30 August 2024

Maybank

Global Markets Daily

Stronger Data, Awaiting Core PCE

US GDP Surprises on the Upside, Core PCE Next

Overnight, broader market risk sentiment got a lift from a stronger than expected US 2Q S GDP reading that came out at 3.0% QoQ (est. 2.8% QoQ, prior. 2.8% QoQ). Personal consumption was also much stronger than the previous reading at 2.9% QoQ (est. 2.2% QoQ, prior. 2.3% QoQ). The numbers supported the hope that the US economy can achieve a soft landing this year as inflation softens but can still come together with a rate cut. The broader US equity markets were actually stronger as the Dow Jones climbed even as the S&P500 was flattish and the NASDAQ100 slightly down. Nvidia's decline was a drag on the latter two. Futures and OIS though did pare back their probabilities of rate cuts this year as the strong data can make it less likely for the Fed to cut so aggressively too. The DXY concurrently saw a climb and so did the UST yields. Softer-than-expected inflation prints from Germany and Spain also weighed on the Euro and supported broad dollar. We have been talking about the potential of a broad dollar rebound near term as rate cut bets are pared back with US data likely to only gradually soften. There will be Jul US core PCE due later and expectations are for it to be steady on a monthly basis at 0.2% MoM and slightly higher on a yearly basis at 2.7% YoY (Jun. 2.6% YoY). As long as it comes out in line with expectations, the Fed looks to remain on track for a cut and that has been priced in already so the impact on the DXY could be more limited. Jobs, consumer data maybe more impactful on the greenback. Resistance for the index is at 101.84 whilst support is at 100.60.

USDCNH Breaks Below 7.10 Amid Fed Easing Expectations

The USDCNH broke below the 7.10 level and was last seen trading at 7.09. Expectations of a Fed easing together with broad greenback weakness has been giving the CNH/CNY a lift in recent weeks even as the fixing has been done above the estimates. We cannot rule out that there has been a month-end effect too. The fixing this morning though was set at 7.1124, which was again above the estimates at 7.1113. On the USDCNH daily chart, we believe the pair seems to be forming a bottom. A number of USDAsian pairs including USDMYR, USDTHB moved lower given their sensitivity to the USDCNH.

Data/Event We Watch Today

This includes US Jul core PCE and US Aug F UMich indexes.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1077	-0.39	USD/SGD	1.3031	-0.03
GBP/USD	1.3168	-0.17	EUR/SGD	1.4434	-0.42
AUD/USD	0.6798	0.19	JPY/SGD	0.8988	-0.31
NZD/USD	0.6258	0.22	GBP/SGD	1.716	-0.21
USD/JPY	144.99	0.28	AUD/SGD	0.8858	0.14
EUR/JPY	160.62	-0.10	NZD/SGD	0.8154	0.17
USD/CHF	0.8473	0.61	CHF/SGD	1.5378	-0.65
USD/CAD	1.3485	0.03	CAD/SGD	0.9663	-0.07
USD/MYR	4.311	-0.77	SGD/MYR	3.3145	-0.61
USD/THB	33.935	-0.17	SGD/IDR	11843.86	0.08
USD/IDR	15415	-0.06	SGD/PHP	43.2662	0.32
USD/PHP	56.293	0.08	SGD/CNY	5.4489	-0.32

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3011	1.3276	1.3542

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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

G10 Currencies

- **DXY Index – *Extending Higher.*** The DXY index extended higher and was last seen around 101.30 as the softer-than-expected inflation prints from Germany and Spain drove the EUR below the 1.11-figure yesterday. In addition, 2Q GDP was revised higher to 3.0%q/q from previous 2.8%, driven by stronger-than-expected personal consumption which rose 2.9%q/q in 2Q. Initial jobless claims for the week ending 24 Aug was rather steady at around 231K vs. the week prior at 233k. While the direction of the DXY was clearly data-driven (EZ and US's), the greenback was noticeably weak against the Asian FX. MYR and CNY led in gains vs. the USD. USDCNH slipped below 7.10 in late Asian hours. We do not want to rule out the possibility of month-end distortions. With the Fed about to start the easing cycle, Asian FX continue to benefit from lower UST yields. While UST yields rose overnight, the Fed Fund Futures still imply around a 100bps cut by the end of the year. 10y yield is seen around 3.80% while 2y was last seen around 3.9%. Data we watch tonight includes Jul personal income, spending as well as core PCE price index for Jul. MNI Chicago PMI for Aug will also be released. Back on the DXY index, we continue to look for consolidative action to take hold within 100.60-101.50. I would not want to rule out the possibility that this range could be widened to 100.60-102.00.

- **EURUSD – *Below 1.11 figure*.** EURUSD has slipped below the 1.11 figure and was last seen at 1.1080 levels this morning. EUR softening was largely due to inflation in key German states and in Spain slowing in Aug. Today's EC CPI print could be influenced lower by this. ECB rate cut expectations rose slightly to 68bps by year end (prev: 66bps). We 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). The backdrop is favourable for USD softness as the case for a Goldilocks/soft-landing scenario continues to build. 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 1.1050 and 1.1000, resistance at 1.11 and 1.1150. Eurozone data this week includes Aug CPI Inflation and Jul Unemployment Rate (Fri).

- **GBPUSD – *Lower*.** GBPUSD trades lower at 1.3169 levels this morning. Options earlier showed that the market was most bullish GBP since 2020 and we highlighted the risk of a pullback in the pair. We view this latest dip as one such pullback, but we also cannot rule out further or larger pullbacks. As the backdrop of a soft landing/Goldilocks scenario builds, conditions become more favourable for GBP strength (and USD weakness). BOE is priced as the most hawkish DM central bank at this point and that is providing the GBP some lift. However, we continue to see potential for 50bps cuts from the BOE 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 1.3200 and 1.3300. Supports are at 1.3150 and 1.3100. UK data this week includes Aug Lloyds Business Barometer, Aug Nationwide House Px, Jul Mortgage Approvals and Jul Money Supply (Fri).

- **USDCHF - *Two-way risks*.** USDCHF is higher at 0.8472 levels this morning. We continue to look for two-way movements for the pair. Two-way risks are present given the current state of affairs for both the Fed and SNB. 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 Aug UBS Survey Expectations (Wed), Aug KOF Leading Indicator (Fri).

- **USDJPY - *Sideways, Likely Ranged*.** The pair was last seen at 144.77 as it continued to trade sideways. Overnight, we saw the pair slightly higher following the stronger US GDP data release but it then retraced back down again. For now, futures and OIS are still seeing a 100bps of cuts by end this year even if there was some paring back of the bets. Aug Tokyo CPI out this morning was also stronger than expected with the headline at 2.6% YoY (est. 2.3% YoY, Jul. 2.2% YoY) whilst the ex fresh food was at 2.4% YoY (est. 2.2% YoY, Jul. 2.2% YoY) and the ex-fresh food, energy at 1.6% YoY (est. 1.4% YoY, Jul. 1.5% YoY). The numbers which are somewhat an indicator of the national CPI number, continues to back a BOJ tightening and we expect to see another 25bps increase in rates by year end. We do note other economic data released was more mixed as Jul retail sales decelerated below expectations to 2.6% YoY (est. 2.8% YoY, Jun. 3.8% YoY). Jul P IP number were lower than estimates on a monthly basis at 2.8% MoM (est. 3.5% MoM, Jun. -4.2% MoM) although in line on a yearly basis at 2.7% YoY (est. 2.7% YoY, Jun. -7.9% YoY). Jul jobless rate inched up to 2.7% YoY (est. 2.5% YoY, Jun. 2.5% YoY) and job-to-applicant ratio is at 1.24 (est. 1.23, Jun. 1.23). We have called for USDJPY to trade sideways and so far it has as there are limited impactful factors just yet in the very near term to push it decisively in either direction. However, we do see some rebound for USDJPY as Fed rate cut bets get pared back. Even so, it is likely to still be in the range of 144.00 – 150.00. Back on the chart, support at 143.60 with the next level after that at 140.25. Resistance at 150.00 and 152.00. Remaining key data releases this week include Jul housing starts (Fri).

- **AUDUSD - *Double Topped, Still intact*.** AUDUSD last printed 0.6799, still stuck around the 0.68-figure. We continue to watch if the bearish double top price formation could play out. On the daily chart, stochastics are increasingly overbought and bullish momentum is waning. We cannot rule out a technical pullback towards 0.6696. Right now cash rate futures suggest only one cut is being priced in. AUD has been one of the most resilient amongst G10 currencies. Beyond the near-term, 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 0.6655 before 0.6610. Retail sales slowed to no growth in Jul, down from 0.6% in the month prior. Private sector credit also slowed to 0.5%m/m from previous 0.6%. We still think there is room for correction for the AUD as weakening activity (consumption, credit) slowly nudge the RBA towards a rate cut in Nov. Inflation prints still matter more for the AUD at this point.

- **NZDUSD - *Edging higher, Still See Bearish Risks*.** NZDUSD rose further this morning and was last seen around 0.6270. It was the Aug business confidence that lifted the NZD yesterday and this pair remains buoyed. While USD moved higher against most DM currencies due to stronger data, AUD and NZD continued to outperform due to their pro-cyclical nature. In addition, rising dairy prices (last at 23-month high) continue to buoy the antipode as well. Still, we are wary of bearish risks. Recent price action has also formed a rising wedge though but apex is still far away at around 0.6400. While we had initial qualms of the pair reaching that level, price action of late proved us wrong. Regardless, the pair is still vulnerable to correction as stochastics show signs of turning from overbought conditions. Bullish momentum is plateauing. Resistance at 0.6250 has turned into a support. Next resistance is seen at 0.6370. Beyond the 0.6250-support, next levels to watch on bearish retracements are seen at 0.6170 before 0.6110. Data-wise, we have consumer confidence for Aug will be out on Fri along with building permits.

- **USDCAD - *Bullish Piercing Candlestick, the start of a bullish reversal*.** USDCAD was last seen around the 1.3480. Bearish momentum is waning but stochastics show signs of turning from oversold conditions. The pair could meet resistance at 1.3560 before 1.3650. Support is seen at 1.3440. Looking ahead, we look for BoC to take policy rate by another 25bps next week, given the emergence of a negative output gap, noted in the summary of deliberations for the Jul meeting. In addition, they also "expressed that a pickup in economic growth was needed to sustainably achieve the inflation target over the projection horizon". Focus right now is on growth supportive measures rather than inflation. Current slack is projected not likely to be absorbed until 2026. As long as inflation trajectory continues to trend lower towards the 2% (Jul CPI eased to 2.5%y/y from previous 2.7%), the BoC is likely to ease monetary policy further in order to support growth and employment. We now look for BoC to cut almost every meeting for the rest of the year.

- **Gold (XAU/USD) - *Edging Lower, Still Consolidative*.** Gold remained around $2515 this morning. This slight move lower keeps the bullion within $2480-2530 range. Consolidative action has allowed for a break-out of the rising wedge formed. A bearish divergence is seen between the price action and the MACD forest. Stochastics are plateauing as well in overbought conditions. As such, we see potential for gold to make a deeper 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.

Asia ex Japan Currencies

SGDNEER trades around +1.85% from the implied mid-point of 1.3276 with the top estimated at 1.3011 and the floor at 1.3542.

- **USDSGD - Two-way risks.** USDSGD was slightly higher at 1.3030 levels this morning, with SGDNEER remaining close to the 2% band edge. We highlight that the 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 +1.85% 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. Specifically, currencies in SGDNEER basket that are more sensitive to rate differentials could outperform the SGD and offset any strength in SGDNEER that comes from a weakening USD. Such a scenario would entail a weaker SGDNEER alongside essentially a lower USDSGD (stronger bilateral SGD). 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 Money Supply (Fri).

- **SGDMYR - *Lower*.** Cross was lower at 3.3137 levels this morning. MYR outperformance looks to be continuing. Risks are two-way as we believe rebounds are possible as pair gets stretched. At the same time, the soft-landing narrative favours the MYR more than the SGD. Support at 3.3000 with the next support at 3.2800. Resistances at 3.3300 and 3.3500 levels.

- **USDMYR - *Lower.*** Pair was last seen at 4.3125 as it edged lower in line with the USDCNH moving down. The MYR does historically exhibit quite some sensitivity to the CNH. We do note that as a whole there is positive idiosyncratic optimism towards the MYR amid the government reforms, 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, support is at 4.2250. Resistances are at 4.4000 and 4.4439. There are no key data releases this week.

- **USDCNH -** USDCNH was last seen around 7.0920 after sharp slide yesterday. We cannot rule out that this could be a month-end effect. USDCNY reference rate is fixed at 7.1124, higher than the prev. fix of 7.1299. The direction of the fix remains broadly in line with market forces. The fix is 11 pips higher than the median estimate. The deviation between the estimate and the fix is not large. With the USD in consolidation mode, there is little need for PBoC to lean more strongly either way and as such, the signalling is weak. On the USDCNH daily chart, USDCNH seems to be forming a bottom. Recent price action has been more consolidative within the 7.11-

7.15 range. Yuan's appreciation will still lag its non-USD peers given the fragility of its economic growth. CFETS TWI had dropped 2.15% from its high in Jun and we continue to see more room for it to fall. In news, China holds NPC standing committee meeting on 10-13 Sep.

- **1M USDKRW NDF – *Lower*.** 1M USDKRW NDF was last seen lower at 1331.86 levels this morning as Asians were broadly stronger against the USD, led by a stronger CNY. Jul Industrial Production was weaker than expected at 5.5% YoY (exp: 7.5%; prev: 3.8%) and -3.6% SA MoM (exp: -0.6%; prev: 0.7%) and could be hampering a bigger KRW rally. 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. We see resistances at 1340 and 1350. Supports are at 1320 and 1300. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. We also think KRW and TWD could play catch up to their peers as the narrative for a soft landing continues to build and monetary policy becomes less restrictive. Further upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, with next month (Sep 2024) the earliest possible inclusion date.

- **USDINR 1M NDF – *Steady*.** USDINR 1M NDF was relatively steady at 83.95 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. Support at 83.65 (100 -dma) before the next at 83.55 (50 -dma). RBI has introduced trading and settlement of sovereign green bonds issued by India in the International Financial Services Centre (IFSC). Foreigners are eligible to invest and inflows from this initiative could benefit the INR. Data for the week ahead includes Jul Fiscal Deficit, Jul Eight Infrastructure Industries, 2Q GDP and 23 Aug FX Reserves (Friday).

- **1M USDIDR NDF – *Higher, Cautious*.** Pair was last seen at 15506 as it edged up in line with a climb in UST yields and the broad dollar. The latter two having occurred as the US GDP data surprised on the upside. The pair could continue to trade sideways in the very near term before some retracement upwards as US data is less likely to support aggressive rate cuts so soon. Today, externally, there is core PCE data where the increase could be little changed on a monthly basis and it may not necessarily move the pair substantially. More focus would likely be placed on US jobs data and other indicators such as retail sales to see the extent to which the economy can hold up as inflation comes down. Domestically, we continue to keep a close eye on the political situation and any related developments. 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 56.19 as it came down slightly as the USDCNH was lower. As a whole, it is still trading sideways. We expect the pair to continue to do so near term before some retracement upwards as US data is less likely to support aggressive rate cuts so soon. Today, externally, there is core PCE data where the increase could be little changed on a monthly basis and it may not necessarily move the pair substantially. Domestically, there are little drivers for now as BSP cuts of 50bps cumulatively athis year are expected and would likely fall in line with the Fed easing. Back on the chart, support at 56.21 with the next after that at 55.27. Resistance is at 56.89 and 57.50. Meanwhile, National Treasurer Sharon Almanza has told Bloomberg that they are trying to improve liquidity in its domestic government bond market to attract more global funds. She said that they are building a benchmark to make the securities in the domestic market liquid but did not make mention of other measures or when they would occur. Remaining key data releases this week include Jul bank lending (Fri) and Jul M3 money supply (Fri).

- **USDTHB - *Lower*, *Cautious*.** Pair was last seen at 33.97 as it moved slightly lower as the USDCNH moved down. Even so, it is still as a whole, it is still trading sideways around the 34.00 level. We expect the pair can continue to do so near term before it could eventually see a rebound as US data is less likely to support aggressive rate cuts so soon. Elevated gold prices which have been supporting the THB can risk pulling back more as they hover near record levels. Momentum indicators are also stretched on the downside. Back on the chart, support is at 34.00, 33.61 and 33.00. Resistance at 34.50 and 35.00. Meanwhile, we continue to also keep a close eye on the political situation. Remaining key data releases this week include Jul BoP CA and overall balance (Fri), Jul trade data (Fri) and 23 Aug gross international reserves/forward contracts (Fri).

- **USDVND - *Finding Support*, *SBV to Boost Credit Growth*.** USDVND rose and was last seen around 24888, still finding support around 24830. The bounce seems to be a catch-up in action after most USDAsians rose yesterday. Resistance is seen around 25100 while support is seen at 24810. In news, Google could be building a large data centre in Ho Chi Minh , the first of its kind in the nation.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.34	3.34	Unchg
5YR MI 8/29	3.50	3.50	Unchg
7YR MS 4/31	3.70	3.71	+1
10YR MS 7/34	3.76	3.76	-
15YR MS 4/39	3.90	3.90	Unchg
20YR MX 5/44	*4.06/4.04	4.06	+1
30YR MZ 3/53	4.19	4.19	Unchg
IRS			
6-months	3.50	3.50	-
9-months	3.42	3.43	+1
1-year	3.39	3.41	+2
3-year	3.35	3.35	-
5-year	3.41	3.41	-
7-year	3.48	3.49	+1
10-year	3.59	3.60	+1

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

- Local government bonds saw slightly better trading activities with some de-risking flows. A Bloomberg news on Malaysia weighing the return of a broad-based consumption tax instead of implementing subsidy cuts for RON95 was later denied by Communication Minister Fahmi. MGS/GII yields closed unchanged for most part of the curve except the belly which inched higher by 1-2bp.

- MYR IRS drifted 0.5-2bp higher with light paying/hedging interest in the 5y tenor again. Activity continued to be subdued and local bond market remained in risk-reduction mode ahead of next week's BNM Sep MPC as well as US NFP data. 3M KLIBOR was unchanged at 3.53%. 5y IRS traded at 3.405% and 3.41%.

- In the PDS market, GG Danainfra spread tightened 2bp. AAA was fairly active, though most traded at MTM, specifically TNB 6/37, BPMB 11/35, Sarawak Petchem 7/37 and PLUS 1/37. AA1/AA+ KLK traded 2bp higher in yield. Notable trade was UOB 8/30, with spread narrower on MYR40m volumes. AA3/AA- UEM Sunrise long tenor bonds traded rangebound. Other names were unchanged.

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Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.58	2.58	-
5YR	2.57	2.57	-
10YR	2.68	2.70	+2
15YR	2.76	2.77	+1
20YR	2.82	2.83	+1
30YR	2.81	2.83	+2

Source: MAS (Bid Yields)

- SGS gave back some of the gain in prior session as yields increased 1-2bp at the long end while the front-end and mid-tenor were largely flat. The SORA OIS curve changed little. 6-month T-bill received a strong 2.35x bid-to-cover ratio and unsurprisingly the cut-off yield declined further to 3.13% from 3.34% in prior auction.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.60	6.60	(0.00)
2YR	6.54	6.53	(0.00)
5YR	6.53	6.52	(0.01)
7YR	6.69	6.69	(0.00)
10YR	6.63	6.62	(0.01)
20YR	6.81	6.79	(0.02)
30YR	6.85	6.84	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds booked limited rally yesterday. The market players placed their investment to Indonesian government bonds for applying "buy on dip" strategy as their expectation for imminent a policy rate cut policy by the Fed remained strong. The U.S. economy grew on moderate pace by 3.0% QoQ (annualized) in 2Q24 amidst a retreat of expansion on the labour market. We expect a strong investors' expectation for imminent Fed's policy rate cut to keep well preserved and then giving positive consequences for heavy hot money inflow to the emerging markets that have sound fundamental background, such as Indonesia. Indonesian government is still comfortable running its healthy fiscal policy amidst strong responsibility for maintaining both physical and non-physical of national development. On the other side, we foresee Bank Indonesia is also ready to be more accommodative on its monetary policy after seeing lower pressures on both the imported and the core inflation. The Brent oil prices is still well below US$80/barrel recently as USDIDR is comfortable at below 15,600. Then, the prices of volatile foods seemed normally fluctuate with relative limited impacts for the national headline inflation. The government is always ready to manage a supply balance on the domestic foods' demand. Hence, according to those aforementioned conditions, the yield of Indonesian government bonds will continue to be gradually lower further.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1175	146.25	0.6844	1.3261	7.1522	0.6324	161.8800	99.5643
R1	1.1126	145.62	0.6821	1.3215	7.1232	0.6291	161.2500	99.0687
Current	1.1072	144.78	0.6799	1.3163	7.0904	0.6265	160.3000	98.4260
S1	1.1042	144.29	0.6778	1.3134	7.0750	0.6233	160.0100	97.9657
S2	1.1007	143.59	0.6758	1.3099	7.0558	0.6208	159.4000	97.3583

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3064	4.3551	15488	56.3590	34.1590	1.4541	0.6098	3.3400
R1	1.3047	4.3330	15452	56.3260	34.0470	1.4487	0.6086	3.3272
Current	1.3036	4.3160	15485	56.2100	34.0000	1.4434	0.6085	3.3111
S1	1.3009	4.2997	15372	56.2510	33.8670	1.4399	0.6066	3.3071
S2	1.2988	4.2885	15328	56.2090	33.7990	1.4365	0.6058	3.2998

**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	Oct-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	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	11/10/2024	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	41,335.05	0.59
Nasdaq	17,516.43	-0.23
Nikkei 225	38,362.53	-0.02
FTSE	8,379.64	0.43
Australia ASX 200	8,045.13	-0.33
Singapore Straits Times	3,404.47	0.40
Kuala Lumpur Composite	1,653.55	-1.29
Jakarta Composite	7,627.60	-0.41
Philippines Composite	6,891.55	-0.96
Taiwan TAIEX	22,201.85	-0.75
Korea KOSPI	2,662.28	-1.02
Shanghai Comp Index	2,823.11	-0.50
Hong Kong Hang Seng	17,786.32	0.53
India Sensex	82,134.61	0.43
Nymex Crude Oil WTI	75.91	1.87
Comex Gold	2,560.30	0.89
Reuters CRB Index	279.88	0.82
MBB KL	10.68	-1.66

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