8 August 2024

Maybank

Global Markets Daily

Running Out Of Steam

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Relief rally in markets ran out of steam yesterday as equities fell (DJIA: -0.60%; NASDAQ: -1.05%) and the SP500 reversed gains of as much as 1.7% after weak UST auction. USTs sold off (10Y: +5.5bps), gold retreated (-0.31%) and the USD pared back on earlier losses (DXY: +0.23%). It is quite clear that sentiment remains fragile and we caution that there could be some volatility from jobless claims data in the US tonight, especially if the data reinforces the narrative of a US recession. The creator of the Sahm Rule, Claudia Sahm, opined that while the US was not in a recession yet, a downturn would be likely and it could be time for the Fed to cut rates. Meanwhile, there were street estimates that suggested the carry trade could already be 75% unwound, while some economists saw a higher likelihood of a US recession due to weakness in employment. We suggest taking such estimates with a pinch of salt, given the numerous complications with both recession indicators and estimating carry trade figures. We maintain that longer-term USD should be a sell on rally even if the actual path to a weaker USD could be bumpy.

RBI To Hold Steady

RBI is scheduled to decide on their policy rate today and we think that they will hold steady, largely in line with market expectations. There has been a growing voice that suggests that they could cut given the recent rout in stocks, but we believe that they are unlikely to do so given that growth is healthy and their persistence in guiding inflation closer to their 4% target. Moreover, a surprise rate cut would weigh on the INR and necessitate a drawdown in reserves with the preference clearly to keep the INR stable. A cut could come when there are signs of a slowing economy and we suspect that such a move would be relatively well telegraphed to avoid disorderly market movements.

Data/Event We Watch Today

We PH 2Q GDP, JP Trade Balance and US Jobless Claims.

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
1.3251	1.3522	1.3792

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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

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G10 Currencies

- **DXY Index – *Stabilizing*.** The DXY rose and was last seen around 103.05, buoyed as market sentiment soured on weaker than expected 10y auction. In addition, there are jitters over her the possibility of further tensions between Iran and Israel. Israel said that it is at its peak readiness for a quick attack. On the other hand, Iran did say it wants to avoid an escalation towards an all-out war. As such, UST yields seem to have softened from overnight highs (post auction). The DXY index is last seen around 103.10. US equities fell. 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 mean a lack of catalyst for this week. 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. Resistance at 103.56 (50% Fibonacci retracement of the Dec 2023- Apr 2024 rally) before 104.26. Support at 102.00. Other data we watch includes initial jobless claims on Thu. This is not a tier-one data but any significant upside surprise could potentially cause some alarm again. On a somewhat related note, the "SAHM" rule creator said that even if the SAMN threshold was triggered, the US is not in a recession yet but a downturn is approaching and the Fed should cut soon.

- **EURUSD – *Steady after rejection at 1.10*.** EURUSD was last seen at 1.0926 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. No further Eurozone data this week.

- **GBPUSD – *Lower*.** GBPUSD was last seen lower at 1.2686 levels, in line with our earlier suggestion that GBP outperformance could taper. Recent carry trade unwind narrative and ensuing equity selloff is also unkind to the GBP as a high beta. 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 1.2700 and 1.2800. Supports are at 1.2650 and 1.2600. Bias remains to the downside. This week, Thu has RICS house price.

- **USDCHF – *Remains on lower end*.** USDCHF was last seen higher at 0.8595 levels as the USD pared back some losses. As suggested, 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 are at 0.8550 and 0.8500. Rebounds to meet resistance at 0.8680 and 0.8750 thereafter. Th Fri has Jul consumer confidence.

- **USDJPY – *Higher, Volatile*.** The pair was last seen at 145.87 as it continued to gyrate around 145.00 following Uchida's comments that the BOJ would not raise rates when market is unstable. Whilst, the BOJ attempted to calm markets by appearing less hawkish, there are also rising recession concerns in the US. UST yields did climb overnight amid the poor auction results although USDJPY is not getting much of a lift from that as investors may not be keen to position in given the uncertain US economic conditions. MXN got some relief as it strengthened yesterday. The summary of opinions from the BOJ's 31 Jul board meeting indicated that the board did not appear to view the hike last month as a tightening. They saw it as a "adjustment in the degree of monetary accommodation in accordance with underlying inflation, which will not have monetary tightening effects". Amid these mixed signals, the pair can be volatile and movements can be two-way. Back on the chart, resistance at 147.50, 150.00 and 152.00. Support at 145.37 and 140.25. Meanwhile, Jun BoP CA balance was narrower whilst the Jul bank lending data was steady. Remaining key data releases due this week include Jul M2/M3 (Fri).

- **AUDUSD – *Forming a Bottom*.** AUDUSD reversed out its initial gains and was last seen around 0.6525, creeping higher after a rather choppy session. Sentiment had turned sour overnight on weaker-than-expected 10y auction as well as some jitters on the Middle East tensions and that also sank the AUD back to its open on Wed. The creep-up on of the AUD this morning is also a sign that markets were also wary of a hawkish BoJ Summary of Opinions that turned out to be much more palatable. The central bank indicated that the central bank did not view the rate hike as tightening. AUD might have crept higher as Summary of Opinions suggest that the central bank had wanted to keep monetary policy conditions accommodative in spite of the rate hike. At home, with RBA being perceived as hawkish and still likely to remain one of the last to start easing, we remain constructive on the AUD. As we have mentioned before, AUDUSD could take time to form a bottom as global growth recovery is now in question. We see upside risks to the AUD. Key support is seen around 0.6470. Rebounds to meet resistance at 0.6530 before 0.6580.

- **NZDUSD – *Double Bottom*.** NZDUSD rose overnight, less affected by broader risk sentiment and also likely buffered by the recent 2Q labour report (released earlier this week). NZDUSD continues to hover around the 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 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. Separately, the global dairy trade winning average price has softened to 3679 as of auction on 7 Aug vs. previous 3836.

- **Gold (XAU/USD) – *Not much momentum*.** Gold seems to have moved rather little for such a big drop in yields, last printed 2386. 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 +1.91% from the implied mid-point of 1.3522 with the top estimated at 1.3251 and the floor at 1.3792.

- **USDSGD – *Slightly higher*.** USDSGD was slightly higher this morning at 1.3264 levels as USD broadly gained. USDSGD has been relatively stable compared to other pairs, although as we edge closer to what we see as band edge, there is heightened risk of MAS intervention. Earlier MAS held as expected and reiterated they see that price gains will slow “further to around 2% in 2025”. They lowered their inflation forecast this year to 2% - 3% from 2.5% - 3.5% whilst they expect economic growth to come out closer to the upper half of 1% - 3% this year. SGD remains resilient after MAS’ hold, and the trade-weighted SGDNEER is relatively stable at +1.91% 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 slightly higher at 3.3779 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 – *Lower*.** Pair was last seen at 4.4847 as it was a bit lower from yesterday’s close in line with broad dollar being a bit lower this morning. 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. 31 Jul foreign reserves was marginally higher at $114.7bn (prior. $113.3bn). Remaining key data releases due this week include Jun mfg sales (Fri) and Jun IP (Fri).

- **USDCNH – *Now in Two-way trades*.** USDCNH was last seen around 7.1750 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 7.1460, higher than the previous 7.1386. 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, Fri has inflation data and 2Q prelim. Current account bal. In other news, the National Association of Financial Market Institutional Investors announced a probe into four rural commercial banks in Jiangsu for price manipulation of the secondary bond markets.

- **1M USDKRW NDF – *Slightly higher*.** 1M USDKRW NDF edged higher at 1376.39 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. No further data releases for South Korea this week.

- **USDINR 1M NDF – *Steady*.** USDINR 1M NDF remained broadly steady at 84.02 this morning. Recent carry trade unwind 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 – *Lower, Cautious*.** Pair was last seen at 16040 as it moved lower throughout yesterday as there was some relief with the BOJ's reassuring words not to hike if there is market instability in addition to the reserves widening. Regarding the latter, the reserves rose by $5.2bn in Jul to $145.4bn from $140.2bn. On the former, we also saw MXN and ZAR climbed too. We are though look to be in a period of heightened volatility amid the uncertainty regarding US election, seasonally weaker months for risk assets and concerns on US recessions. We would therefore continue to stay cautious on USDIDR. Two way movements in the near term could be the case. We are also cognizant of the idiosyncratic concerns related to the country's fiscal position as we transition to a new administration of President-elect Prabowo. Back on the chart, support at 16000 and 15888 (200-dma). Resistance at 16291 (50-dma), 16400 and

16519 (year-high). Remaining key data releases this week include Jul consumer confidence (Thurs).

- **1M USDPHP NDF – *Lower, Cautious*.** The pair was last seen at 57.64 as it declined after lunch yesterday before paring back some of its losses. Comments from Finance Secretary Ralph Recto that the Philippines is in talks with JPM for the inclusion of PHP government bonds in the JPM EM Bond index looks to have given the PHP a lift. Whilst news of such talks are positive somewhat, we stay wary on the timing at which this would occur. Meanwhile, Ralph Recto also said that the Philippines needs an early rate cut "more so" now given that the government needs to raise cash at cheaper cost and as fast as it can to pay maturing debts. His words come after Governor Remolona had talked about the possibility that an Aug rate cut could be delayed as inflation recently breached the target. We are cognizant of the risk that a rate cut can be delayed and the support that can provide for the PHP. Two-way movements expected for the pair near term. Back on the chart, support at 57.66 and 57.00. Resistance is at 58.56 and 59.00. 2Q GDP meanwhile came out in line with expectations at 6.3% YoY (est. 6.3% YoY, 1Q. 5.8% YoY), which at least helps in avoiding to create more pressure for the central bank to cut so soon. There are no remaining key data releases this week.

- **USDTHB – *Steady*, *Cautious*.** Pair was last seen at 35.56 as it traded at levels similar to the same time as yesterday. USDTHB climbed throughout yesterday although is it trading lower this morning. The Thai constitutional court has issued a verdict to dissolve opposition Move Forward and their supporters have pledged to form a new party that would be unveiled on Friday. The immediate impact on the THB from the development does not appear to be heavy but we stay cognizant of how the political situation develops. 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. Jul CPI data out yesterday was a little higher at 0.83% YoY (est. 0.70% YoY, Jun. 0.62% YoY) although the number is still soft for now. Our in-house economist is not expecting the BOT to cut this year. Remaining key data releases this week include 2 Aug gross international reserves/forward contracts (Fri).

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	3.50	3.52	+2
7YR MS 4/31	3.70	3.71	+1
10YR MT 11/33	3.76	3.78	+2
15YR MS 4/39	3.88	*3.90/3.88	Not traded
20YR MX 5/44	4.04	4.06	+2
30YR MZ 3/53	4.15	4.16	+1
IRS			
6-months	3.52	3.52	-
9-months	3.44	3.45	+1
1-year	3.43	3.43	-
3-year	3.39	3.37	-2
5-year	3.44	3.42	-2
7-year	3.52	3.53	+1
10-year	3.61	3.59	-2

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

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- In the local government bond market, selling pressure increased on the short-to-medium term bonds, pushing yields higher by 4-8bps before dip-buyers stepped in. The 7y GII reopening auction was well-received with a bid-to-cover ratio of 2.33x and successful yields averaged 3.726%. Post-auction, MGS and GII reversed some earlier losses, with yields closing 1-6bps higher.

- The MYR IRS market was very active, with rates initially surging as global risk sentiment continued to improve. However, less hawkish comments from BOJ, a 1bp drop in 3M KLIBOR to 3.56%, and a well-subscribed 7y GII reopening led to a reversal in MYR IRS rates. The curve closed mostly 1-3bps lower day-on-day.

- It was a modest session for PDS as the market followed the selling pressure in the government bond space. GG papers saw some trades in the 10y-20y tenors, with Prasarana 2/35 and Danainfra 2035-2044 trading 1-5bps higher. In the AAA space, limited trades occurred, with PSEP 2031s trading 3bps higher and MYR10m of SEB 2031 trading close to MTM level. AA1/AA+ Sabah Dev 8/25 tightened by 2bps. In the AA3/AA- space, UMWH Perpetual had MYR50m traded and MYR20m of Malay Cement 10/28 traded 3bps lower.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.72	2.79	+7
5YR	2.67	2.78	+11
10YR	2.77	2.88	+11
15YR	2.79	2.89	+10
20YR	2.81	2.91	+10
30YR	2.81	2.92	+11

Source: MAS (Bid Yields)

- UST yields are rising as markets recover from the volatility early this week, and talks of inter-meeting Fed rate cuts fade. However, risk sentiment remains fragile, potentially keeping market volatility high. Following the reversal in UST yields, SGS yields jumped, mostly up by 10-11bps. The 10y SGS benchmark rose 11bps to 2.88%, while the 2y SGS yield outperformed on the curve, rising 7bps to 2.79%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.58	6.56	(0.01)
2YR	6.61	6.59	(0.02)
5YR	6.68	6.68	0.00
7YR	6.88	6.88	(0.00)
10YR	6.82	6.81	(0.01)
20YR	7.01	7.00	(0.01)
30YR	7.00	7.00	0.00

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds slightly strengthened yesterday. It seemed that the market players continued their high interest to enter Indonesian bond market, following a successful latest auction by the government that offering the next 10Y benchmark series, FR0103. Indonesian bond market still becomes global investors' favourable destination for investment amidst high global investors' expectation for incoming aggressive policy rate cut by the Federal Reserve. An aggressive policy rate cut by the Fed is expected to be followed by Bank Indonesia.

- We expect Bank Indonesia to cut its policy rate imminently after seeing recent slowing inflation pace, both from the core inflation side and also the imported inflation side. Indonesian core inflation touched below 2.00% YoY in Jul-24 due to the government's strong role to maintain stability of the strategic commodities prices, especially the energy prices. Meanwhile, Indonesian imported inflation pressures lessened following recent drop both US$ and the global oil prices. Recent drastic increase on Indonesian foreign reserve will create a solid position for Bank Indonesia to make stabilization on the monetary side. Aside inflation side, we expect a policy rate cut by Bank Indonesia is expected to be more supportive for both business players and personal sides for doing expansion. Hence, we believe a positive environment to keep existing on Indonesian bond market further.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0953	149.90	0.6600	1.2758	7.2121	0.6069	163.5267	98.6140
R1	1.0937	148.29	0.6559	1.2725	7.1927	0.6032	161.8733	97.1210
Current	1.0929	146.78	0.6541	1.2691	7.1824	0.6004	160.4200	96.0080
S1	1.0906	144.68	0.6494	1.2670	7.1557	0.5951	158.1333	94.0960
S2	1.0891	142.68	0.6470	1.2648	7.1381	0.5907	156.0467	92.5640

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3316	4.5307	16213	57.9360	35.8753	1.4535	0.6296	3.4064
R1	1.3296	4.5144	16124	57.7380	35.7727	1.4519	0.6282	3.3965
Current	1.3273	4.4905	15988	57.6200	35.5800	1.4506	0.6255	3.3835
S1	1.3252	4.4756	15984	57.4210	35.5037	1.4481	0.6247	3.3735
S2	1.3228	4.4531	15933	57.3020	35.3373	1.4459	0.6227	3.3604

**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	38,763.45	-0.60
Nasdaq	16,195.81	-1.05
Nikkei 225	35,089.62	1.19
FTSE	8,166.88	1.75
Australia ASX 200	7,699.83	0.25
Singapore Straits Times	3,249.72	1.60
Kuala Lumpur Composite	1,591.87	1.11
Jakarta Composite	7,212.13	1.16
Philippines Composite	6,535.17	1.58
Taiwan TAIEX	21,295.28	3.87
Korea KOSPI	2,568.41	1.83
Shanghai Comp Index	2,869.83	0.09
Hong Kong Hang Seng	16,877.86	1.38
India Sensex	79,468.01	1.11
Nymex Crude Oil WTI	75.23	2.77
Comex Gold	2,432.40	0.03
Reuters CRB Index	273.70	1.31
MBB KL	10.14	0.40

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