Maybank

Macro | FX Research & Strategy

Global

# Global Markets Daily

# Easing Reaffirmed with Sharper Dovish Pivot

### Powell Indicates Rate Cuts, More Dovish than Expected

"The time has come" were the words of Fed Chair Powell on Friday as he specified that rate were cuts were now on the way. Markets looked to have rejoiced and risk - on sentiment prevailed as the equity markets rallied whilst the DXY softened even further and both DM and EM Asian FX saw strong gains. UST yields on both the front end and the long end fell whilst gold climbed. Futures and swaps both continue to indicate about 100bps of cuts this year. The Fed Chair also said that there was an "unmistakable" cooling in the labor market and they "do not seek or welcome further cooling in labor market conditions". This made him appear more dovish than expected and added to the possibility that the Fed may actually need to move quite substantially at upcoming meetings although nothing is certain for sure. Powell did say that the "pace of rate cuts will depend on incoming data". This would make markets ever observant of jobs data - initial jobless claims, NFP, unemployment rate but a 50bps Sep cut is not ruled out. Regardless, incoming data we believe can still be bumpy and there would unlikely be a straight line downwards, which can mean that the DXY could see bouts of strengths even if overall trends lower. The index at this point looks stretch on the downside. We note Sep tends to be seasonally stronger for the broad greenback whilst US election uncertainty can come into greater focus. Meanwhile, for this week, we await core PCE due on Friday where a marginal pick-up is expected. In Asia, PBOC kept the 1Y MLF unchanged.

### Stay Wary of Mid-East Tensions

Over the weekend, Israeli warplanes struck thousands of Hezbollah missile launchers whilst the latter retaliated by launching 200 projectiles. However, further escalation from there looked to be avoided as the two sides said operations were over. Regardless, we stay wary of the situation and keep a close eye on developments. Both crude oil and gold prices traded higher though they were also supported by the Powell's dovish tilt. We do note that the risk of an escalation can pose a threat to what is currently a relatively optimistic environment.

### Data/Event We Watch Today

This includes GE Aug IFO indexes, US Jul P durable and cap goods

**FX: Overnight Closing Levels % Change**

| Majors | Prev Close | % Chg | Asian FX | Prev Close | % Chg |
|---|---|---|---|---|---|
| EUR/USD | 1.1192 | 0.72 | USD/SGD | 1.3012 | -0.71 |
| GBP/USD | 1.3214 | 0.94 | EUR/SGD | 1.456 | -0.02 |
| AUD/USD | 0.6795 | 1.34 | JPY/SGD | 0.9011 | 0.58 |
| NZD/USD | 0.6233 | 1.56 | GBP/SGD | 1.7194 | 0.20 |
| USD/JPY | 144.37 | -1.31 | AUD/SGD | 0.8842 | 0.61 |
| EUR/JPY | 161.58 | -0.60 | NZD/SGD | 0.8112 | 0.80 |
| USD/CHF | 0.8479 | -0.50 | CHF/SGD | 1.5346 | -0.21 |
| USD/CAD | 1.3509 | -0.79 | CAD/SGD | 0.963 | 0.01 |
| USD/MYR | 4.3748 | -0.07 | SGD/MYR | 3.3432 | -0.18 |
| USD/THB | 34.265 | -0.24 | SGD/IDR | 11854.02 | -1.41 |
| USD/IDR | 15490 | -0.71 | SGD/PHP | 43.1324 | 0.07 |
| USD/PHP | 56.335 | 0.00 | SGD/CNY | 5.4745 | 0.43 |

**Implied USD/SGD Estimates at, 9.00am**

| Upper Band Limit | Mid-Point | Lower Band Limit |
|---|---|---|
| 1.2990 | 1.3255 | 1.3521 |

**Analysts**

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

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

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

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

### G10: Events & Market Closure

| Date | Ctry | Event |
|---|---|---|
| 26 Aug | UK | Market Closure |

### AXJ: Events & Market Closure

| Date | Ctry | Event |
|---|---|---|
| 26 Aug | CH | 1Y MLF Policy Decision |
| 26 Aug | PH | Market Closure |
| 26 Aug | IN | Market Closure |


SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

## G10 Currencies

- **DXY Index – *Sharper Pivot by Powell*.** The DXY index slid on Fri and was last seen around 100.70, testing the key support thereabouts. Fed Powell was more dovish than expected at the Jackson Hole Economic Conference last Friday. We had looked for Powell to dampen aggressive rate cut expectations but he did not even mention about being cautious on the pace of rate cuts. Instead, he made a clear pivot from *"inflation targeting"* to an *outright pledge of support for the US labour market*. The phrase that "the time has come for policy to adjust" somewhat all but confirms a rate cut in Sep. Perhaps the other line that stood out was his mention that *"the direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook and the balance of risks"*. So while this suggests that data-dependency is still very much Fed's modus operandi, a 50bps cut for Sep is still a plausibility. The pivot, in our view, was sharper than recent comments made by Fed officials - Fed Collins had looked for reductions to be "gradual" and "methodical" last week. Labour market reports are likely to be in close scrutiny now including jobless claims and especially the Aug payroll data due next week. In contrast, the upcoming PCE core deflator may not be able to swing the bearish trajectory of the USD much unless there is a significant upside surprise. As for the DXY index, a break of the 100.62-support could open the way towards 99.60. Conditions are increasingly stretched to the downside but momentum is still bearish biased. Data-wise, we have prelim. Jul durable goods order due today and Aug Dallas Fed Mfg. activity. Tue has Conf. board consumer confidence for Aug, Richmond Fed mfg index for Aug as well as Dallas Fed services activity. Thu has secondary 2Q GDP print. Fri has Jul personal income, spending as well as core PCE price index for Jul. MNI Chicago PMI for Aug will also be released.

- **EURUSD – *Above 1.11 figure*.** EURUSD trades above the 1.11 figure and is higher at 1.1194 levels this morning. Paired was about 0.72% higher on Fri after Powell's speech affirmed rate cut expectations and the USD broadly weakened. The backdrop is favourable for USD softness as the case for a Goldilocks/soft-landing scenario continues to build. However, we still recognize that the risk of a reversal in the USD rises as the USD softens. Given how dovish Fed cut bets are at this point, one risk Is that Fed cut bets could pare and USD could rebound. At the same time, we view rebounds in the USD (lower EURUSD) as opportunities to sell the USD (buy EURUSD). 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 1.1150 and 1.1100, resistance at 1.1200 and 1.1250. Eurozone data this week includes Jul Money Supply, Aug Consumer/Services/Industrial/Economic Confidence (Thu)_, Aug CPI Inflation and Jul Unemployment Rate (Fri).

- **GBPUSD – *Breaking Out*.** GBPUSD trades higher at 1.3217 levels this morning and price action is looking to be bullish as pair breaks out over several resistance levels. As the backdrop of a soft landing/Goldilocks scenario builds, conditions become more favourable for GBP strength (and USD weakness). However, BOE is priced as the most hawkish DM central bank at this point and that is providing GBP support. We continue to see potential for 50bps cuts in 2024, which could keep the GBPUSD from rising much further. Services inflation, the main source of discomfort for the BOE, has come off in the latest print. We think risks are two-way at this juncture, although we continue to suggest that GBP outperformance could moderate in the near-term while remaining 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 1.3300 and 1.3400. Supports are at 1.3200 and 1.3150. UK data this week includes Aug BRC Shop Price Index, CBI Retail Sales (Tue), Aug Lloyds Business Barometer, Aug Nationwide House Px, Jul Mortgage Approvals and Jul Money Supply (Fri).

- **USDCHF – *Lower*.** USDCHF trades lower at 0.8460 levels this morning, broadly in line with the weaker USD after Powell's speech on Fri reaffirmed market expectations for the Fed to start cutting in Sep. We continue to look for two-way movements for the pair with SNB also on a somewhat dovish tilt. Of the traditional safe-havens, it does seem that gold and CHF retain most of the safe-haven properties, with the JPY being pressured by yield differentials. 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. Supports are at 0.8450 and 0.8400. Rebounds to meet resistance at 0.8500 and 0.8550 thereafter. Swiss data this week includes 23 Aug Sight Deposits (Mon), Aug UBS Survey Expectations (Wed), Aug KOF Leading Indicator (Fri).

- **USDJPY – *Lower, Cautious of Rebound*.** The pair was last seen at 143.78 as it moved lower as Powell titled more dovish than expected at Jackson Hole and UST yield continue to trend lower. The Fed Chair had said that a rate cut is coming and that that there was an "unmistakable" cooling in the labor market and they "do not seek or welcome further cooling in labor market conditions". At the same time, Ueda reiterated a BOJ normalization policy as being in place. Although the environment is looking more favorable for the JPY, we are cautious of a bounce. The path downwards for US data may be bumpy and therefore can still be bouts of yields rebounding in interim even if the trend is still downwards. For now, we see the possibility that UST yields can rebound near term as markets may just take a step back in Sep after a strong period of optimism. Back on the chart, we watch if it can decisively break below the support at 145.37 with the next level after that at 140.25. Resistance at 150.00 and 152.00. Key data releases this week include Jun F leading/coincident index (Mon), Jul PPI services (Tues), Jul jobless rate and job-to-applicant ratio (Fri), Aug Tokyo CPI (Fri), Jul P IP (Fri), Jul retail sales (Fri), Jul dept store, supermarket sales (Fri) and Jul housing starts (Fri).

- **AUDUSD – *A Test of the Jun High*.** AUDUSD surged on broader USD decline as well as positive risk-sentiment. Powell had sounded more dovish than expected, making no effort to dampen rate cut expectations. Key resistance being tested is seen at 0.6799 (Jun high). A break above this level could mean further bullish extension towards the 0.6850-resistance. Failure to break above the 0.6800-figure could actually mean the converse as a double top has formed and that is a bearish reversal price pattern. Momentum is bullish and stochastics continue to look northbound and so it seems that the latter could be a less likely scenario. In addition, we still hold a glass half full view of the world where global growth is more likely to soft land and bottom out as major central banks (ex BoJ) start to ease monetary policies. Support at 0.6696. Week ahead has construction work done in 2Q, Jul CPI on Wed. Thu has private capex for 2Q and Jul retail sales on Fri.

- **NZDUSD - *Bullish Momentum*.** NZDUSD was last seen around 0.6230, buoyant on the back of the broad USD decline and positive risk sentiment. Both AUD and NZD being pro-cyclical currencies have benefitted from the increasingly consensus view that global growth remains somewhat resilient. Powell's recent speech at Jackson Hole Conference had sounded more dovish than expected and that provided reason for sentiment to turn positive and the USD and UST yields to decline. Back on the NZDUSD, price action is bullish and so is its momentum. Recent price action has also formed a rising wedge though but apex is still far away at around 0.6400 but that does not mean that the pair can rise as high in the near-term. Resistance at 0.6250 before the next at 0.6370. Support at 0.6170 before 0.6110. Data-wise, we have Jul filled jobs due on Wed. Thu has ANZ activity outlook, business confidence for Aug. Consumer confidence for Aug will be out on Fri along with building permits.

- **USDCAD - *Bearish*.** USDCAD was last seen around the 1.3502. Momentum is bearish still but stochastics show signs of turning from overbought conditions. Support at 1.3470 (61.8% Fibonacci retracement of the Dec-Aug rally) before the next at 1.3420 before 1.3360. Rebounds to meet resistance at 1.3560 before 1.3650. In news from home, PM Trudeau penciled in 56 federal properties where new affordable homes could be built to improve the housing supply conditions. The government said that unlocking the public lands would help create up to 250K new residential units. Housing Minister Sean Fraser has a goal of 3.9million homes by 2031.

- **Gold (XAU/USD) - *Rising Wedge*, *Bearish Risks Still Loom*.** Gold rose back to levels around $2512 this morning after Powell's dovish speech spurred further slides in the UST yields and the USD and as a result, prop up the USD. Momentum is bullish but a rising wedge has also formed with apex around 2651. We also spot a bearish divergence between the price action and the MACD forest. As well, stochastics are plateauing in overbought conditions. As such, we see potential for gold to pull back. Resistance is still seen at 2530 and a pullback could potentially bring the bullion towards 2407 (50-dma) before 2375 (100-dma). Any sign of geopolitical escalation (Middle-East tensions) could give gold a nudge higher. Over the weekend, Israeli warplanes had made a pre-emptive strike on thousands of Hezbollah missile launchers, declared a 48hour state of emergency and shut its main airport for several hours. Hezbollah fired more than 200 projectiles but Israel reported that the damage was very limited. US National Security Advisor Jake Sullivan commented that he hoped that the events may not spill out into an escalation that leads to a regional war. However, the converse is also true.

## Asia ex Japan Currencies

**SGDNEER trades around +1.92% from the implied mid-point of 1.3255 with the top estimated at 1.2990 and the floor at 1.3521.**

- **USDSGD - Two-way risks.** USDSGD was lower at 1.3000 levels this morning, with SGDNEER remaining close to the 2% band edge. Broad USD weakness set in after Powell's speech reaffirmed market expectations for a Sep cut. Bilateral USDSGD can continue to decline so as long as the SGD does not outperform on a trade-weighted basis. Standout SGD outperformance would raise the risk of MAS intervention. The case for a Goldilocks/soft landing scenario continues to build, which weighs on the USD. Singapore's own growth and inflation trajectory is somewhat in line with this narrative as growth is healthy and inflation is coming off. 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 1.3050 and 1.3100. Supports are 1.3000 and 1.2950. Data due this week includes Jul Industrial Production (Mon) and Jul Money Supply (Fri).

- **SGDMYR - *Lower*.** Cross was lower at 3.3403 levels this morning. As we mentioned, rebounds are possible as pair gets stretched. Although we believe the soft-landing narrative favours the MYR more than the SGD. Support at 3.3300 with the next support at 3.3000. Resistances at 3.3500 and 3.3700 levels.

- **USDMYR - *Lower*.** Pair was last seen at 4.3450 as it continued its move lower as Powell titled more Dovish than expected and the broad dollar softened further. We also note that there is more positive idiosyncratic optimism towards the MYR amid the government reforms (diesel subsidy rationalization), strong 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, we watch if it can decisively hold below the support at 4.3602 with the next level after that at 4.2250. Resistances are at 4.4439 and 4.5000. There are no key data releases this week.

- **USDCNH - *Eyes on Key Support at 7.10 before 7.0838*.** USDCNH was last seen around 7.1170. USDCNY reference rate is fixed at 7.1139, lower than Fri's fix of 7.1358. In fact, this is the lowest fix since 13 Jun 2024. The direction of the fix is in line with broader market forces that drove the USD lower. However, what is more closely watched is where it is fixed compared to the market median estimate. It is still fixed 30 pips higher than the median estimate. USDCNH rose after the USDCNY reference rate was release this morning as this fix was seen as a sign that PBoC desires to slow the strength of the yuan vs. the greenback. USDCNH trades with a downside bias now with the 7.10-figure now closely eyed as a key support before the next at 7.0838 (Aug low). CFETS TWI had dropped 2.15% from its high in

Jun. PBoC conducted CNY300bn of 1Y MLF at an unchanged rate of 2.30% this morning, in line with our expectations. This results in a net withdrawal of CNY101bn. On a related note, China initiated stress tests with FIs on their bond investments to ensure that they can handle any market volatility should the strong bond rally reverse (BBG). Scenarios include whether banks can handle a yield surge of 10,20 of 50bps in a sudden move.

- **1M USDKRW NDF – *Lower*.** 1M USDKRW NDF was lower at 1317.47 levels this morning. As we expected, and as widely anticipated by markets, the BOK stood pat, unsurprising given their penchant to hold for an extended period before pivoting to a cut. BOK remains concerned about upside risks to inflation and potential overheating of the property sector on rate cuts. Tight Jul job market with unemployment falling to 2.5% (exp: 2.9%; prev: 2.8%) is also supportive of a BOK hold. Apart from the aforementioned concerns, there could also be concerns about KRW weakness if they were to cut ahead of the Fed. KRW has been one of the best performers as the soft landing/Goldilocks narrative gathers steam. This is in line with our view expressed in the 15 Aug FX Insight (Opportunistic FX Plays Beyond Recent Market Volatility), where we see that KRW and TWD could play catch up as recession fears and growth concerns fade and as monetary policy settings become less restrictive. We see resistances at 1320 and 1340. Supports are at 1300 and 1280. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. 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. South Korea data this week includes Jul Retail Sales (Tue), Jul Industrial Production and Cylical Index Leading Change (Fri).

- **USDINR 1M NDF – *Steady*.** USDINR 1M NDF was relatively steady at 83.87 this morning. The INR has yet to meaningfully retrace carry trade unwind losses even as recession fears fade and the case for a soft landing/Goldilocks scenario builds. 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 Fiscal Deficit, Jul Eight Infrastructure Industries, 2Q GDP and 23 Aug FX Reserves (Friday).

- **1M USDIDR NDF – *Lower, Cautious*.** Pair was last seen at 15328 as it continued its slide downwards as Powell tilted more dovish than expected. The Fed Chair had said that a rate cut is coming and that that there was an "unmistakable" cooling in the labor market and they "do not seek or welcome further cooling in labor market conditions". Although the environment is looking more favorable for EM Asian FX, we are cautious of a near term rebound in the 1M NDF. There is a chance of a rebound for the pair into Sep after a period of optimism especially as Sep tends to be a seasonally stronger month for the broad USD and there could be greater focus on US election uncertainties. Meanwhile, domestically, we continue to keep a close eye on how the transition to the new administration pans out. Back on the chart, resistance is at 15777 and 15893 (200-dma). Support at 15318 and 15000. There are no key data releases this week.

- **1M USDPHP NDF – *Lower, Cautious*.** The pair was last seen at 56.06 as it moved lower as Powell tilted more dovish than expected. The Fed Chair had said that a rate cut is coming and that that there was an "unmistakable" cooling in the labor market and they "do not seek or welcome further cooling in labor market conditions". Although the environment is looking more favorable for EM Asian FX, we are cautious of a near term rebound in the 1M NDF. There is a chance of a rebound for the pair into Sep after a period of optimism especially as Sep tends to be a seasonally stronger month for the broad USD and there could be greater focus on US election uncertainties. Back on the chart, we watch if the pair can hold decisively below the support at 56.21 with the next after that at 55.27. Resistance is at 56.89 and 57.50. Key data releases this week include Jul budget balance (Wed), Jul bank lending (Fri) and Jul M3 money supply (Fri).

- **USDTHB – *Gap Down, Cautious*.** Pair was last seen at 33.95 as it gapped down this morning as Powell tilted more dovish than expected. The Fed Chair had said that a rate cut is coming and that that there was an “unmistakable” cooling in the labor market and they “do not seek or welcome further cooling in labor market conditions”. Although the environment is looking more favorable for EM Asian FX, we are cautious of a near term rebound in the 1M NDF. There is a chance of a rebound for the pair into Sep after a period of optimism especially as Sep tends to be a seasonally stronger month for the broad USD and there could be greater focus on US election uncertainties. Meanwhile, BOT Governor Sethaput did say on Saturday that they are ready to adjust monetary policy to ensure stability. He mentioned that Thai liquidity or credit conditions would be a trigger for a change in interest rates. However, he also did note that monetary policy is still mainly dependent on the economic outlook and that inflation and financial stability remain in line with expectations. For now, our base case is still for the BOT to stay on hold this year. Back on the chart, support is at 33.61 and 33.00. Resistance at 34.50 and 35.00. Key data releases this week include Jul car sales (Tues), Jul customs trade data (Tues), Jul BoP CA and overall balance (Fri), Jul trade data (Fri) and 23 Aug gross international reserves/forward contracts (Fri).

- **USDVND – *Finding Support*.** USDVND slipped this morning and was last printed 24978 this morning. Our suspicion that there could be some retracements turned out to be true. Resistance is seen around 25100 while support is seen at 24810. Separately, China’s Yuchai and Vietnam’s Kim Long Motor signed an agreement on engine manufacturing in Vietnam (BBG).

# 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** | 3.48 | 3.49 | +1 |
| **7YR MS 4/31** | 3.69 | 3.70 | +1 |
| **10YR MT 11/33** | 3.77 | 3.78 | +1 |
| **15YR MS 4/39** | *3.91/3.90 | 3.90 | Unchg |
| **20YR MX 5/44** | *4.06/4.04 | 4.05 | Unchg |
| **30YR MZ 3/53** | 4.18 | 4.18 | Unchg |
| **IRS** | | | |
| **6-months** | 3.48 | 3.48 | - |
| **9-months** | 3.42 | 3.42 | - |
| **1-year** | 3.39 | 3.42 | +3 |
| **3-year** | 3.31 | 3.35 | +4 |
| **5-year** | 3.36 | 3.41 | +5 |
| **7-year** | 3.45 | 3.48 | +3 |
| **10-year** | 3.56 | 3.59 | +3 |

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

**Analysts**

Winson Phoon
(65) 6340 1079
winsonphoon@maybank.com

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

- Local government bonds traded a tad softer last Friday. Trading activities were subdued as market participants prefer to stay on the sideline in the absence of new catalyst. MGS yields inched 1bp higher by 1bp from the front up to 10y, while the long-end closed mostly unchanged. GII yields changed little. The Jackson Hole meeting, which took place after Asia close, gave no surprises with Chair Powell signalling rate cut in September while the size of the cut will be data-dependent. This week, we expect a MYR4.5b size for 10y MGS 7/34 auction, which will become the new 10y benchmark bond.

- MYR IRS curve shifted 3-5bp higher last Friday with decent paying interest in the 5y. Local bonds saw some profit-taking and risk reduction which also supported hedging interest in MYR IRS. 5y IRS traded in 3.39-3.40% area. 3M KLIBOR was unchanged at 3.53%.

- In the PDS market, GGs traded mixed in +/-2bp range, including Danainfra, Prasarana and Turus Pesawat. AAA spreads tightened 1-3bp, driven by Danum Capital and Putrajaya Bina. AA1/AA+ RHB Bk 11/28 and SCC 4/25 saw MYR50m and MYR10m changing hands, both traded at MTM. The A3/A- rated MBSB 12/31 was dealt in small amount. Other names traded largely unchanged.

## Singapore Fixed Income

### Rates Indicators

| SGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|---|---|---|---|
| **2YR** | 2.69 | 2.70 | +1 |
| **5YR** | 2.66 | 2.67 | +1 |
| **10YR** | 2.72 | 2.74 | +2 |
| **15YR** | 2.78 | 2.79 | +1 |
| **20YR** | 2.83 | 2.84 | +1 |
| **30YR** | 2.85 | 2.85 | - |

*Source: MAS (Bid Yields)*

- SGS yields increased slightly and the SORA OIS curve bear-steepened, tracking the weakness in US rates during Asian time. UST yields declined after Fed Chair Powell signaled at the Jackson Hole event that a rate cut would begin in September, although he came short of hinting on the size of the cut. This week there will be a 5y SGS auction for SGD2.8b size. We expect a bid-to-cover ratio of about 2x.

## Indonesia Fixed Income

**Rates Indicators**

| IDR Gov't Bonds | Previous Bus. Day | Latest Day's Close | Change |
|---|---|---|---|
| 1YR | 6.49 | 6.64 | 0.15 |
| 2YR | 6.54 | 6.54 | (0.01) |
| 5YR | 6.54 | 6.54 | 0.00 |
| 7YR | 6.75 | 6.71 | (0.04) |
| 10YR | 6.65 | 6.64 | (0.01) |
| 20YR | 6.87 | 6.85 | (0.01) |
| 30YR | 6.89 | 6.87 | (0.01) |

** Source: Bloomberg, Maybank Indonesia*

**Analyst**

Myrdal Gunarto

(62) 21 2922 8888 ext 29695

MGunarto@maybank.co.id

- Most Indonesian government bonds strengthened after most the Fed's most policy members gave dovish signal for further policy rate cut on the next monetary policy meeting. A rally on Indonesian government bond market is also supported by easing domestic political tension again on the last Friday (23 Aug-24). Going forward, we expect Indonesian bond market to strengthen again today, driven by potential hot money inflow due to recent dovish monetary statement by the Fed Governor's Jerome Powell on the Jackson Hole Symposium. The yield of 10Y Indonesian government bond is expected to break below 6.60% this week. For this week, the market players will put their attention for incoming releases of data that will influence the Fed's magnitude for cutting its policy rates, such as U.S. PCE inflation and the revision of U.S. GDP data.

## Foreign Exchange: Daily Levels

| | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY | AUD/JPY |
|---|---|---|---|---|---|---|---|---|
| R2 | 1.1262 | 147.40 | 0.6862 | 1.3321 | 7.1617 | 0.6304 | 163.3333 | 99.1457 |
| R1 | 1.1227 | 145.88 | 0.6829 | 1.3267 | 7.1389 | 0.6269 | 162.4567 | 98.6363 |
| **Current** | 1.1192 | 143.70 | 0.6788 | 1.3212 | 7.1166 | 0.6225 | 160.8200 | 97.5370 |
| S1 | 1.1131 | 143.45 | 0.6732 | 1.3123 | 7.1033 | 0.6166 | 160.9567 | 97.5943 |
| S2 | 1.1070 | 142.54 | 0.6668 | 1.3033 | 7.0905 | 0.6098 | 160.3333 | 97.0617 |

| | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|---|---|---|---|---|---|---|---|---|
| R2 | 1.3151 | 4.4024 | 15759 | 56.4383 | 34.8817 | 1.4595 | 0.6147 | 3.3601 |
| R1 | 1.3082 | 4.3886 | 15624 | 56.3867 | 34.5733 | 1.4577 | 0.6138 | 3.3516 |
| **Current** | 1.3009 | 4.3470 | 15343 | 56.3500 | 33.9700 | 1.4559 | 0.6106 | 3.3418 |
| S1 | 1.2973 | 4.3666 | 15390 | 56.3137 | 33.9323 | 1.4540 | 0.6124 | 3.3379 |
| S2 | 1.2933 | 4.3584 | 15291 | 56.2923 | 33.5997 | 1.4521 | 0.6118 | 3.3327 |

**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 | 3.7000 | Jul-24 | Neutral |
| **BNM** O/N Policy Rate | 3.00 | 5/9/2024 | Neutral |
| **BI** 7-Day Reverse Repo Rate | 6.25 | 18/9/2024 | Neutral |
| **BOT** 1-Day Repo | 2.50 | 16/10/2024 | Neutral |
| **BSP** O/N Reverse Repo | 6.25 | 17/10/2024 | 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 | 11/10/2024 | 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 | 5.25 | 9/10/2024 | Neutral |
| **BOJ** Rate (Lower bound) | 0.00 | A Field Not Applica | Tightening |
| **BoC** O/N Rate | 4.50 | 4/9/2024 | Neutral |

## Equity Indices and Key Commodities

| | Value | % Change |
|---|---|---|
| Dow | 41,175.08 | 1.14 |
| Nasdaq | 17,877.79 | 1.47 |
| Nikkei 225 | 38,364.27 | 0.40 |
| FTSE | 8,288.00 | 0.06 |
| Australia ASX 200 | 8,023.92 | -0.04 |
| Singapore Straits Times | 3,387.99 | 0.43 |
| Kuala Lumpur Composite | 1,635.74 | -0.36 |
| Jakarta Composite | 7,544.30 | 0.74 |
| Philippines Composite | 6,900.62 | #DIV/0! |
| Taiwan TAIEX | 22,158.05 | 0.04 |
| Korea KOSPI | 2,701.69 | -0.22 |
| Shanghai Comp Index | 2,854.37 | 0.20 |
| Hong Kong Hang Seng | 17,612.10 | -0.16 |
| India Sensex | 81,086.21 | 0.04 |
| Nymex Crude Oil WTI | 74.83 | 2.49 |
| Comex Gold | 2,546.30 | 1.18 |
| Reuters CRB Index | 278.72 | 1.47 |
| MBB KL | 10.44 | 0.00 |

# DISCLAIMER

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

### DISCLAIMERS

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

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

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

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

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

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

#### Malaysia

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

#### Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act 2001), MRPL shall be legally liable for the contents of this report.

#### Thailand

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

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

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

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

## US

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

## UK

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

## DISCLOSURES

### Legal Entities Disclosures

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

### Disclosure of Interest

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

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

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

**Hong Kong:** As of 26 August 2024, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

**India:** As of 26 August 2024, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

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

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

## OTHERS

### Analyst Certification of Independence

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

### Reminder

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

**Published by:**

Malayan Banking Berhad
(Incorporated In Malaysia)


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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6231 5831

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

s