Macro | FX Research & Strategy

Global

7 August 2024

Global Markets Daily

Some Overnight Relief

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There was some relief for markets overnight with US indices gaining about 1%. USTs sold off (10Y: +11bps), while gold (-0.94%) weakened and the USD broadly gained (DXY: +0.14%). While there was some relief overnight, there were choppy moves in Asian bourses which looked to open lower and are now all higher. Deputy Governor Uchida commented that BOJ would not raise policy rates if markets were unstable, which gave rise to some risk-on moves and a weaker JPY. The JPY is actually more correlated to US equities than Japanese equities this year. Fear (measured by VIX) remains elevated at 27.71, although it has come off a high of 34.77. Apart from the carry trade unwind and US recession fears, geopolitical tensions in the Middle East continue to escalate with Iran forewarning of an impending attack on Israel. As such, risk sentiment remains fragile and we remain cautious of volatility in currencies. Short term we think USD could find some support, although we maintain that in the longer term USD is a sell on rally.

Harris Taps Minnesota Governor Walz

De facto Democratic nominee Kamala Harris has tapped Minnesota Governor Tim Walz as her vice-Presidential candidate in a bid to block Trump from the White House. Harris could prove a sterner than expected test for Trump, as betting markets price in a narrower expected lead for Trump. Harris is also seen to be closing the gap in swing states, which could be crucial for any candidate with aspirations of making it to the White House. Trump is priced to win at 58% and Hariss at 48% (odds add up to more than 100% to reflect the edge/profit that betting companies make). Betting markets have historically been accurate, with the favourite having only lost twice since 1866. We closely watch developments in the elections race and any impact that they might have on currencies.

Data/Event We Watch Today

We watch 2Q NZ Jobs data today.

FX: Overnight Closing Levels % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0931	-0.19	USD/SGD	1.3254	0.02
GBP/USD	1.2691	-0.67	EUR/SGD	1.4488	-0.18
AUD/USD	0.652	0.34	JPY/SGD	0.9182	-0.11
NZD/USD	0.5953	0.20	GBP/SGD	1.6821	-0.66
USD/JPY	144.34	0.11	AUD/SGD	0.8641	0.35
EUR/JPY	157.79	-0.07	NZD/SGD	0.7891	0.24
USD/CHF	0.8515	-0.08	CHF/SGD	1.5567	0.12
USD/CAD	1.3785	-0.29	CAD/SGD	0.9614	0.29
USD/MYR	4.4748	1.08	SGD/MYR	3.3715	0.59
USD/THB	35.53	0.86	SGD/IDR	12188.79	-0.50
USD/IDR	16165	-0.12	SGD/PHP	43.5884	-0.39
USD/PHP	57.83	-0.11	SGD/CNY	5.3979	0.27

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3246	1.3516	1.3786

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G10: Events & Market Closure

Date	Ctry	Event
6 Aug	AU	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
8 Aug	IN	Policy Decision
9 Aug	SG	Market Closure

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index – *Breather Indeed*.** The DXY edged higher as market players start to pare back on aggressive rate cut bets. Implied probability of a 50bps cut has slipped to around 83% from close to full priced. UST yields have also risen with 2Y last seen around 3.97% and 10Y at 3.89%. The DXY index is last seen around 103.00. US equities also staged a broad-based recovery after the whipsaw in the prior sessions. Some houses warned that the "carry trade unwinding" still has legs to go and while it is hard to gauge the size of the carry trade, CFTC data suggests that net short JPY contracts have reduced from 184K as of 2 Jul (a peak since 2007) to 73.4K as of 30 Jul. That did not even take into account more recent volatility. The average net short positions in the past five years (including Covid) was around 44K. As such, we can see that we are somewhat close to pre-rate hike cycle kind of levels and the worst of the carry trade unwinding is more likely to be behind us. In the near-term, the lack of tier-one US data could also little trigger in the near-term. However, whether the JPY can strengthen further is another issue and that has more to do with Fed-BoJ policy. Recall that both the greenback and US bourses found their foothold once ISM services turned out to be stronger at 51.4 (vs. previous 48.8). New orders, employment and prices paid also rose on the Jul survey. USD bulls are unlikely to regain lasting control in this environment given that the impending rate cut could continue to diminish its carry advantage while any rebound in the risk sentiment will also be likely negative for the USD. As such a rebound of the USD will likely be limited. Resistance at 103.56 (50% Fibonacci retracement of the Dec 2023- Apr 2024 rally) before 104.26. Support at 102.00. Regardless, the fall in yields and the USD smile might be favouring the Asian currencies at this point. Other data we watch includes initial jobless claims on Thu.

- **EURUSD – *Lower after rejection at 1.10*.** EURUSD was last seen at 1.0928 levels after being rejected by the 1.10 resistance earlier. EUR could find support on an inflation re-acceleration and earlier strong GDP print, although disappointing PMIs and unemployment could weigh. We see two-way risks for the EUR at these levels, with a rebound in the USD a possibility if fears fade and bets on Fed cuts pare back. EURGBP has rebounded above the 0.86 level on our earlier suggested narrative that the ECB-BOE divergence should narrow, and we suggest taking profits here given the volatility in currencies, although further risk aversion is likely to have an upward bias on the pair. 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. Data for week ahead includes Jun EC Retail Sales (Tue).

- **GBPUSD – *Lower*.** GBPUSD was last seen lower at 1.2700 levels, in line with our earlier suggestion that GBP outperformance could taper. As we suggested the pullback triggered by BoE-rate cut has the potential to completely violate the rising trend channel of the GBPUSD. Recall that the MPC voting to reduce rates by 25bops in a very close (5-4) decision, which was also similarly closely priced by markets. Governor Bailey offered that wages and goods inflation had both eased and although services inflation remained firmed, less volatile components of services inflation had cooled. Bailey and the BOE are taking the position that they will be cautious on further cuts, however we think that the cut shows that they have the confidence to cut further. We look for 50bps more of cuts in 2024 and suggest to watch services inflation and wages, which is likely the BOE's sole source of discomfort, closely for more hints to their leanings for future meetings. We continue to suggest that GBP outperformance could moderate, although we are bullish on GBP in the longer-term. Talks of a re-negotiation of Brexit terms and warmer relations with the EU could provide GBPUSD support on dips. Starmer had dropped some hints on re-engaging the EU post-Brexit and positive outcomes could have significant upside for the pair. Meanwhile, we continue to look for another 50bps of rate cuts for the BOE this year. Disinflation remained intact for the UK as opposed to in the Eurozone where inflation was resurgent. Moreover, recent UK wage gains had been edging lower, which at the margin should give BOE increased comfort to cut rates. UK inflation surprised to the downside and confirmed the disinflationary trend in the UK. Only point of contention remains that services inflation is high at 5.7% YoY. EURGBP has rebounded above the 0.86 level on our earlier suggested narrative that the ECB-BOE divergence should narrow, and we suggest taking profits here given the volatility in currencies, although further risk aversion is likely to have an upward bias on the pair. Back on the GBPUSD, resistances at 1.2800 and 1.2870. Supports are at 1.2700 and 1.2650. Bias remains to the downside. This week, Thu has RICS house price.

- **USDCHF – *Remains on lower end*.** USDCHF was last seen at 0.8535 levels with CHF performing better on general risk aversion, although the 0.8400 support has yet to be tested. USDCHF could be a tad stretched to the downside and CHF gains could slow. Of the traditional safe-havens, it does seem that only gold and CHF retain most of the safe-haven properties. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF. Nevertheless, we do see USDCHF lower into quarters ahead alongside fading US economic exceptionalism and Fed rate cuts. Back on the chart, bias is to the downside but further decline could slow given that stochastics flag oversold conditions. Supports at 0.8550 is being tested this morning. Next support is seen at 0.8490 and then at 0.8400. Rebounds to meet resistance at 0.8680. This week has Jul labour report and Jun retail sales on Tue. Wed has forex reserves. Fri has Jul consumer confidence.

- **USDJPY – *Higher, Volatile*.** The pair was last seen at 146.74 as it rose after the BOJ's Uchida said they won't raise rate when market is unstable. Recent volatility in the market looks to have created some concerns for the authorities. The Nikkei rebounded by over 10% yesterday after falling by about 12.40% the day before. Strong rallies after such sell off is not unexpected but the index this morning at this point is only just slightly down. Many of the Japanese firms are fundamentally robust but the currency uncertainty can affect earnings forecast assumption. In any circumstance, Uchida's words do not affect our view of the BOJ or the USDJPY in the medium to long term as we have always expected the BOJ to be gradual in its hiking cycle. Near term, the pair could move up higher as the words may support some JPY bearish interest. Vice Finance Minister has said that the government and BOJ will continue to communicate and cooperate following a three way meeting among the BOJ, MOF and Financial Services Agency. Meanwhile, quarterly MOF data showed that currency interventions on 29 Apr and 1 May may have amounted to 5.9tn yen and 3.9tn yen respectively. Back on the chart, resistance at 147.50, 150.00 and 152.00. Support at 145.37 and 140.25. Remaining key data releases due this week include Jun P leading/coincident index (Wed), Jun BoP CA (Thurs), Jul bank lending (Thurs) and Jul M2/M3 (Fri).

- **AUDUSD – *Forming a Bottom, Bullish Engulfing*.** AUDUSD extended higher and was last seen around 0.6545. Part of it is due to the reversal of the "carry trade unwinding" that brought the AUDUSD to its 0.6350 low and the US ISM Services for Jul that provided a breather for this trade. On top of that, RBA was perceived to be hawkish by the markets given Governor Bullock's mention that interest rate cuts were off the table for the rest of the year and RBA projects a slower return to inflation target than before.

We interpret this to be less dovish rather than hawkish. RBA's statement as well as Governor Bullock reiterated that there the Board "does not rule anything in or out", in line with what we have expected. In other words, they are adamant to keep the option of a hike due to persistent inflation. However, we continue to see the hurdle to hike as higher than what market has expected all along anyway. As we have mentioned before, AUDUSD could take time to form a bottom as global growth recovery is now in question. The pair has formed a bullish engulfing. We see upside risks to the AUD. Key support is seen around 0.6470. Rebounds to meet resistance at 0.6530 before 0.6580.

- **NZDUSD – *Double Bottom***. NZDUSD rose in tandem with the AUD. This time NZDUSD is also boosted by its labour report. Unemployment rate was marginally better than expected at 4.6% vs. previous 4.7%. Private wage growth accelerated unexpectedly to 0.9%q/q in 2Q from previous 0.8%. Average hourly earnings also quickened to 1.1%q/q from previous 0.3%. NZDUSD made a bullish extension towards 0.60 this morning after touching a low of 0.5850 on 5 Aug. The pair has formed a double bottom. Potentially, this pair could have further bullish extension. Resistance at 0.6050 to eye before 0.6070 (50-dma) and then at 0.6200. Support at 0.5850. Week ahead has labour report for 2Q on Wed. 2Y inflation expectation for 3Q on Thu.

- **USDCAD – *Move Lower***. USDCAD was last seen around 1.3790, reversing lower as sentiment improved. The 5 Aug high was 1.3946 and that likely nullified the double top. Still, we see room for this pair to fall. Bullish momentum is fading and stochastics show signs of falling from overbought conditions. Potential for a pullback is possible towards support at 1.3840 before 1.3760. Week ahead has BoC Minutes on Thu and Jul labour report on Fri.

- **Gold (XAU/USD) – *Not much momentum***. Gold seems to have moved rather little for such a big drop in yields, last printed 2384. We suspect there were some JPY or CNY-funded gold purchase that was unwound too, slowing the upmove of the bullion. It seems that prices could remain within the 2360-2480 range. Dips are likely to see bargain hunters. We remain constructive on the gold given geopolitical risks but prefer to buy on deeper pullbacks before towards 2367 (50-dma) before the next at 2290.

Asia ex Japan Currencies

SGDNEER trades around +1.93% from the implied mid-point of 1.3516 with the top estimated at 1.3246 and the floor at 1.3786.

- **USDSGD – *Slightly higher*.** USDSGD was slightly higher this morning at 1.3256 level as USD was broadly gained. Earlier MAS held as expected and reiterated they see that price gains will slow "further to around 2% in 2025". They lowered their inflation forecast this year to 2% - 3% from 2.5% - 3.5% whilst they expect economic growth to come out closer to the upper half of 1% - 3% this year. SGD remains resilient after MAS' hold, and the trade-weighted SGDNEER is stronger at +1.93% 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. Look for USDSGD to remain relatively steady ahead of major central bank decisions this week. Long-term view is still for USDSGD to go lower. MAS appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although we do not expect SGDNEER to tank. In the medium -term, we remain positive on the SGD given robust macro fundamentals and a monetary policy that has an appreciating currency as a default stance. Resistance at 1.3350 and 1.34000. Supports are 1.3200 and 1.3150.

- **SGDMYR – *Rebounds*.** Cross was higher at 3.3744 levels this morning as MYR outperformance took a breather. MYR has been the top performer by far among regional EMs over the last week. We watct can decisively hold below the support at 3.3553 with the next support at 3.3032. Resistances at 3.40 and 3.45 levels.

- **USDMYR – *Higher*.** Pair was last seen at 4.4727 as it rebounded after the recent sharp falls. We do sense there is more positive idiosyncratic optimism towards the MYR amid the government reforms (diesel subsidy rationalization), better than expected growth and more foreign investor interest. Also, authorities leading coordinated conversions by GLCs/GLICs into local currency has given much support to the currency. BNM likely to keep rates on hold can also be giving MYR support at a time when we talk about easing elsewhere about the Fed and globally. External events especially those related to the US, China and Japan are likely to remain the key drivers going forward. Back on the chart, support at 4.4439 with the next after that at 4.4000. Resistance at 4.5000 and 4.5500. Key data releases due this week include 31 Jul foreign reserves (Wed), Jun mfg sales (Fri) and Jun IP (Fri).

- **USDCNH – *Now in Two-way trades*.** USDCNH was last seen around 7.1800 after touching a low of 7.0838 on 5 Aug. This was rather close to the key support that we pencilled in at 7.0875. USDCNY is fixed at 7.1386, higher than the previous 7.1318. There are two-way risks for the yuan at this point from China's own Jul data given low expectations already, US' data that could unwind the aggressive dovish bets on the Fed (we saw that on ISM services) and potentially from Powell at Jackson Hole. The range where the yuan could trade could be wide within 7.14-7.20. For the week remaining, Jul trade is due on Wed along with forex reserves. Fri has inflation data and 2Q prelim. Current account bal.

- **1M USDKRW NDF – *Slightly higher*.** 1M USDKRW NDF edged higher at 1373.56 levels this morning as USD broadly gained. We still believe that some nascent signs of support starting to build for KRW. Jul CPI came in firmer at 2.6% YoY headline (exp: 2.5%; prev: 2.4%;) and core at 2.2% (exp: 2.1%; prev: 2.2%). Combined with earlier growth print, BOK should be in no hurry to ease to be growth supportive. BOK stood pat earlier, in line with our expectations. BOK has had a tendency to hold for an extended period before pivoting to a cut and this should provide KRW with some support. Jul PPI increased to 2.5% (prev: 2.3%) and this helped to guide USDKRW slightly lower. Apart from upside risks on inflation, there could also be concerns about KRW weakness if they were to cut ahead of the Fed. KRW remains vulnerable as one of the lower yielders in the region. USDKRW spot has seen about a week of extended trading hours and we could see some volatility as market acclimates to this change in market structure. Extending trading hours is one of the initiatives to improve investor access to Korea and is in line with the strong push the government is making to get onto global bond indices. We see resistances at 1380 and 1400. Supports are at 1360 and 1340. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. Risks for the KRW include issues with debt mainly related to the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW in line with BOK assessment. Upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep 2024 is the earliest possible inclusion date. We look for a possible recovery with the KRW one of the more stretched currencies in Asia. Key data releases this week include Jun BoP (Wed).

- **USDINR 1M NDF – *Edging Lower*.** USDINR 1M NDF edged lower to 83.99 this morning. Recent carry trade unwind seems to be weighing on INR alongside a sell-off in Indian equities. RBI should still be able to keep INR relatively stable. RBI will likely keep rates on hold at least while Fed remains on hold as data releases continue to reaffirm that India experiences a satisfactory pace of growth. India's FY 24/25 budget was released on Tue, and Finance Minister Nirmala Sitharaman announced a 2 trillion rupees ($24 billion) package to boost employment and implement changes in direct tax policy, which we foresee would boost disposable income this year. Budget also looks to target narrowing the budget deficit to 4.9% of GDP. We look to see if India could continue to be an economic bright spark relative to the rest of the region. Back on the 1M USDINR NDF daily chart, rising wedge has formed which typically precedes a bearish pullback. Support at 83.65 (100 -dma) before the next at 83.55 (50 -dma). Data for the week ahead includes RBI Policy Decision (Thu) and 2 Aug FX Reserves (Fri).

- **1M USDIDR NDF – *Ranged, Cautious*.** Pair was last seen at 16169 as it continued to trade at levels seen in the last couple of sessions. As a whole, it has actually remain traded within a range of 16100 – 16350. We believe it can continue to do so in the next few sessions although we are still wary of major catalysts emerging. Currency can be weighed down by idiosyncratic concerns related to the country's fiscal position as we transition to a new administration of President-elect Prabowo. We are also cognizant of risks related to the geopolitical tensions in the Middle East. Back on the chart, support at 16177 (100-dma) with the next level after that at 16000. Resistance at 16400 and 16519 (year-high). Remaining key data releases this week include Jul foreign reserves (Wed) and Jul consumer confidence (Thurs).

- **1M USDPHP NDF – *Lower, Cautious*.** The pair was last seen at 57.73 as it declined throughout yesterday. The 1M NDF may have got some support after Governor Eli Remolona signaled again a weaker chance of a Aug rate cut following a Jul inflation data that broke above the target. He did however say that policymakers would consider a rate cut if 2Q growth, which is due tomorrow is "unexpected weak" and inflation and inflation expectation shows a downward path. He also appeared to have implied that the BSP is open to an off-cycle move if an Aug cut does not occur. Overall, the central bank is still seeing that inflation “will likely follow a general downtrend” from this month and that “the balance of risks to the inflation outlook has shifted to the downside for 2024 and 2025 due largely to the impact of the lower import tariff on rice”. We believe could be ranged near term between 57.00 – 58.00. Back on the chart, support at 57.66 and 57.00. Resistance is at 58.56 and 59.00. Remaining key data releases this week include Jun unemployment rate (Wed), 2Q agriculture output (Wed), Jun bank lending (Wed) and 2Q GDP (Thurs).

- **USDTHB – *Higher*, *Cautious*.** Pair was last seen at 35.54 as it edged up higher. After some recent sharp downward moves, some rebound up is not unexpected. We stay cautious on the pair but see the possibility that it could be more ranged traded near term between 35.00 – 36.00 as market continue to assess the market transition occurring. At the same time, we keep a close eye on risks too related to the political situation as we await the constitutional court verdict on Move Forward dissolution due today. The court would also hand out its verdict on Srettha’s appointment of Pichit Chuenban on 14 Aug. Meanwhile, Thaksin’s case on Royal insult would be heard on the 19 Aug. Back on the chart, support is at 35.28 and 35.00. Resistance is at 36.00 (around 200-dma) and 36.40 (around 50-dma and 100-dma). Meanwhile, Jul consumer confidence was lower at 57.7 (Jun. 58.9) as it continued its downward trend, highlighting some fragility in elements of the economy. Remaining key data releases this week include Jul CPI (Wed) and 2 Aug gross international reserves/forward contracts (Fri).

- **USDVND – *Lower*.** USDVND was last seen around 25165, retracing alongside most USDAsians (higher) as US rates rise. Support at 25000 and 24858 (200-dma). Equities clocked a net outflow of -$28.2mn on 6 Aug taking MTD (1-6Aug) to a net outflow of -$21.9mn. Smaller gold premium, high interbank interest rates likely eased demand for gold/ foreign currencies and reduce pressure on the VND. The recent fall in the 2y UST yields amid greater bets on rate cut for the Fed have also boosted the VND. Resistance is the upper bound of the day at 25462 based on the fix at 24250. Momentum is bearish for the pair however. Support is seen at 24960 before 24870. In news, the SBV is said to be gathering feedback on a proposal to cut interest rates for social housing loans by 3-5ppts to improve accessibility to affordable housing.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.29	3.33	+4
5YR MO 8/29	3.45	3.50	+5
7YR MS 4/31	3.66	3.70	+4
10YR MT 11/33	3.67	3.76	+9
15YR MS 4/39	3.87	3.88	+1
20YR MX 5/44	4.03	4.04	+1
30YR MZ 3/53	4.14	4.15	+1
IRS			
6-months	3.51	3.52	+1
9-months	3.41	3.44	+3
1-year	3.38	3.43	+5
3-year	3.33	3.39	+6
5-year	3.35	3.44	+9
7-year	3.44	3.52	+8
10-year	3.54	3.61	+7

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

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- In the domestic government bond market, selling pressure was seen across the curve as investors opted to reduce exposures and take profits after the recent rally. Sentiment was further dampened by the Ringgit's depreciation against the US dollar, weakening by 460 pips to 4.4740. The govvies movement mirrored onshore IRS, which surged by 9bps to 3.43% for the 5y IRS. MGS and GII yields increased by 1-9bps, led by the 10y MGS benchmark.

- Risk sentiment improved as global equities recovered from the previous day's sharp decline, and the MYR IRS rebounded, rising 5-9bps. The 2y IRS traded in the range of 3.35-3.39%, 4y at 3.40% and the 5y in 3.39-3.43% range. 3M KLIBOR remained stable at 3.57%.

- Onshore PDS activity increased slightly. The session predominantly saw sellers, leading to wider spreads for most credits. In the GG segment, Danainfra and Prasarana spreads widened by 5-7bps. The AAA sector was the most active, trading mixed. Long-tenor bonds in the energy sector were better bought, narrowing spreads by 3-6bps, such as TNB, Sarawak Energy and PASB. Conversely, Cagamas 8/28 traded 2bps higher with MYR120m exchanged in a single transaction. In the AA1/AA+ space, GENM Capital 7/28 traded in small amounts. Within the AA3/AA- segment, UEM Sunrise 4/26 and EcoWorld 8/28 traded 2bps and 5bps lower respectively.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.64	2.72	+8
5YR	2.58	2.67	+9
10YR	2.69	2.77	+8
15YR	2.71	2.79	+8
20YR	2.73	2.81	+8
30YR	2.74	2.81	+7

Source: MAS (Bid Yields)

- Stock markets bounced back, recovering some of Monday's sharp losses, while USTs trimmed gains overnight following an unexpectedly strong US ISM Services data and the curve flattened. As UST yields continued to edge higher during Asian session, SGS traded weaker and underperformed UST with SGS yields across the curve higher by 7-9bps from previous day.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.62	6.58	(0.04)
2YR	6.61	6.61	(0.00)
5YR	6.66	6.68	0.02
7YR	6.86	6.88	0.02
10YR	6.81	6.82	0.01
20YR	7.00	7.01	0.01
30YR	7.01	7.00	(0.00)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds slightly weakened yesterday. It's driven by investors' profit taking actions after enjoying long rally since the last Thursday due to both the latest Fed's Governor dovish tones and a disappointed result on the U.S. labour market during Jul-24. We saw most investors preferring taking strong participations on Indonesian primary bond market, rather than the secondary market due to high attention on the new comer of benchmark series FR0103.

- Yesterday, the government successfully absorbed Rp23 trillion on its latest conventional bond auction. It's higher than Rp22 trillion of indicative target. We also saw strong investors' enthusiasm for participating this auction, as shown by investors' total incoming bids that reached Rp66.99 trillion. Investors still enjoyed high risk appetite to invest on the emerging country that has solid fundamental background, such as Indonesia, amidst current lingering risk of recession on the major economy.

- At this auction, the investors had most interest to FR0103, with total investors' incoming bids that reached Rp37.10 trillion and asking range of yields by 6.75000% - 6.95000%. Then, the government absorbed Rp10.65 trillion and awarding coupon rate at 6.75000% with the weighted average yield at 6.81201% for FR0103. We believe the range level of yield for the 10Y benchmark series of government bond to be around 6.75% - 6.81% at current condition.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0992	147.51	0.6581	1.2852	7.1839	0.6016	161.3567	96.4290
R1	1.0961	145.92	0.6551	1.2772	7.1714	0.5984	159.5733	95.2650
Current	1.0915	146.86	0.6543	1.2698	7.1821	0.5997	160.3100	96.0890
S1	1.0902	143.19	0.6481	1.2642	7.1401	0.5917	156.6533	93.1800
S2	1.0874	142.05	0.6441	1.2592	7.1213	0.5882	155.5167	92.2590

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3302	4.5219	16228	58.0467	35.7287	1.4543	0.6301	3.4089
R1	1.3278	4.4983	16197	57.9383	35.6293	1.4515	0.6277	3.3902
Current	1.3277	4.4950	16170	57.7530	35.5740	1.4494	0.6259	3.3854
S1	1.3230	4.4381	16149	57.7633	35.3963	1.4464	0.6229	3.3455
S2	1.3206	4.4015	16132	57.6967	35.2627	1.4441	0.6204	3.3195

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	3.9000	Oct-24	Neutral
BNM O/N Policy Rate	3.00	5/9/2024	Neutral
BI 7-Day Reverse Repo Rate	6.25	21/8/2024	Neutral
BOT 1-Day Repo	2.50	21/8/2024	Neutral
BSP O/N Reverse Repo	6.50	15/8/2024	Neutral
CBC Discount Rate	2.00	19/9/2024	Neutral
HKMA Base Rate	5.75	-	Neutral
PBOC 1Y Loan Prime Rate	3.35	-	Easing
RBI Repo Rate	6.50	8/8/2024	Neutral
BOK Base Rate	3.50	22/8/2024	Neutral
Fed Funds Target Rate	5.50	19/9/2024	Neutral
ECB Deposit Facility Rate	3.75	12/9/2024	Neutral
BOE Official Bank Rate	5.00	19/9/2024	Neutral
RBA Cash Rate Target	4.35	24/9/2024	Neutral
RBNZ Official Cash Rate	5.50	14/8/2024	Neutral
BOJ Rate (Lower bound)	0.00	20/9/2024	Tightening
BoC O/N Rate	4.50	4/9/2024	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	38,997.66	0.76
Nasdaq	16,366.85	1.03
Nikkei 225	34,675.46	10.23
FTSE	8,026.69	0.23
Australia ASX 200	7,680.64	0.41
Singapore Straits Times	3,198.44	-1.39
Kuala Lumpur Composite	1,574.39	2.47
Jakarta Composite	7,129.22	0.99
Philippines Composite	6,433.24	-0.02
Taiwan TAIEX	20,501.02	3.38
Korea KOSPI	2,522.15	3.30
Shanghai Comp Index	2,867.28	0.23
Hong Kong Hang Seng	16,647.34	-0.31
India Sensex	78,593.07	-0.21
Nymex Crude Oil WTI	73.20	0.36
Comex Gold	2,431.60	-0.52
Reuters CRB Index	270.15	0.51
MBB KL	10.10	2.02

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