/CNY	5.426	0.04

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3183	1.3452	1.3721

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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

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index – *Two-way trades*.** There was quite a barrage of data that suggests that US economic health is still rather resilient. Retail sales advance accelerated more than expected to 1.0%m/m in Jul from previous -0.2%. Empire manufacturing is also less negative at -4.7 for Aug vs. previous -6.6. Initial jobless claims also fell to 227K vs. previous 234k, showing little signs of rising layoffs. Meanwhile, there are other signs of slowdown with industrial production down -0.6%m/m in Jul from previous +0.3%. Philly Fed business outlook down -7.0 in Aug from 13.9 in Jul as businesses became less optimistic on general business activity six months ahead. DXY rose a tad as a result, in tandem with the bounce in UST yields. Markets now price in 92bps cut by the Fed by the end of this year vs. 100+bps seen before the release. This DXY rose to levels around the 103-figure. Resistance remains at 103.56 (50% Fibonacci retracement of the Dec 2023- Apr 2024 rally) before 104.26. Support at 102.00. Momentum is rather neutral and we see two-way trades within 102-103.60 range. Data-wise, Fri has Jul housing starts, NY Fed Aug Services business activity and Aug prelim. Univ. of Mich. Sentiment. Looking into next week, we have the Democratic National Convention (19th- 22nd Aug). **De facto Presidential nominee Kamala Harris is about to reveal broad strokes of her economic policy plan. She spoken mostly about freedom, women's rights and tackling cost of living. Given the tight timeline, she is not expected to indicate much details. We suspect that it will not be a complete continuation of Biden's economic policy. Unlike Biden who had to fend off Trump's return, Harris may not if she manages to win this year and as such, there could be less pressure to look as hawkish on China.** We also have Jackson Hole Economic Symposium where Powell is likely to take the opportunity to assure markets that the economy is still resilient and that the Fed will cut in time and normalization could probably come at a measured pace depending on inflation and labour market conditions.

- **EURUSD – *Below 1.10 figure*.** EURUSD trades below the 1.10 figure at 1.0976 levels this morning. We look for two-way action around 1.10 at this point. Eurozone GDP data was largely in line and weaker than expected Jun Industrial Production did not dampen EUR sentiment. We see two-way risks for the EUR at these levels, despite fears fading, Fed bets are still rather dovish and USD has weakened further as one would expect in a Goldilocks (steady growth, benign inflation) scenario. Risk Is that Fed cut bets could pare and USD could rebound. We look once again to buy EURGBP on dips as we continue to believe perceived central bank divergences should narrow and see value in fading the latest rally in the GBP. 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. Support is at 1.0950 and 1.0900, resistance at 1.1000 and 1.1050. Eurozone data this week includes Jun Trade Balance (Fri).

- **GBPUSD – *Higher*.** GBPUSD trades higher at 1.2864 levels this morning as bullish sentiment and steady pace of UK growth buoyed the pair. 2QP GDP was in line with expectations at 0.6% QoQ (exp: 0.6%; prev: 0.7%) and 0.9% YoY (exp: 0.9%; prev: 0.3%). Services inflation, likely the BOE's main source of discomfort, also came off by more than expected to 5.2% YoY (exp: 5.5%; prev: 5.7%). We continue to see potential for 50bps cuts in 2024, which could keep the GBPUSD from rising much further. That said, we continue to monitor 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. We look once again to buy EURGBP on dips as we continue to believe perceived central bank divergences should narrow and see value in fading the latest rally in the GBP. Back on the GBPUSD, resistances at 1.2900 and 1.2950. Supports are at 1.2850 and 1.2800. UK data this week includes Jul Retail Sales (Fri).

- **USDCHF – *Higher*.** USDCHF trades higher at 0.8721 levels this morning. We continue to look for two-way movements 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 0.8680 and 0.8600. Rebounds to meet resistance at 0.8750 and 0.8800 thereafter. Swiss data this week includes Jul Producer/Import Prices, 2QP GDP (Thu) and 2Q Industrial and Construction Output (Fri).

- **USDJPY – *Higher, Cautious*.** The pair was last seen at 149.08 as the pair climbed higher. US data came out stronger yesterday with retail sales being much higher than expectations whilst there was a decline in initial jobless claims, which was against estimates of an increase. The numbers helped calm down recession concerns. The OIS implies some pare back of market Fed rate cut expectations. There is talk of some element of the carry trade related to fast money making a return although we have noted that the unwind from now is likely to be more gradual. We have been cautious on the pair and do not rule out further upside as markets may continue to pare back their Fed rate cut bets. Resistance at 150.00 and 152.00. Support at 145.37 and 140.25. Economic data wise, Jun F IP showed a decline at -7.9% YoY (prior. -7.3% YoY), which highlights fragility in parts of the economy. There are no remaining key data releases this week.

- **AUDUSD – *Capped by 50-dma For now*.** AUDUSD remained capped by the 0.6630-resistance (50-dma). China's data was a mixed bag with FAI ex-rural and industrial production slowing while retail sales rose more than expected. Meanwhile, home prices still seem a tad weak but there are signs of stabilizing. As such, AUDUSD was hardly dented by China's data. Overnight though, AUDUSD edged lower as the greenback bounced on stronger-than-expected retail sales data. This is in our eyes, a marginal calibration to hawkish-repricing of the Fed. A US economy that is resilient should still be a sanguine environment for the pro-cyclical AUD. As we have mentioned before, AUDUSD could take time to form a bottom as global growth recovery is now in question. We still see room for upside for the AUD, potentially back towards 0.67. Key support is seen around 0.6470. Resistance is seen around 0.6609 before the next at 0.6640 (50-dma).

- **NZDUSD – *Rising Wedge Broken Out*.** NZDUSD was last seen around 0.5990. The double bottom around 0.5850 is compelling and the rising wedge played out as a short-term correction after RBNZ's decision to take OCR lower by 25bps to 5.25%, in line with our expectations and against the consensus looking for a hold. RBNZ sees average cash rate falling around 101bps by mid-2025 as recession is seen in 2Q-3Q this year. Output gap was more negative than what was assumed in May. During Orr's press conference, he even highlighted that a 50bps cut was considered. We continue to look for the pullback of the NZDUSD to be shallow. Support at

0.5970 before 0.5915 and then at 0.5850. 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. However, the likely RBA-RBNZ policy divergence could lift AUDNZD towards 1.1030 and back to 1.1250. Support at 1.0855.

- **USDCAD - *Stabilizing*.** USDCAD was last seen around the 1.3730. Momentum is bearish still. A break of 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. Momentum is still bearish bias but fading. Two-way trades more likely within the 1.37-1.38 range. Week remaining has Jul housing starts and Jun mfg sales are due Fri.

- **Gold (XAU/USD) – *Not much momentum*.** Gold was unable to break above the 2480-resistance and hovered around 2451. 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. Any sign of geopolitical escalation (middle east tensions) could give gold a nudge higher. However, the converse is also true. Without fresh cue, action could remain largely within 2360-2480.

Asia ex Japan Currencies

SGDNEER trades around +1.90% from the implied mid-point of 1.3473 with the top estimated at 1.3204 and the floor at 1.3743.

- **USDSGD - *Two-way risks*.** USDSGD was slightly higher at 1.3213 levels this morning as SGDNEER moved away from band edge. Jul NODX surprised to the upside at 15.7% YoY (exp: 1.2%; prev: -8.8%) and 12.2% SA MoM (exp: 2.1%; prev: -0.4%). Electronics Exports were at 16.5% MoM (prev: -9.5%). 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. Broadly this is in line with final 2Q GDP growth released yesterday which came in line with flash estimate at 2.9% YoY. Our economists see bright spots in Finance, Infocomm and Trade-Related services. MTI also narrowed the forecast range to 2% to 3% (prev: 1% to 3%). Our economists forecast full year growth at 3%, the upper end of the MTI range. SGD remains resilient after MAS' hold, and the trade-weighted SGDNEER is at +1.90% 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.

- **SGDMYR - *Steady*.** Cross was relatively steady at 3.3721 levels this morning. Support at 3.3553 with the next support at 3.3032. Resistances at 3.40 and 3.45 levels.

- **USDMYR - *Higher, Ranged*.** Pair was last seen at 4.4545 as it opened higher this morning. US data including retails and initial jobless claims were better than the expectations and market rate cut expectations were somewhat pared back, guiding a rebound in the broad dollar and USD – Asian pairs. As a whole, the pair has been trading around a range of 4.4000 – 4.5000. We note that 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 4.5000 and 4.5500. 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 7.1840. USDCNY is fixed at 7.1464, higher than the previous 7.1399. PBoC Pan Gongsheng opined in interviews (by Xinhua) that he expects "further steps" to support growth but the central bank would refrain from "drastic" measures. Further drastic easing could be challenging since PBoC has been making immense efforts to cool the local bond markets. The series of rate cuts delivered to 7-day reverse repo, LPRs and then a larger 20bps reduction of MLF rate in Jul saw CGB 10y fell to a low of 2.084% on 5 Aug. Bias remains to the downside and there could also be knock-on effects on the CNY. We continue to look for CNY to weaken on a trade-weighted basisv as PBoC is no longer under pressure to defend the CNY against the USD when Fed pivots, barring global growth remains intact.

- **1M USDKRW NDF - *Slightly lower*.** 1M USDKRW NDF was slightly lower at 1356.86 levels this morning. 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. Tight Jul job market with unemployment falling to 2.5% (exp: 2.9%; prev: 2.8%) should also build a case for a BOK hold. 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 1360 and 1380. Supports are at 1340 and 1320. 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. No further releases for South Korea this week.

- **USDINR 1M NDF - *Steady*.** USDINR 1M NDF remained broadly steady at 84.02 this morning. Recent carry trade unwind weighed more on INR alongside a sell-off in Indian equities. INR has yet to meaningfully retrace carry trade unwind losses. 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 Trade Balance, Jul Wholesale Prices (Wed) and 9 Aug FX Reserves (Fri).

- **1M USDIDR NDF - *Higher*.** Pair was last seen at 15766 as it climbed overnight amid US data including retail sales and initial jobless claims being better than expected, which in turn calm down recession concerns. We have been wary of some rebound in USD-Asian pairs given that there is a possibility that the extent of a Fed rate cut expectations can be pared back. USD – Asian pairs also looked stretch on the downside whilst there could also be more focus on US election uncertainty. As it stands, we could be seeing this starting to play out somewhat. Domestically, we await the 2025 budget that would be presented today Friday 16 Aug 2024 and keep a close eye on how the spending plans would pan out to be. President – elect Prabowo does have ambitious plans that include providing free meals to school kids, which can require quite some spending. Back on the chart, support at 15548 and 15318. Resistance at 16000 and 16179 (100-dma). Meanwhile, economic data was less positive as Jul trade balance narrowed to $472m (Jun. $2395m) although market focus looks to be on external developments. Imports surged even as exports had climbed. The former being driven by a pick-up in machinery imports and growth in intermediate growth imports. There are no remaining key data releases this week.

- **1M USDPHP NDF - *Higher, BSP Cut, Cautious of Upside*.** The pair was last seen at 57.16 as it climbed higher overnight amid US data including retail sales and initial jobless claims being better than expected, which in turn calm down recession concerns. The BSP cut rates yesterday by 25bps from 6.50% to 6.25% although it was a close call. There was actually limited reaction in the NDF post the decision given that there was some expectations of the move and also that the Fed is expected to cut in Sep. Governor Remolona justified the move by claiming that there they were “somewhat more confident in the inflation numbers coming down than in the GDP numbers going up”. The BSP is also expecting the Fed to cut by 50bps in Sep and overall cumulatively by 100bps by year end though Remolona specifically stated that Fed actions do not drive the BSP’s monetary policy. The Governor noted that they may cut again by 25bps in Oct or Dec. Going forward, we have been wary of some rebound in USD-Asian pairs including the 1M USDPHP NDF given that there is a possibility that the extent of a Fed rate cut expectations can be pared back as recession concerns calm down. USD – Asian pairs also looked stretch on the downside whilst there could also be more focus on US election uncertainty. As it stands, we could be seeing this starting to play out somewhat. Back on the chart, support at 56.88 (200-dma) and 56.50. Resistance is at 57.50 and 58.00. Meanwhile, June OFWR data hit a year high at $2882m although growth was slower at 2.5% YoY (est. 3.2% YoY, May. 3.6% YoY). USD strength could be supporting the OFWR inflows. It may still be able to hold up into Jul although less likely into Aug as USDPHP came off substantially. There are no remaining key data releases this week.

- **USDTHB - *Steady, Wary of Political Uncertainty*.** Pair was last seen at 35.03 as it continued to trade at levels seen in the last few sessions with gold price staying elevated. We keep a close eye on the political situation at now appears that Paetongtarn Shinawatra (Ing) – daughter of former PM Thaksin would be the PM nominee of Pheu Thai and its multi-party coalition. We do note there is some element of continuity in that Pheu Thai and its coalition have agreed on a common candidate. The parliamentary vote for her selection would be held today. We stay wary also of any policy changes and focus is on the digital wallet program. Ing has said that the digital wallet policy would be discussed after the vote. The Nation had reported that Thaksin had told core members of the Pheu Thai party at a Wed meeting to abandon the Digital Wallet program. We stay cautious of the USDTHB pair for now. Back on the chart, support at 35.00 with the next after that at 34.83. Resistance is at 35.50 and 36.00 (around 200-dma). Data-wise, we have gross international reserves due on Fri.

- **USDVND - *Bearish Bias*.** USDVND tends to trade in line with the broader USD direction with a slight lag. Pair was last seen at 25045. The two-way moves of the USD and UST yields could mean some consolidation for the USDVND as well. We look for price action to remain within the 24960-25150. In news, the Ministry of Industry and Trade has thrown its weight behind a proposed $4.6bn offshore wind farm in Binh Dinh province (Tuoi Tre News)

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.33	3.34	+1
5YR MO 8/29	3.49	3.51	+2
7YR MS 4/31	3.70	3.72	+2
10YR MT 11/33	3.76	3.77	+1
15YR MS 4/39	3.90	*3.91/3.89	Not traded
20YR MX 5/44	4.05	*4.07/4.04	Not traded
30YR MZ 3/53	4.17	4.17	Unchanged
IRS			
6-months	3.48	3.49	+1
9-months	3.44	3.44	-
1-year	3.40	3.40	-
3-year	3.33	3.36	+3
5-year	3.41	3.43	+2
7-year	3.50	3.51	+1
10-year	3.59	3.61	+2

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

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- Ringgit government bonds traded slightly weaker, as most traders stayed defensive and sidelined due to a lack of fresh flows. In the interbank secondary market, trades were minimal, with yields edging up by 1-2bps, mainly in the belly of the curve. Overall, risk sentiment remains light.

- Although US CPI data led to a pullback in Fed rate cut expectations for the September FOMC, MYR IRS held firm with decent paying and hedging interests, particularly in the 5y rate which dealt in 3.42-3.44% range. IRS were 1-4bps higher across the curve ahead of Malaysia GDP data release on Friday. 3M KLIBOR eased 1bp to 3.53%.

- Onshore corporate bond market activity slowed, with thinner liquidity and fewer names traded. In the GG space, Danainfra long-tenor bonds traded about 1bp higher. AAA Infracap Resources traded at MTM level. AA3/AA- BGSM 12/30 and Point Zone 3/32 spreads tightened by 1bp for MYR20m and MYR10m respectively.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.72	2.75	+3
5YR	2.70	2.72	+2
10YR	2.76	2.80	+4
15YR	2.81	2.84	+3
20YR	2.85	2.88	+3
30YR	2.88	2.90	+2

Source: MAS (Bid Yields)

- The US CPI came in broadly in line with market expectations, resulting in a muted reaction in UST yields. However, the data reinforced expectations for a Fed rate cut next month. SGS yields increased by 2-4bps across the curve as risk sentiment remained light ahead of the US retail sales and jobless claims data. SGD SORA OIS rates similarly rose by 2-4bps across tenors.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.50	6.54	0.04
2YR	6.60	6.55	(0.05)
5YR	6.61	6.58	(0.04)
7YR	6.80	6.78	(0.02)
10YR	6.75	6.73	(0.02)
20YR	6.90	6.88	(0.02)
30YR	6.97	6.96	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds kept strengthening although the performances of both local currency and national composite stock index corrected yesterday. The positive responses are given by the bond investors due to their strong expectation for imminent Fed's policy rate cut after seeing slower pace of U.S. inflation to 2.9% YoY in Jul-24. Indonesian bond market remains on the positive environment recently. The yield of Indonesian government bonds are on the way to be lower further.

- Moreover, on the local side, the positive environment still lingered after witnessing the latest trade surplus on Indonesian trade activities amidst recent widening of trade deficit on the oil&gas section. We believe that Indonesian sustainability for maintaining the trade surplus is the key factor to provide the ammunition for Bank Indonesia to manage a stability on the national monetary condition. There is an adequate room for the national central bank to begin slashing its BI Rate for supporting the domestic economic growth to be more accelerated.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1045	150.91	0.6670	1.2915	7.2099	0.6032	165.1533	100.0897
R1	1.1009	150.09	0.6641	1.2885	7.1948	0.6009	164.4767	99.3943
Current	1.0975	149.01	0.6613	1.2860	7.1816	0.5984	163.5400	98.5320
S1	1.0943	147.76	0.6577	1.2812	7.1543	0.5969	162.5367	97.4153
S2	1.0913	146.25	0.6542	1.2769	7.1289	0.5952	161.2733	96.1317

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3273	4.4639	15785	57.1533	35.3753	1.4536	0.6238	3.3855
R1	1.3249	4.4508	15743	57.0467	35.2417	1.4522	0.6212	3.3766
Current	1.3219	4.4680	15700	56.9600	35.0670	1.4508	0.6190	3.3802
S1	1.3181	4.4223	15633	56.8867	34.9427	1.4488	0.6171	3.3574
S2	1.3137	4.4069	15565	56.8333	34.7773	1.4468	0.6156	3.3471

**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	6.25	17/10/2024	Easing
CBC Discount Rate	2.00	19/9/2024	Neutral
HKMA Base Rate	5.75	-	Easing
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	Easing
ECB Deposit Facility Rate	3.75	12/9/2024	Easing
BOE Official Bank Rate	5.00	19/9/2024	Neutral
RBA Cash Rate Target	4.35	24/9/2024	Neutral
RBNZ Official Cash Rate	5.25	9/10/2024	Easing
BOJ Rate (Lower bound)	0.00	20/9/2024	Tightening
BoC O/N Rate	4.50	4/9/2024	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	40,563.06	1.39
Nasdaq	17,594.50	2.34
Nikkei 225	36,726.64	0.78
FTSE	8,347.35	0.80
Australia ASX 200	7,865.52	0.19
Singapore Straits Times	3,315.73	0.90
Kuala Lumpur Composite	1,612.94	0.04
Jakarta Composite	7,409.50	-0.36
Philippines Composite	6,692.91	-0.18
Taiwan TAIEX	21,895.17	-0.60
Korea KOSPI	2,644.50	0.88
Shanghai Comp Index	2,877.36	0.94
Hong Kong Hang Seng	17,109.14	-0.02
India Sensex	79,105.88	0.19
Nymex Crude Oil WTI	78.16	1.53
Comex Gold	2,492.40	0.51
Reuters CRB Index	277.34	0.68
MBB KL	10.18	-0.20

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