1 Aug 2024

FX Monthly

2024, Issue 7: US Election Phase Intensifies

What Has Changed This Month?

- We have adjusted our forecasts broadly lower against the USD to more strongly reflect the monetary policy shifts as a DM easing cycle gets underway and the BOJ tilts more hawkish.

Our Strategies and Views

- Into the Aug, focus may again be on the US election. There has already been quite some stunning developments related to it that have happened over the last month which include the replacement of Joe Biden with Kamala Harris as the Democrat presidential candidate. The DNC, which confirms the Democrat candidate would itself be held on the 19 – 22 Aug. Initially, polls had shown Trump having the lead over Biden but this has now shifted. A recent Morning Consult survey showed that Harris now has the lead over Trump in eight swing states whilst PredictIt indicates Harris is more favored. However, we note that this is still early in the race and polls can change substantially. Currency wise, the uncertainty can increasingly start to get priced in more as we go deeper in the month of Aug. The broad dollar can receive much support amid some risk off sentiment including an escalation in the Middle East. We would also be cautious about the CNY/CNH which can be weighed down by prospects of a Trump win. The Trump trade can fall in and out of favor in the coming months depending how polls swing. Meanwhile, Jackson Hole would be held from 22 – 24 Aug and we are only expecting Powell to continue to reiterate a cut happening as soon as Sep but not give too much hints to further moves. Impact would be limited given Sep cut is quite priced in. We will also closely watch Euro data in Aug that could affect the ECB decision in Sep with our expectations of 50bps of cuts to happen during the remaining three meetings of the year.

- The JPY moves heavily dominated the past month of Jul as carry trades were unwound, leading to aggressive JPY strengthening and causing widespread impact on global assets and Asian FX. This was all rounded off with a BOJ hike of 15bps to 0.25% at the end of Jul. A number of Asian FX got quite a lift from this given their sensitivity to the JPY. Going forward, the BOJ is likely to remain rather slow with its rate increases whilst the Fed only gradually eases. Further unwinding in the carry trade and closing of JPY short positions would happen in a more measured manner. The impact could be more spread over time compared to the Jul episode.

- Within ASEAN, we have chosen to lower our forecast for USDIDR, USDPHP, USDSGD, USDTHB and USDMYR. This was done to reflect the monetary policy shift of the BOJ tilting more hawkish, which provides support to the ASEAN FX and North Asian FX such as CNY and KRW given their sensitivity to JPY. All pairs as a whole are expected to experience gradual move downwards into next year as the Fed eases on rates. We also think MYR outperformance can continue given the better optimism amid bold fiscal reforms, strong growth and rising foreign investor interest.

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Top 3 Currency Plays for Jul

Sell USD - Asia on Rally
Buy AUDNZD, Sell NZDCAD (as published on 20 Jun)
Buy EURGBP on Dips

Key Events for the Month Ahead

Date	Event
19 - 22 Aug	Democratic National Convention (DNC)
22 - 24 Aug	Jackson Hole Symposium

USD: Getting Closer to Easing Phase

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD DXY	103.75 (105.00)	102.04 (103.86)	100.34 (102.56)	99.17 (101.69)

Previous Forecasts in Parentheses

Motivation: Recent gyrations in the dollar have been caused by a slew of signs of slowing US inflation and external factors such as the geopolitical risks in June and early July, softer US data, a wave of weaker risk sentiment and more recently BOJ moves. The favourable US inflation data from May and Jun and expected Jul round of inflation data easing suggests the inflation is on track to return to the 2% target despite an increase in the unemployment rate (albeit remaining low). If this pans out on the inflation front and unemployment rate is kept stable and labour demand growth holds up well, we expect a Sep cut to be on track. In addition, given the upcoming US presidential elections, fiscal policy is unlikely to offset the slowdown in private demand as government spending is likely to be curtailed in an election year. Elevated uncertainty ahead of Nov election and unexpected developments in the campaign in end 3Q and 4Q could spark market volatility, global risk off and dampen business investment affecting growth further and possibly support USD even as any softer data may lead to market recalibration for more cuts, the impact on the USD could be limited on the downside.

Amid the backdrop of a somewhat growth slowdown, we saw a somewhat turbulent market condition towards the last week of Jul due to negative reactions to the mega cap tech earnings and the carry and macro trade unwinding. Safe havens such as JPY, CHF and USD performed in Jul. More specifically, we are slowly seeing signs of slowing growth being visible beyond the US, and it has affected commodity-linked currencies such as the AUD, NZD and some China-related assets are seeing adjustments lower. So far, we have also seen central bank decisions such as Bank of Canada being driven by the growth outlook rather than recent inflation outturns, which suggests some support for USD will emerge again given its safe-haven appeal, still higher yields and total returns, and relatively firm economic outlook relative to other countries. From a DXY components perspective, developments out of Japan saw JPY strength has led to some USD DXY softness. However, Euro and GBP volatility could help to support significant strength in the USD DXY. We now continue to look for the DXY index to range around 104 before moving only mildly now by end 2024.

Fundamentally, we still remain negatively biased towards the USD in the medium term as the pivot away from current higher rates and yields materialises as the economic cycle turns and given the country's structural twin deficits and the national debt expected to rise further over the next few years with a fiscal cliff potential in 2025. Our view remains that the USD could continue to remain supported on dips as the FOMC meetings and projections could feed the narrative of US exceptionalism and the Fed could remain slow-moving in terms of monetary policy easing. That could also mean that the decline in the USD would be more gradual and its pace largely depends on global growth and labour market outturns this year. Month to date (since 1 Jul), USD DXY is down around 0.9% from a high of around 105 earlier in the Jul due to "higher-for-longer" environment concerns, however less probable rate hike scenario simply limits the headroom for US rates as well as USD bulls. Market now looks for -70bps rate cut for this year as we write.

On the macro data front, US economic reports saw labour market resilience and disinflationary trend from the May and Jun data. US activity data releases are showing signs of a slowdown with ISM manuf showing declines at 48.5 from previous 48.7, factory orders (-0.5% from 0.7% prev) and Uni of Michigan sentiment index seeing further declines. Job gains have fallen in Jun with headline NFP at around 206k from previous 272k, and the unemployment rate rose to 4.1% from 4.0% in the previous month. Markets will continue to monitor inflation numbers, which includes headline CPI and PCE core deflator data to see if it will come out stronger than expected and remains elevated due to services inflation. Headline CPI fell in Jun to -0.10% for the month, putting the y/y inflation rate at 3.0% (previous: 3.3%).

Fed kept the fed funds rate (FFR) at 5.25%-5.50% for the eighth consecutive FOMC meeting on 30-31 July 2024 FOMC. The FOMC statement indicates Fed is increasingly paying more attention to its dual mandate amid slowing job market on top of inflation progressing towards Fed's 2% target, adding to the already heightened market expectation of a -25bps cut in Sep 2024 and three cuts in total by year-end. **To recap, Fed's current "dot plot" (i.e. FOMC participants' individual forecasts of FFR) signals just one FFR cut of -25bps in 2024 and -100bps cuts in 2025. Based on the 30-day Fed funds futures, market continues to price in three FFR cuts totaling -75bps this year i.e. in the**

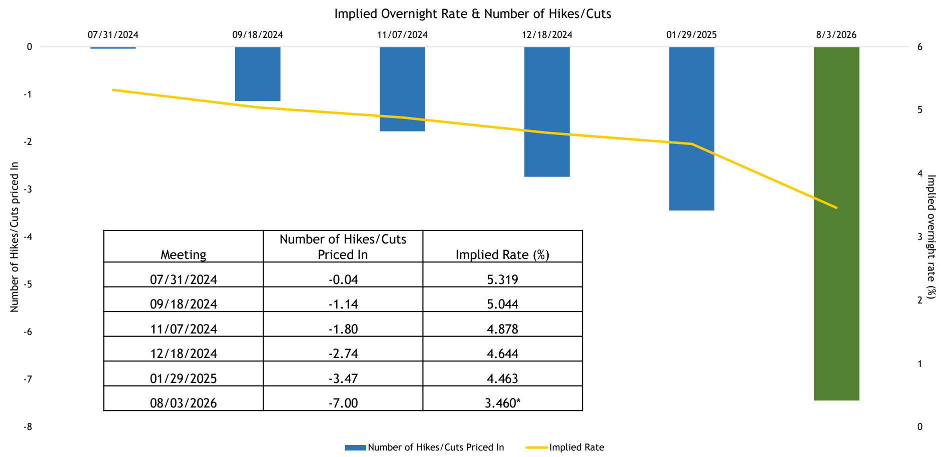
remaining three FOMC meetings this year on 17-18 Sep 2024 (90.5% probability), 6-7 Nov 2024 (71.1% probability) and 17-18 Dec 2024 (69.2% probability). We maintain our view of Fed cutting FFR by -50bps by year-end (end-2024F: 4.75%-5.00%) and by another -100bps in 2025 (end-2025F: 3.75%-4.00%).

The post-FOMC meeting statement contained notable changes, especially on the US job market condition, where it stated that job gains "have moderated" (vs "have remained strong" previously) and unemployment rate "have moved up but remained low" (vs "remained low" previously). On inflation, Fed said consumer price is "somewhat elevated" (vs "elevated" previously) amid "some progress" toward the 2% inflation target (vs "modest further progress" previously and "lack of progress" before that). Fed also noted that the risks to achieving its dual mandate i.e. employment and inflation goals "continue to move into better balance" (vs "has moved towards better balance" previously and "is moving into better balance" before that). Further underscoring Fed's growing attention to its dual mandate, the FOMC statement now said the Committee is "attentive to the risks to both sides of its dual mandate" (vs "attentive to inflation risk" previously). These tweaks in FOMC statements came amid recent monthly data showing uptrend in unemployment rate, decelerating non-farm payrolls and easing in inflation rate.

Depending how the US presidential polling results evolves, a Trump scenario raises the risks to the dollar from the elections will be skewed to the upside as the market processes the possibility of new tariffs ahead of the elections. Expect FX risk premiums to be affected by rising trade policy/tariffs, G7-China relations, fiscal policy and currency policy. Broader US & G7-China conflict is dollar positive. In the near term, the main risk is that the FOMC could instead cut more quickly in consecutive meetings, if labour market data softens more than expected and driven by concerns of a slowdown in the economy rather than a normalisation move.

Key Data/Events in Aug: Between now and the next FOMC meeting on 17-18 Sep 2024, there will be job market data for July 2024 (2 Aug 2024) and Aug 2024 (6 Sep 2024); CPI for July 2024 (14 Aug 2024) and Aug 2024 (11 Sep 2024); personal consumption expenditure (PCE) price index for July 2024 (30 Aug 2024); as well as the Kansas City Fed's Annual Economic Symposium in Jackson Hole, Wyoming on 22-24 Aug 2024, aptly titled "Reassessing the Effectiveness of Transmission of Monetary Policy"; ISM Manuf (1 Aug), ADP (31 Jul), Trade Balance (6 Aug), Factory Orders, Durable Goods Orders (2 Aug and 26 Aug), Retail Sales (15 Aug), GDP 2Q (29 Aug).

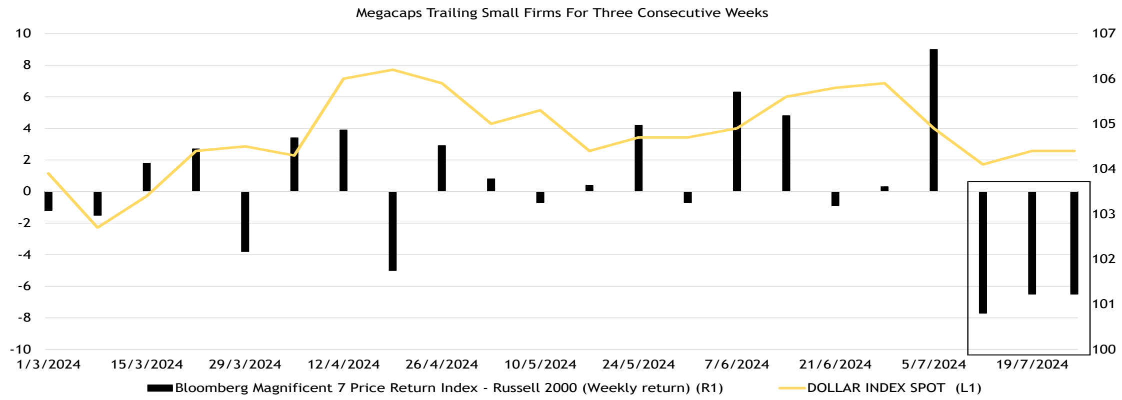
Rate Cut Bets Have Converged to 3 in end 2024 and 7 by early 2026



*Note: Implied Fed Fund Futures not calculated till 2026, 2026 value is calculated based on USD SOFR (As of 31 Jul 2024)
Source: Bloomberg, Maybank FX Research & Strategy

Sources: Bloomberg. Maybank FX Research & Strategy

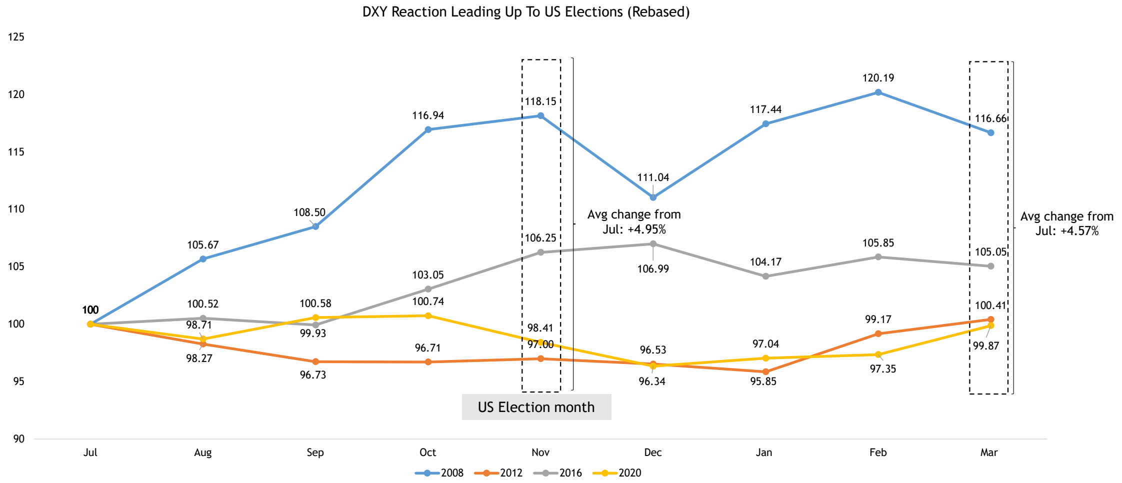
Negative reactions to the mega cap tech earnings



A renewed rout in the world's largest technology companies dragged down the stock market in the last few minutes of trading, despite gains in areas that would benefit the most from Federal Reserve rate cuts.
However, the market believes earnings will pick up from here and gain back the pace.

Sources: Bloomberg. Maybank FX Research & Strategy

DXY Reaction Leading Up To US Elections



Sources: Bloomberg. Maybank FX Research & Strategy

EUR: Between Rate Cuts and Growth Improvements

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
EUR/USD	1.0900	1.1000	1.1100	1.1200
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our EURUSD forecasts and the upward trajectory for the pair. As we suggested, political overhang from French elections has faded and the ECB held policy rates steady in Jul. While we do see further rate cuts from the ECB, we do not think that these cuts will excessively weigh on the EUR. From a growth perspective, ECB rate cuts should be growth supportive, and could offset some of the impact of a weaker EUR from rate cuts. We therefore retain our conviction on the trajectory of a stronger EURUSD in view of fading US exceptionalism, eventual Fed rate cuts and an improvement to economic growth in the Eurozone.

EURUSD traded within a 1.0710 to 1.0948 range in Jul, higher than the 1.0661 to 1.0916 range in Jun. EURUSD trended higher towards the middle of the month as it faded the political overhang and USD was broadly weaker. It later pared back on gains amid a USD rebound, more dovish guidance from the ECB and faltering PMIs. At current levels of around 1.0850, balance of risks is quite even for the pair. While the ECB stood pat in Jul, we note that its earlier rate cut did not result in excessive EUR weakness. We expect further rate cuts from the ECB to be similar and not result in excessive weakness. Key levels to watch are resistances at 1.0900 and 1.0950 and supports at 1.0800 and 1.0750.

French elections have concluded, and the pair has faded the political overhang. As we suggested, EURUSD has rebounded and the situation in France has not been as dire as earlier expected. French parliament is hung and a new Prime Minister has yet to be picked. This is not necessarily bad, given that France had earlier been censured by the EU commission for ill fiscal discipline. French parliament will reconvene on 2 Sep and need to work towards presenting a budget to the European Commission by 20 Sep. A hung parliament could therefore instill some meaningful fiscal discipline. We continue to monitor risks on this front, although the political overhang has largely faded and we do not anticipate major political risks from France. Nevertheless, other political developments could affect EURUSD moving forward.

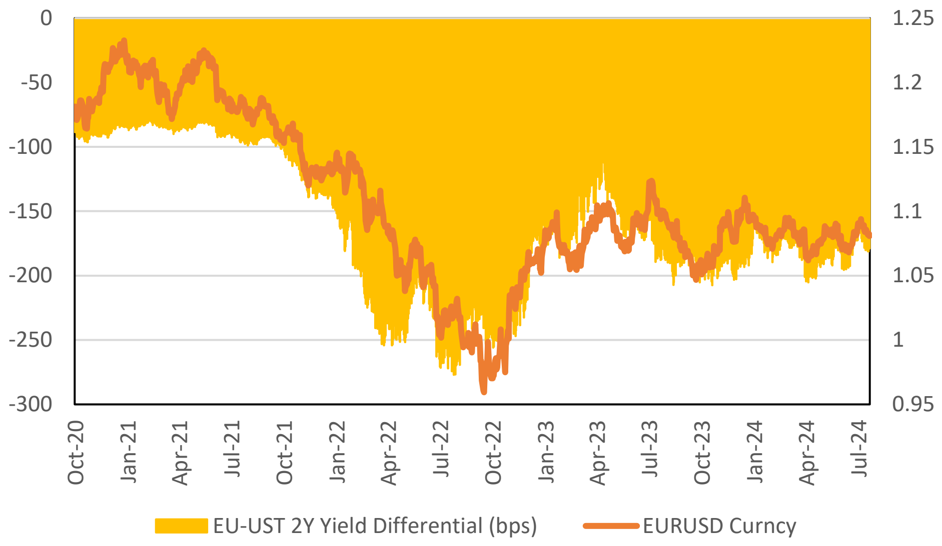
As we suggested, ECB elected not to cut rates successively and held steady at their Jul 2024 meeting. Market also looked for ECB to stand pat. Decision is in line with Lagarde's earlier caution that the ECB would not be able to commit to a particular rate path even after the first rate cut. Inflation in the Eurozone saw a slight re-acceleration with Jul headline at 2.6% YoY (exp: 2.5%; prev: 2.5%) and Jul core inflation at 2.9% YoY (exp: 2.8%; prev: 2.9%). We reiterate that the path to more manageable price increases could be bumpy and central banks would factor this into their policy decisions. Nevertheless, current trajectory of inflation in the Eurozone is in line with the ECB's assessment and should provide them with more confidence to cut.

We see two further 25bps cuts for the ECB this year to bring their deposit facility rate to 3.25% (currently: 3.75%), main refinancing rate to 3.75% (currently: 4.25%) and marginal lending facility rate to 4.00% (currently: 4.50%). This is broadly in line with market pricing of 54bps of cuts by year end and more hawkish than current consensus forecasts of roughly 85bps of cuts by year end. Market pricing has remained broadly stable, while consensus forecasts are unchanged in Jul. As we have previously stated, we think that if the ECB cuts after or alongside the Fed or if Eurozone growth prospects improve, the EURUSD need not weaken and could in fact strengthen or remain supported. This is in line with our narrative for a bottoming of growth prospects in the Eurozone and has been vindicated with the EUR remaining fairly supported even after the first ECB cut. We have seen further evidence of this when the EURUSD rallied/was supported even as the ECB tilted a bit more dovish. We saw once again that following the 21 Mar FOMC, where the Fed all but confirmed three rate cuts in 2024, EURUSD was one of the better performers. With the narrative for Fed cuts having swung so much to the hawkish side, it is also difficult to see further hawkish Fed repricing that could weigh on EUR.

Risks Ahead: Geopolitical headwinds could still weigh on the EUR. While the French elections have passed with little fuss, the war in Ukraine is not over, and the situation in the Middle East could worsen and this should affect the Eurozone more directly given the relative geographic proximity. Downside risks to growth and upside risks for inflation (Red Sea blockade, Middle East Crisis, Ukraine War) could place the Eurozone in a precarious position. The US Presidential Election is also a possible risk for the EUR. A Trump win could spell an early end to the Ukraine War and that should be positive for the EU. In addition, there is the risk that the recovery in growth underwhelms, and the Eurozone could slip into a recession. In such a scenario, we would expect the EURUSD to do worse than our forecasts. This could also force the ECB to cut rates more aggressively.

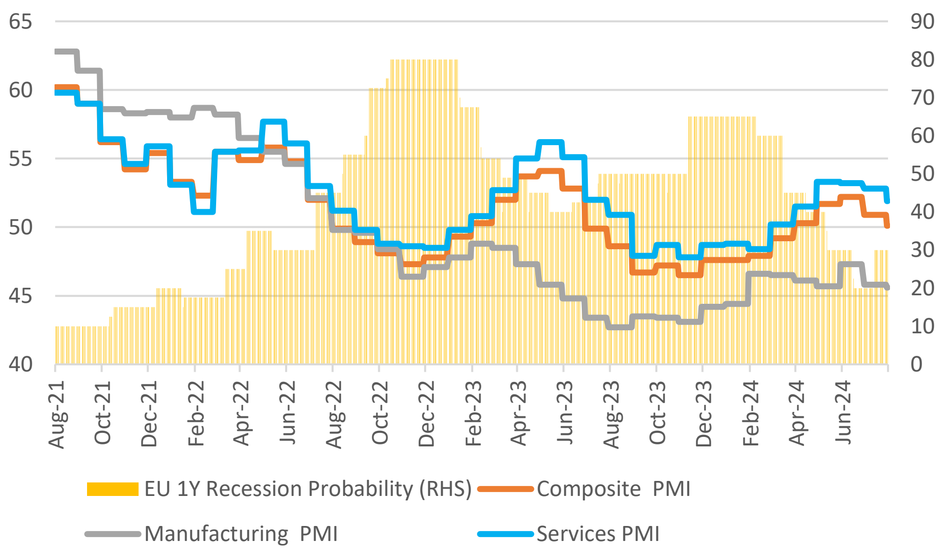
Key Data/Events: Jun F Mfg PMI (1 Jul), Jun CPI, Jun Unemployment (2 Jul), May F Svcs/Comp PMI, May PPI (3 Jul), May Retail Sales (5 Jul), Sentix Investor Confidence (8 Jul), May Industrial Production (15 Jul), May Trade Balance (16 Jul), Jun F CPI (17 Jul), **ECB Policy Decision (18 Jul),** Jul P Consumer Confidence (23 Jul), Jul P Mfg/Svcs/Comp PMI (24 Jul), Jun Money Supply (25 Jul), Jun Consumer/Services/Industrial/Economic Confidence (30 Jul), 2Q A GDP, Jul P CPI Inflation (31 Jul).

Yields Differentials Key Driver of EURUSD



Source: Bloomberg, Maybank FX Research & Strategy

Near-Term PMI Dips Should Fade



Source: Bloomberg, Maybank FX Research & Strategy

GBP: Outperformance to Moderate

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
GBP/USD	1.2700 (--)	1.2750 (1.2700)	1.2800 (1.2700)	1.2850 (1.2800)

Previous Forecasts in Parentheses

Motivation: We revise our GBPUSD forecasts upwards slightly for the quarters ahead. Labour has won the elections and the GBPUSD has continued to outperform. We suggest that outperformance could moderate from here, although we recognize the risk that the optimism from a new government continues. We see a Labour win as potentially having positives that could contribute to GBP strength only in the longer term. Specifically, we await the unveiling of the first budget and more concrete details on Labour plans for the UK. In terms of BOE policy, we are looking for BOE to start to cut rates as early as 1 Aug and we think that risks are tilted towards a more dovish BOE.

GBPUSD traded in a 1.2616 to 1.3044 range in Jul, broadly higher than the 1.2613 to 1.2860 range in Jun. GBP outperformance has continued and it remains the best performing G10 currency YTD. We expect some of this outperformance to fade and for the GBP to consolidate as in our view optimism from the elections has largely been front-loaded. This is reflected in our 3Q2024 forecast being slightly lower than current spot levels as we expect some near-term moderation in outperformance for the pair.

Jun inflation print showed some stickiness, with headline at 2.0% YoY (exp: 1.9%; prev: 2.0%), core inflation at 3.5% YoY (exp: 3.4%; prev: 3.5%). Services remains elevated at 5.7% YoY (exp: 5.6%; prev: 5.7%). While inflation remains sticky, the disinflationary trajectory remains broadly intact. Elevated services inflation remains the sole source of discomfort for the BOE to cut rates. Market pricing for BOE rate cuts has swung a tad more dovish with 53bps of cuts priced in (prev: 43bps) and a cut in Aug priced at 56%. Economists' forecast consensus have continued to lean hawkish and are forecasting 50bps (prev: 60bps) of cuts in 2024. We maintain our view that the BOE will cut rates by 75bps in 2024 with the disinflationary path broadly intact and the BOE tilting even more dovish on 20 Jun. Preliminarily, we also see 75bps of cuts for BOE in 2025. Consensus for cuts in 2025 is at 95bps, more dovish than what we look for.

The BOE kept rates unchanged on 20 Jun 2024. Vote split was 7-2 in favour of standing pat versus cutting rates by 25bps. Dhingra and Ramsden voted for a 25bps cut. The BOE has not been as forthcoming (as the ECB or the Fed) in terms of forward guidance or their considerations on rate cuts. The broad disinflationary trend still exists, although the path to the BOE's inflation target could be bumpy. As we earlier explained, market pricing of BOE cuts is far too hawkish, and BOE meetings should be viewed as live with regards to rate cuts. The BOE has tilted more dovish at successive meetings and revised their inflation forecasts downwards and we think that they could potentially cut at the upcoming Aug meeting.

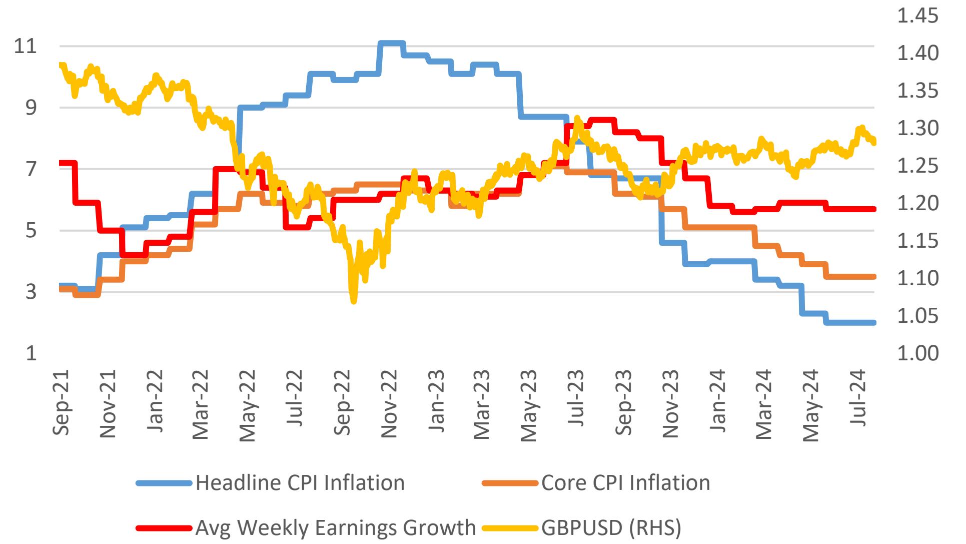
Growth in the UK remains healthy. May Monthly GDP was higher than expected at 0.4% MoM (exp: 0.2%; prev: 0.0%) and 0.9% 3M/3M (exp: 0.7%; prev: 0.8%). Growth has consistently outperformed expectations in the UK and a large part of this should already be priced into the GBP. However, we do recognize that with Labour and Starmer in charge, terms of Brexit could be re-visited, with potential positives likely to be tremendous for the GBP. At the very least, Starmer should warm EU-UK relations, which had been frosty under Conservative administrations.

Fiscal space could be reduced as BOE QE losses add up, which could leave UK taxpayers with a hefty bill with BOE's losses indemnified by a government guarantee. Since Oct 2022, about £50b has been transferred to the BOE. BOE estimates of total lifetime losses are at £115b. It remains to be seen how the Labour government will address this, although an immediate implication is that they will have less room to maneuver. On balance, we think GBP fades its current outperformance, consolidates in the near to medium-term and strengthens on a further horizon.

Risks Ahead: Should the UK manage to successfully navigate the intricacies of a post-Brexit UK, then the GBP may perform better than we expect. We cannot rule out however, salient downside risks such as geopolitical tensions in the Middle East, the unresolved Ukraine war and the blockade of the Suez Canal that could have resulting upside risks to inflation and downsides to growth which could weigh on the GBP. Downside risks to growth also exist, which could weigh on the GBP. More broadly, with the GBP being a high beta, a period of global risk aversion could also weigh.

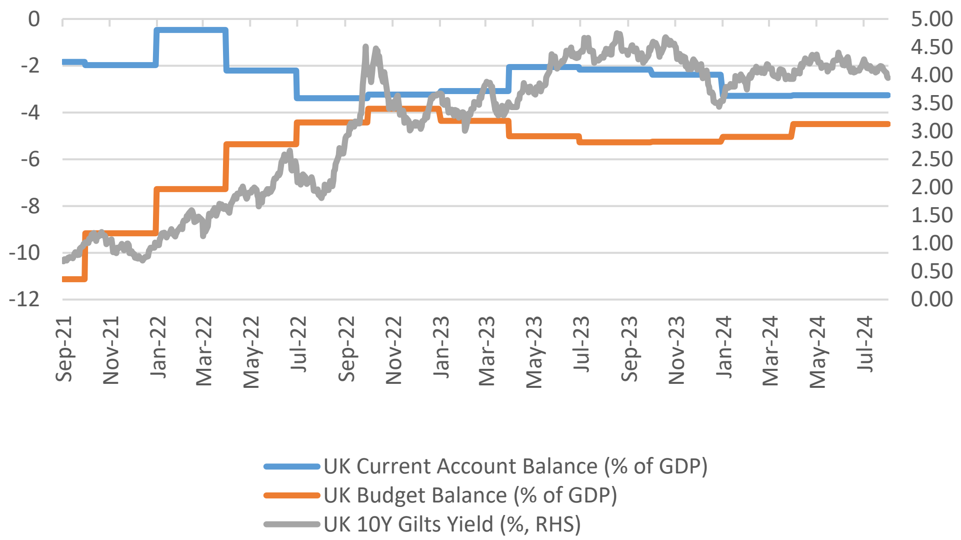
Key data/events: Jul Nationwide House Px, Jul Mfg PMI, **BOE Policy Decision,** Jul DMP 3M Output/1Y CPI Expectations (1 Aug), Jul Official Reserves Changes, Jul Svcs/Comp PMI (5 Aug), Jul BRC Sales Like-for-Like, Jul Construction PMI (6 Aug), Jul RICS House Price Balance, UK Jobs Report (8 Aug), Jun Weekly Earnings, Jun ILO Unemployment, Jul Jobless Claims (13 Aug), Jul CPI/PPI/RPI Inflation (14 Aug), 2Q P GDP, Jun Industrial/Manufacturing Production, Jun Monthly GDP, Jun Trade Balance (15 Aug), Aug P Mfg/Svcs/Comp PMI (22 Aug), Aug GFK Consumer Confidence (23 Aug), Aug BRC Shop Price Index (27 Aug), Aug Lloyds Business Barometer/Own Price Expectations, Jul Consumer Credit, Jul Mortgage Approvals, Jul Money Supply (30 Aug).

Inflation Abates but Wage Growth Remains Robust



Source: Bloomberg, Maybank FX Research & Strategy

CA and Fiscal Deficits Stable, Gilts Remain Elevated



Source: Bloomberg, Maybank FX Research & Strategy

CHF: Safe-Haven Support

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/CHF	0.8800 (0.8900)	0.8700 (0.8800)	0.8600 (0.8700)	0.8600 (0.8700)

Previous Forecasts in Parentheses

Motivation: We lower our forecasts for USDCHF and maintain the trajectory of CHF appreciation against the USD. This is based on the belief that the USD will gradually fade alongside fading US exceptionalism and a global soft landing. Additionally, we expect better safe-haven support for the CHF, which is once again resurfacing. We note that SNB seems to have a preference to allow for CHF weakness as it refrained from intervening in 1Q2024, where the CHF was broadly weaker against both USD and EUR.

USDCHF traded within a 0.8771 to 0.8922 range in Jul, lower than the 0.8827 to 0.9045 range in Jun. With its safe-haven status intact and as a higher yielding safe-haven than the JPY, we expect CHF resilience to remain in episodes of fear when risk sentiment suffers. We saw some elements of this in the flight to safety after snap French elections were called in Jun. We also saw CHF rally amid rising equity volatility as deleveraging and carry trade unwind on higher vol stoked fears.

Consensus forecasts suggest that the Swiss economy is likely to see moderate growth of +1.3% YoY in 2024 and +1.5% YoY in 2025. The chance of a recession over the next 12 months is 15.0% and 2023 GDP printed at 0.8% YoY. Other economic data showed that the Swiss economy, while not expected to tank is facing tepid growth prospects. The implication here is that the SNB could be more inclined to ease to support growth. Further to that, SNB could prefer a weaker CHF to bolster trade and provide support for economic growth.

Latest inflation prints remained benign. Jun CPI inflation printed at 1.3% YoY (exp: 1.4%; prev: 1.4%), and was sequentially flat at 0.0% MoM (exp: 0.1%; prev 0.3%). Core CPI inflation was at 1.1% YoY (exp: 1.3%; prev: 1.2%). Benign inflation is largely in line with global trends where price pressures are on a broad downward trajectory. For Switzerland, the inflation target is between 0 to 2%. At its 20 Jun meeting, SNB cut rates to 1.25% (prev: 1.50%) given the significant decline in the inflation outlook for Switzerland. We see one more rate cut for SNB in 2024 to 1.00% as inflation is expected to be on a broad retreat. We do not see any cuts for SNB in 2025, in line with consensus forecasts. On balance, we do still expect the CHF to appreciate against the USD over the course of the year as US exceptionalism fades and Fed cuts rates.

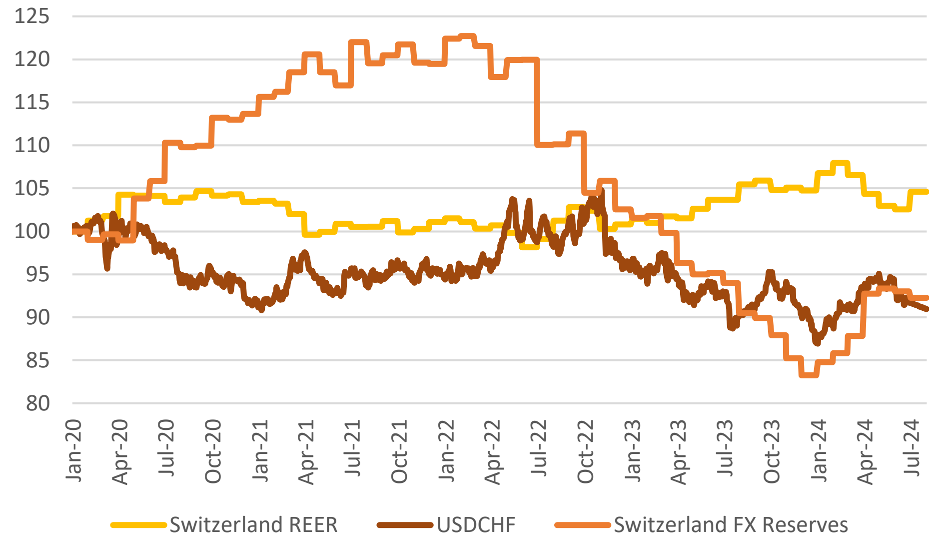
We suggest that the relative strength of the CHF has been a key reason for SNB to pivot to rate cuts. Dec marked a key pivot in Swiss FX policy with interventions no longer being one-sided in favour of supporting CHF strength. One possible theory is that the surprise cut would help cap CHF strength and reduce the need for intervention to weaken the CHF as such interventions could bloat the SNB's already large balance sheet. SNB also raised the reserve requirement for domestic banks to 4% (from 2.5%) and this would lower their interest costs that they would need to pay to banks for deposits. Inflation is benign in Switzerland and is expected to remain benign with SNB's official forecasts at no higher than 1.5% through 2026. Historically the SNB has also not been too concerned with surprising the market, with the 50bps hike in 2022 and the 2015 unpegging of the CHF episodes that come to mind. Moreover, SNB declared interventions were at a negligible CHF0.3b in 1Q2024 after selling CHF22.7b in 4Q2023. CHF was broadly weaker against both USD and EUR in 1Q2024. This suggests that the SNB is willing to allow for CHF weakness after announcing that interventions would no longer be one-sided in favour of CHF strength.

While the SNB is unlikely to be as interventionist as India in its management of the CHF, we do keenly observe for signs of SNB intervention to weaken the CHF. Given that inflation appears to be coming off and the downside risks to growth, we cannot rule out SNB easing via both weakening the CHF and reducing interest rates. We watch changes in SNB's balance sheet, official foreign reserves, and sight deposits closely for hints on SNB's future leanings. The declaration that intervention would no longer be one-sided in favour of CHF strength is also significant. We do maintain our view that the USD strength will gradually fade over the year amid fading US exceptionalism.

Risks Ahead: US exceptionalism could continue and that remains the main risk to our expectations for the trajectory of the CHF. Other risks include SNB intervening to moderate appreciation more than we expect or rising geopolitical tensions that could drive a quicker than expected pace of CHF appreciation. With the SNB on an easing bias and BOJ tightening, CHF replacing JPY as the global funding currency of choice could also present weakness. There are also potential risks for the CHF outlook if growth in the Eurozone fails to pick up as we expect. The EU is Switzerland's main trading partner and a slowdown in the Eurozone could therefore weigh on Swiss exports and the CHF.

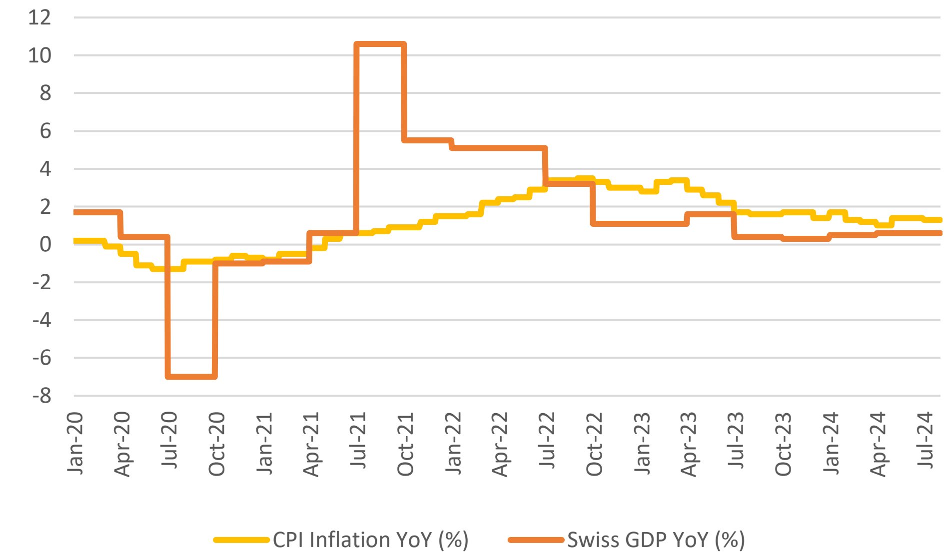
Key Data/Events: Jul CPI Inflation, Jul Mfg/Svcs PMI (2 Aug), Jul Unemployment Rate, Jun Retail Sales (6 Aug), Jul Foreign Currency Reserves (7 Aug), Jul SECO Consumer Confidence (9 Aug), Jul Producer & Import Prices, 2Q P Sport Adjusted GDP (15 Aug), 2Q Industry & Construction Output, 2Q Industrial Output (16 Aug), Jul Exports/Imports (20 Aug), Jul Money Supply (21 Aug),

SNB Intervention Now Two-Way (Base = Jan 2020)



Source: Bloomberg, Maybank FX Research & Strategy

Inflation is Benign and Growth is Tepid



Source: Bloomberg, Maybank FX Research & Strategy

AUD: A Bottom May take Some Time to Form (Two-Way Risks)

AUD/USD	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	0.67	0.68	0.69	0.69
	(0.68)	(--)	(--)	(--)

Previous Forecasts in Parentheses

Motivation: AUD capitulated in a matter of a fortnight. Its decline started when China's growth and activity data surprised to the downside. Copper and iron prices fell sharply, taking the antipodean lower, exacerbated by the softer Jul prelim. PMIs from the Eurozone as well as the US. It was only after the release of the stronger-than-expected 2Q GDP for the US that the AUD started to stabilize. Amid lingering concerns on a global growth slowdown, the AUD may take some time to form a bottom and recover. Aug is seasonally bearish for the AUD as well. We see significant downside risks to the 3Q AUD forecasts but the worst of the decline for the AUD is likely over. Eventually, AUD may still be able to reach 0.68 by the end of 2024.

No Chance of a Hike in Aug. RBA did not have a meeting in Jul and the next meeting is on 6 Aug. Cash rate futures was skewed towards a hike for Aug until the release of 2Q CPI. Headline CPI picked up pace to 3.8%y/y form previous 3.6% while core inflation cooled on a sequential basis to 0.8%q/q from previous 1.0%. Trimmed mean eased to 4.1%y/y in Jun from previous 4.4%. Cash rate futures swung towards easing in Nov. While Governor Bullock warned that nothing is ruled in or out and they were more wary of upside risks to inflation, the central bank had also repeatedly warned of the risks that household consumption could recover more slowly than expected and that could weaken the labour market more considerably. **We maintain our view for one 25bps cut in Nov.**

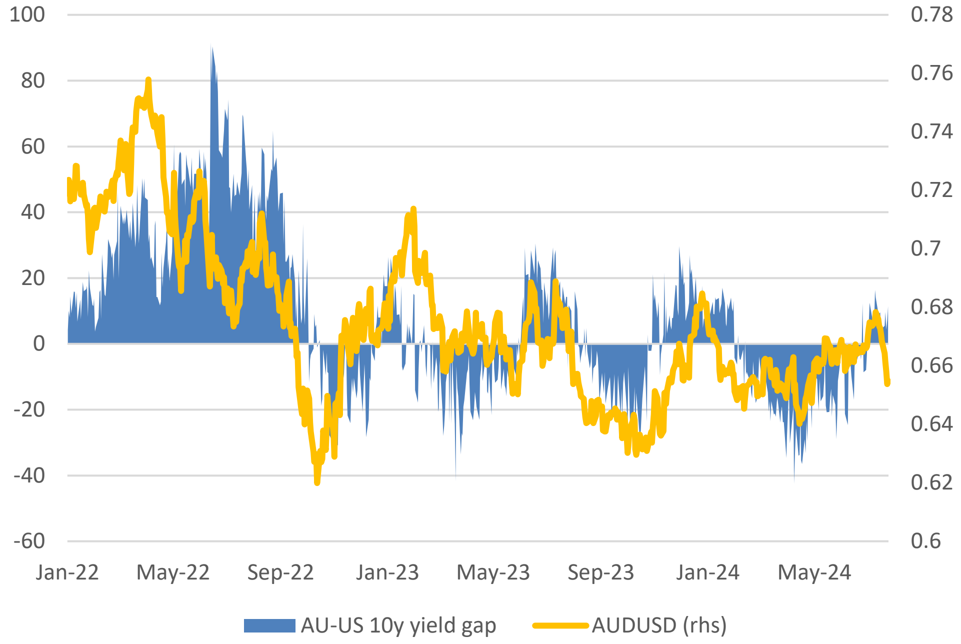
RBA remains the most reluctant central bank to start its easing cycle (compared to ECB, BoC, BoE). Core inflation for most G7 countries (US, Eurozone, UK, Canada and NZ) have been falling with the exception of the Eurozone which re-accelerated to 2.9%y/y for May vs. previous 2.7%. Even so, that is still much lower than trimmed mean CPI for Australia at 4.1%y/y in Jun. Strong inflation drivers include sticky rentals, insurance costs and higher education inflation. That is why based on the cash rate futures, markets do not look for much of a rate cut from RBA this year (40% probability of one in Nov). We continue to expect the AU-US yield premium to could keep the AUD supported from here.

China's economic outlook brightens a tad after the Third Plenum. China is Australia's biggest trading partner and as such, always a relevant concern. It was China's 2Q GDP/ Jun activity that started the AUD on its recent slide. Copper fell 10% in Jul while iron ore also slipped around 13%, dragged by not just weak China but also signs of slowdown in other major countries (Eurozone/US). China had pledged to stabilize domestic demand and followed through with a CNY300bn subsidies (announced 25 Jul) meant for upgrades of factory equipment and trade-ins of consumer goods. Along with the rate cuts provided (first for 1Y LPR since Aug 2023), there could be a possibility that confidence could be lifted a tad.

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and a stickier-than-expected US inflation could dampen AUD recovery. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the AUD. (3) Australia's inflation is proving to be stickier than expected. Stronger-than-expected retail sales at +0.6%m/m growth pace for May vs. previous +0.1% as well as a stronger 2Q CPI release on 31 Jul could force the RBA to hike rates, keeping the risks to the currency two-way.

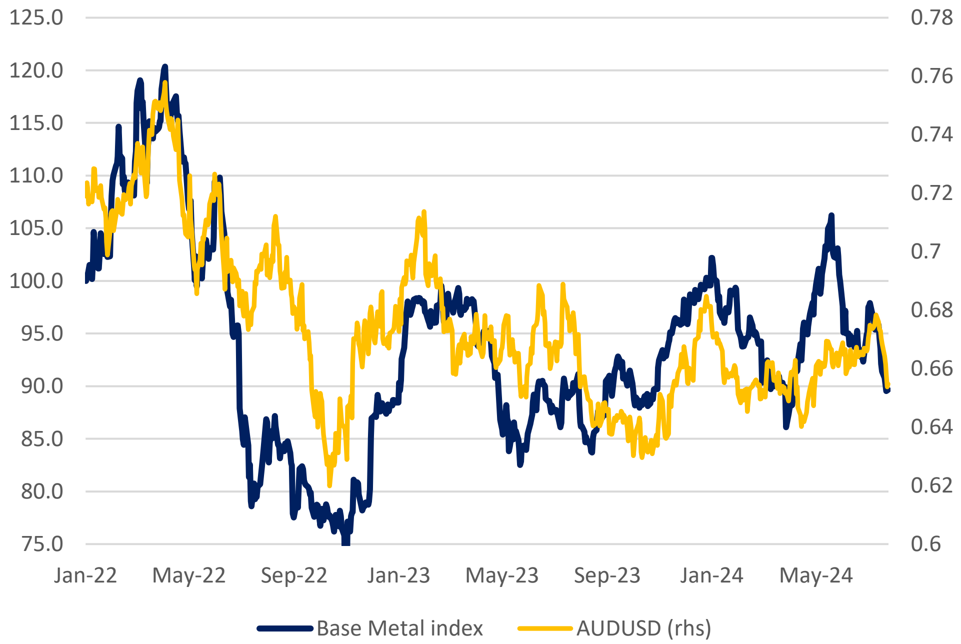
Key Data/Events: Judo Bank Jul Australia Mfg PMI, Jun Trade [1 Aug], 2Q PP, Jun home loans [2 Aug], Judo Bank Services PMI for Jul, M-I Jul inflation gauge [5 Aug], ANZ Job advert for Jul, **RBA decision and SoMP** [6 Aug], Westpac Aug consumer confidence, 2Q wage price index, NAB Jul business survey [13 Aug], CBG Jul household spending, Aug consumer inflation expectation, Jul labour report [15 Aug], RBA Minutes [21 Aug], prelim. Aug Mfg, services PMI [22 Aug], Jul CPI [28 Aug], 2Q private capex [29 Aug], Jul retail sales [30 Aug].

Positive AU-US Yield Differential Should Have lifted the AUDUSD but…



Source: Bloomberg, Maybank FX Research & Strategy

Recent Fall in Base Metals (Ave of Iron ore and Copper) Dragged on AUD



Note: Base metal index consist of iron ore and copper prices weighted equally.
Source: Bloomberg, Maybank FX Research & Strategy

NZD: RBNA Pivots Dovish, Await Global Recovery Lift

NZD/USD	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	0.60	0.61	0.62	0.62
	(0.62)	(0.62)	(0.63)	(0.63)

Previous Forecasts in Parentheses

Motivation: Our warnings of downside risks to the NZD in the near-term came to fruition dramatically at the 10 Jul RBNZ meeting. We had looked for RBNZ to potentially bring rate cut guidance earlier from current 3Q 2025 to potentially 1Q 2025. That was insinuated in their Jul statement and likely to be made clearer in Aug when they release their economic and policy forecasts. Our warnings that market players have a tendency to over-extrapolate added to the declines of the NZD in Jul. The shift of OIS pricing from a 38bps cut by end 2024 prior to Jul meeting to current -67bps (as of 27 Jul) paints this very picture. That said, there are other factors that could cushion the NZD such as its terms of trade benefitting from rising dairy prices. Net migration has been on the decline and so would the demand that comes with it fade. **That could nudge RBNZ towards easing this year. We look for 50bps cut this year starting from Aug. Plausible global recovery and upcoming Fed cuts between Sep-Dec this year should continue to lift the NZDUSD towards 0.62 in twelve months.**

RBNZ Made a Dovish Pivot as We had Predicted (Against Market's Consensus). 1) RBNZ statement indicated that restrictive monetary policy has "significantly" reduced consumer price inflation, with the Committee expecting headline inflation to return to within 1-3% target range "in second half of the year". The word "significantly" did not appear in the policy statement for May. The return of inflation to 1-3% target was also expected to be only "by the end of 2024" then.

2) In the latest policy statement for Jul, there was acknowledgement that the "decline in inflation reflects receding domestic pricing pressures" and while "some domestically generated price pressures remain strong", "there are signs inflation persistence will ease in line with the fall in capacity pressures and business pricing intentions." There seem to be a lot less concern on domestically generated price pressure this time. The reference to "pricing intentions" also suggest that we are looking at the same higher frequency indicators as the RBNZ and thereby were able to make the right call on RBNZ.

3) RBNZ noted that the "extent of this restraint (with reference to the restrictive policy settings) will be tempered over time, consistent with the expected decline in inflation pressures". This does suggest that the next move is likely to be a cut (a contrast to a hike being discussed in the May meeting) and normalization could come much sooner than what the central bank had guided for in May which was only in 3Q 2025. We hold our view that RBNZ will deliver its first cut in Nov. **This is the clearest indication of a dovish pivot that Maybank has predicted. We look for RBNZ to cut as early as Aug and now look for 50bps cut within the year as** inflation trends towards 1-3% target (last at 3.3%y/y for 2Q) and Performance services index continues to deteriorate.

What we did not predict was the carry trade unwinding that happened in the latter half of Jul. This is triggered by signs of global growth slowdown (weaker US PMI, Eurozone PMI, China data downside surprise) that led to further dovish repricing of the Fed. We see this as transitory. As rate cuts get underway, consumer and business sentiment may be lifted eventually and that could lead global growth into a recovery and pro-cyclical AUD and NZD higher.

GDT Still very Elevated. Global dairy auction average price has been rather elevated and the last auction on the 26 Jul saw the clearing price rose 1.4% to $3836. New Zealand's trade surplus widened to NZD699mn in Jun from previous –NZ54mn. This takes the cumulative 12m trade deficit to -NZD9.4bn from previous -NZD10.2bn.

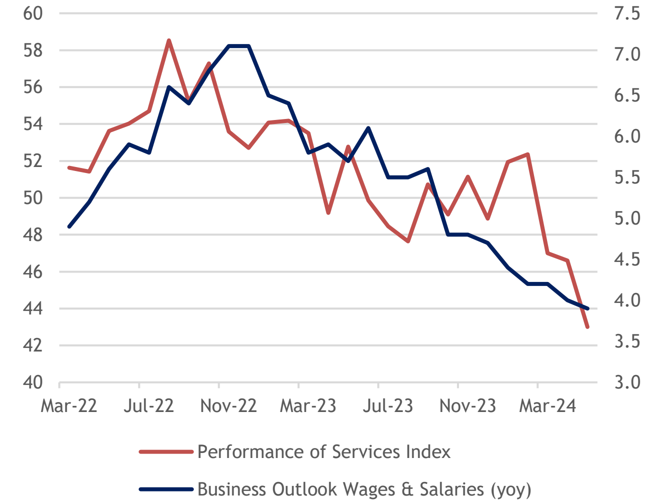
Recall that Budget 2024/2025 published on 30 May offered tax cuts for middle and low income households via higher income brackets for higher tax rates. The tax package amounts to NZ14.7bn. There will also be tax credits for some households and subsidies for early childhood education. Treasury projects a wider deficit as a result t NZD13.4bn next year and a return to budget only in 2028, a year later than previously expected. **Growth forecasts were downgraded for FY2023/24 (to -0.2%) and beyond. As such, tax revenues are also expected to fall, contributing to the wider deficit and later return to fiscal surplus. The government operating allowance is cut and thousands of public sector jobs are expected to be made redundant.**

Risks Pans Out: (1) We had warned that any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the NZD via the sentiment as well as the trade channel. This panned out via the carry trade unwinding in Jul. (2) We also warned that any weakening of NZ data (especially NZ inflation, labour market) could bring forward rate cut expectations. This had also panned out. Both risks have come to fruition to bring the NZDUSD 4.4% lower from Jul high. Given that we have all these risks already priced in. We see smaller downside risks to the NZD than upside from here.

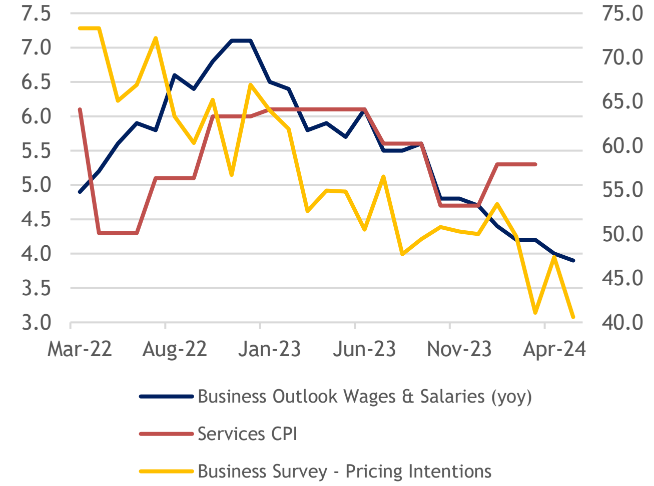
Key Data/Events: ANZ Jul Commodity Price [5 Aug], 2Q labour report [7 Aug], 3Q 2Y inflation expectation [8 Aug], REINZ Jul House sale [10-14 Aug], Net Migration [13 Aug], **RBNZ decision [14 Aug],** Jul Food prices, card spending [15 Aug], BusinessNZ Jul Mfg PMI [16 Aug], PPI 2Q [16 Aug], Jul Performance Services index [19 Aug], Juil trade [20 Aug], 2Q Retail sales ex inflation [23 Aug], ANZ Aug business confidence [30 Aug].

New Zealand's Inflation Expectations on the Decline

NZ Performance of Services index as well as Wages & Salaries Outlook Have Fallen

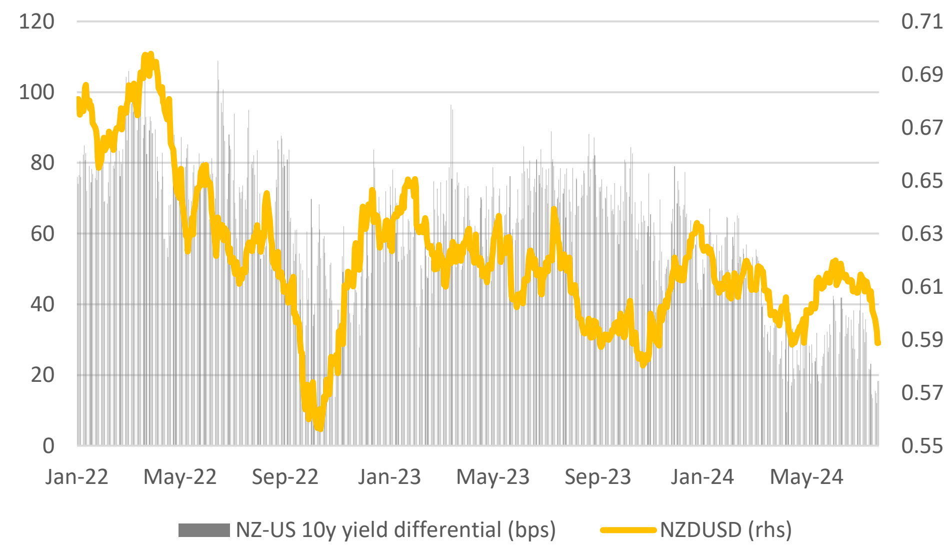


NZ Services CPI Should Decline Soon



Source: Macrobond, BusinessNZ, NZ Statistics, FX Research & Strategy

NZ-US 10y yield differential Narrows and Sank the NZD



Source: Bloomberg, Maybank FX Research & Strategy

CAD: Back-to-Back Cuts in Play

USD/CAD	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	1.3800	1.3700	1.3600	1.3500
	(1.3600)	(1.3500)	(1.3500)	(1.3400)

Previous Forecasts in Parentheses

Motivation: BoC delivered a back-to-back cut on the overnight lending rate by 25bps in Jul to take benchmark overnight rate to 4.5%. On top of that, BOC Macklem has decisively pivoted towards growth support, in his press conference post decision. He noted rising excess supply in the economy and “downside risks are taking on increased weight in our monetary policy deliberations”. Two more cuts are already priced over the last three meetings this year while the Fed is also expected to cut almost three times by end 2024. Peak policy divergence is already well-priced for the USDCAD. With global monetary policy increasingly more synchronous, we watch for potential global growth recovery to support the CAD.

BoC Wants to be Data-Dependent, Taking its Decisions “one at a time”. Inflation slipped -0.1%m/m in Jun and slowed to 2.7%y/y from previous 2.9%. That had raised the possibility of a rate cut quite significantly since. Retail sales also fell -0.8%m/m in May vs. previous +0.6% (revised lower). BoC business outlook future sales for 2Q released on 15 Jul reported a more pessimistic average sales outlook. Discretionary spending is expected to be weak and investment spending plans are also below average. Share of firms reporting labour shortages was also near survey lows. These had supported the BoC decision to cut on 24 Jul. Macklem had said that further cuts are likely if inflation continues to ease (now sustained by shelter, services). The central bank was also particularly worried about the weak household spending, underscoring just how important the quarterly survey is to the decision.

We now look for BoC to cut in Sep and Oct. BoC is now worried about growth and employment. Current slack is projected not likely to be absorbed until 2026. As long as inflation trajectory continues to trend lower towards the 2%, the BoC is likely to ease monetary policy further in order to support growth and employment. CFIB business barometer for Jul slipped to 55.4 from previous 56.0 and based on the survey, hiring intentions amongst small businesses are now at its weakest in three years with only 13% of businesses planning to raise head count over the next three or four months. That said, layoff plans are not on the rise. Nearly ¾ of surveyed firms plan to keep their current head count (above the historical average of 2/3 since 2009). That could also mean that the wage growth could take some time to ease. Wage growth had surprised to the upside at 5.6%y/y, accelerating from the previous 5.2%.

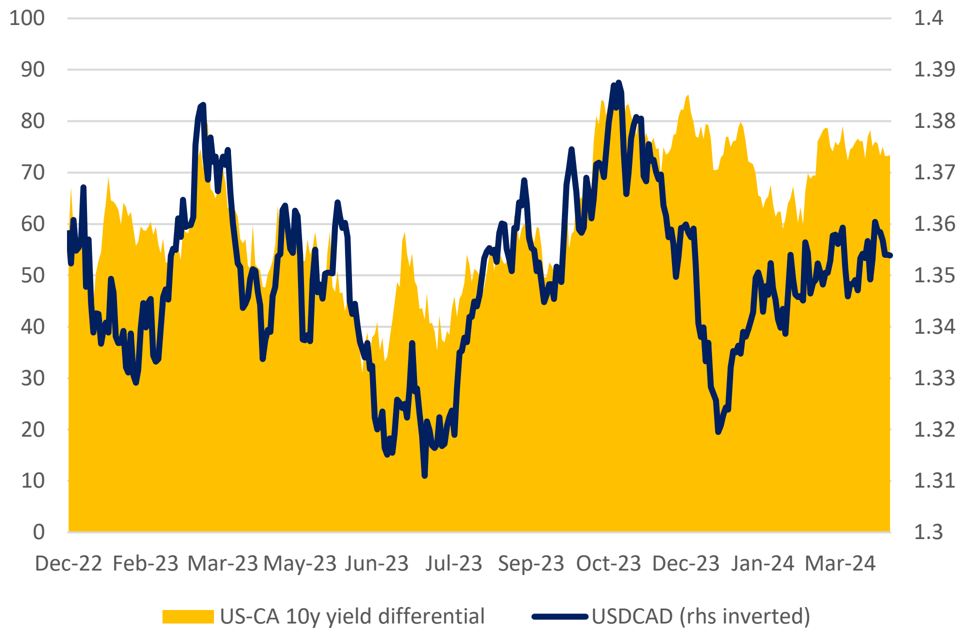
Given some signs of softening external demand, deterioration in household spending and weaker capex intentions amongst firms, BoC is likely to be the most aggressive in easing. That is likely well in the price of CAD. There is a possibility that as the Fed start to cut, the policy trajectory will start to converge in the favour of the CAD and bring the USDCAD lower.

We have been holding the view that oil would be of little help to CAD in the near-term. Oil swings tend to amplify the effects of market sentiment on the CAD. However, in times of supply shocks, oil price increase does not really boost CAD as much anymore (especially against the USD) and CAD tends to be more risk-sensitive in those risk-off episodes. The recent geopolitical events in the Middle-East validated our viewpoint that we have held in this space – oil spikes in this case was negative for CAD because USD benefits as a safe-haven as well as a net oil exporter. However, as global recovery starts to gain better traction and Canada’s growth start to bottom, we expect the rise of crude oil prices to support the CAD.

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and any re-accelerations to boost USD against the CAD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a global recession is negative for the CAD. (3) An escalation of the middle-east conflict could boost the USDCAD as it had before as supply-induced higher oil prices tend to be more negative for risk sentiment and concomitantly positive for USD. Eyes on Canada’s move to levy tariffs on China’s EVs and potential lashback by China.

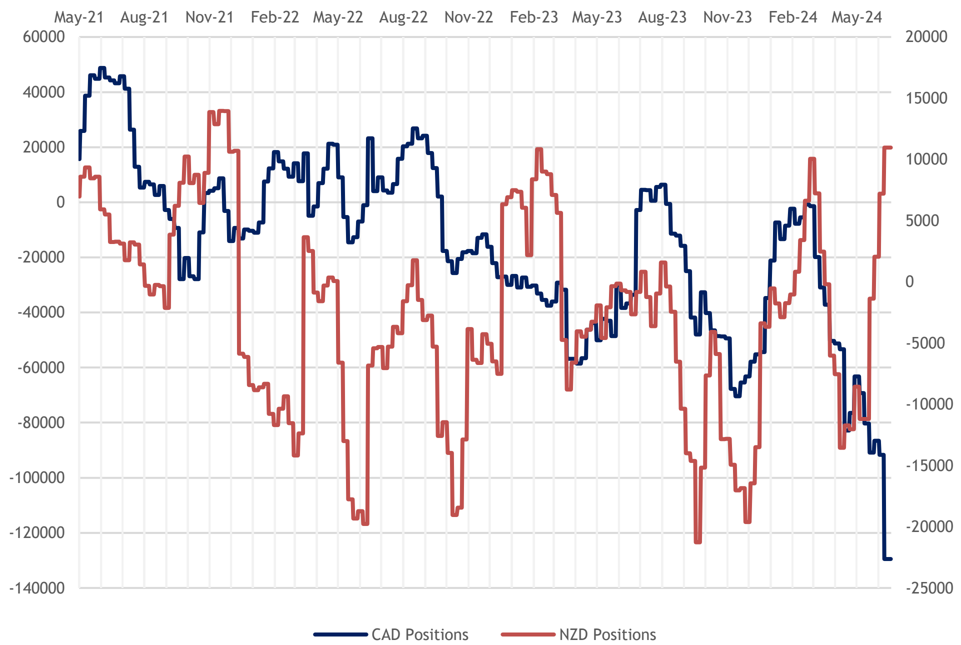
Key Data/Events: Jul Mfg PMI [1 Aug], Bank of Canada Summary of Deliberations [8 Aug], Jul labour report [9 Aug], Jul Existing home sales [15 Aug], Jul housing starts [16 Aug], Jul CPI [20 Aug], Jun retail sales [23 Aug], CFIB Aug Business Barometer [29 Aug], 2Q, Jun GDP [30 Aug].

Wide US-CA Yield Differential Dominates USDCAD Supported on Dips



Source: Bloomberg, Maybank FX Research & Strategy

Net Short CAD Positions at Multi-Year High, A Contrast to NZD's Net Long, at Year High



Source: Bloomberg, Maybank FX Research & Strategy

JPY: Policy Shifts to Give More Support

USD/JPY	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	150.00	140.00	130.00	125.00
	(165.00)	(160.00)	(152.00)	(150.00)

Previous Forecasts in Parentheses

Motivation: We lower our USDJPY forecast on the basis that the global rates environment is looking to weigh less on the JPY following the recent BOJ move. The Fed is now leaning towards easing whilst the BOJ has somewhat tilted to be less dovish as they appear to have turned pre-emptive when they undertook their recent hike. Whilst the BOJ is likely to still be gradual in their hiking cycle, the Fed easing in the coming months is likely to limit the upside on the USDJPY into the third quarter and give more support to the JPY. Bears we think would be less inclined to aggressively keep betting against the JPY, which would reduce the stress on the currency. With these more somewhat favourable factors, we believe therefore that the USDJPY would eventually keep moving lower into next year albeit in a rather gradual manner.

The BOJ made the decision to hike rates by 15bps to 0.25% from the upper bound 0.10%. Median estimates of economists had seen that the rate would be unchanged although the aggressive move downwards of the USDJPY seemed to have implied market expectations for a hike. The recent outlook also looks more optimistic too. They have raised their real GDP forecast ranges for fiscal years 2024 and 2025 whilst increasing the headline inflation estimated range for 2025 and 2026. They have also done it for the core core number for fiscal 2024 and 2026. However, they have lowered the headline inflation forecast for fiscal 2024. Ueda at the same time appears to be more confident about the economy and inflation and the BOJ hike looks to be quite pre-emptive. Ueda himself has also said that they “thought best to adjust bit by bit early”. The nature of the move contrasts to the slower reaction of the BOJ in prior years when they had been cautious in adjusting even as the inflation may have been showing signs of pick-up. Ueda also pointed at the possibility of more rate hikes. However, the economy in our view still looks fragile with consumption rather soft at this point and we believe the hike could also be attributed to the JPY weakness in some sense. We see that interest rates could be between 0.30 – 0.40% by end 2024 and 0.50 – 0.75% by end 2025. Also, some in the market had been noting 0.50% as the peak interest level in this cycle but Ueda mentioned that he is not particularly mindful of a 0.50% level.

Economic conditions are still rather fragile although we have reason to believe that the wage - price cycle can start to become more entrenched. We are cognizant that core core inflation has been softening (Jun print at 2.20% YoY compared to the highs last year of 4.30%) and that real wage growth is still negative (May number at -1.4% YoY). Structurally though we see that there can gradually be more strengthening in these economic metrics overtime given the conditions. Corporate profits remain robust whilst the last two Shunto wage negotiation results have been strong. We also cannot forget that inflation is still holding around the 2.0% target. With all these factors coming together, we have reason to expect changes in the Japanese economy.

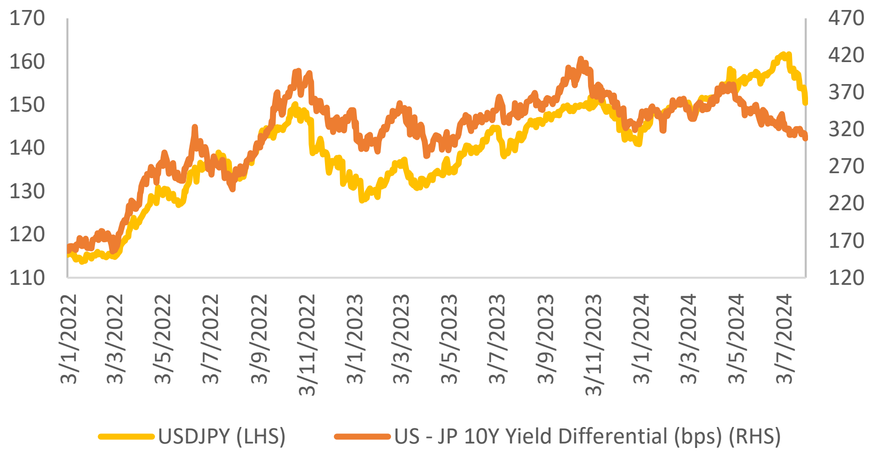
The carry trade can become less attractive going forward. The Fed is leaning to ease rates soon and that could also guide central banks of high yielding currencies to lower rates whilst the BOJ is moving the opposite direction (whether it be for economic reasons or due to JPY concerns). This should reduce the appetite for holding on to carry positions we believe and give a boost to the currency. JPY bears we think would be gradually less willing to bet against it. We would like to also note that despite a squaring off recently, JPY short positioning is still extremely stretched based on CFTC net non-commercial futures positions. More positive JPY news can help to keep supporting the momentum to squeeze the shorts out and also lead to more unwinding of carry positions.

Upward moves in JGB yields for now could also be gradual. The BOJ made the decision to slash their bond purchases although it would be reduced gradually overtime from a current amount in Jul 2024 at about 5.7tn yen to 2.9tn yen in Jan – Mar 2026. In the immediate months of Aug – Sep 2024, the purchase would be reduced to 5.3tn yen. This somewhat may have disappointed elements of the market given that there were some expectations of a significant reduction.

Risks Ahead: This includes the possibility that Japan’s economy remains weaker for longer and resulting in the BOJ to become more dovish again. We aware of the risk that this could occur given that Japan’s economy as we mentioned is still fragile. Whilst the USDJPY can climb if this scenario plays out, we do also note that the Fed is easing and therefore upside gains can still be limited. For that matter, we are also aware of the risks that US data can pick-up again and led to the Fed being more cautious of easing.

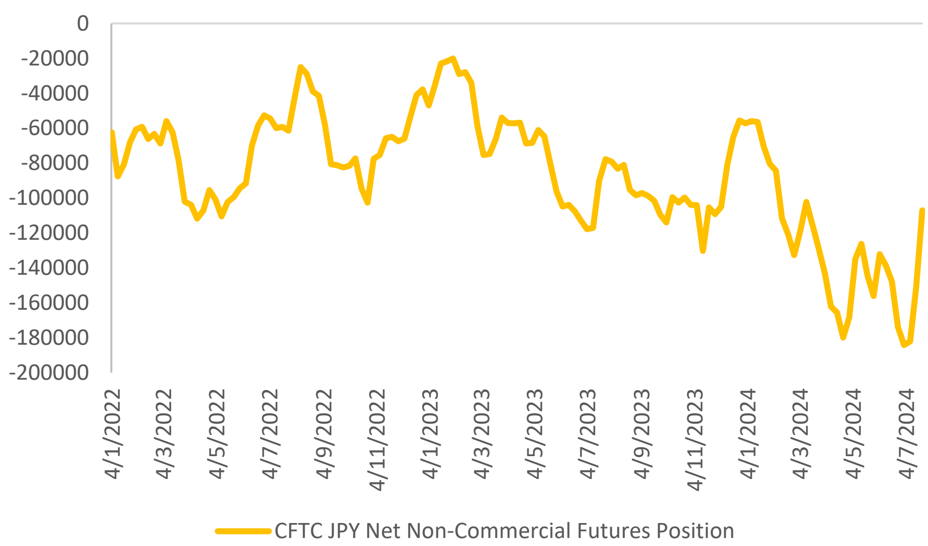
Key Data/Events: Jul monetary base (2 Aug), Jun cash earnings (6 Aug), Jun household spending (6 Aug), Jun P leading/coincident index (7 Aug), Jun BoP CA (8 Aug), Jul bank lending (8 Aug), Jul eco watchers (8 Aug), Jul M2/M3 (9 Aug), Jul PPI (13 Aug), Jul P machine tool orders (13 Aug), 2Q P GDP (15 Aug), Jun capacity utilization (15 Aug), Jun tertiary industry index (16 Aug), Jul nationwide/Tokyo dept sales (16 – 22 Aug), Jun core machine orders (19 Aug), Jul trade data (21 Aug), Aug P Jibun Bank PMI composite/mfg/services (22 Aug), Jul CPI (23 Aug), Jul PPI services (27 Aug), Jul jobless rates/job-to-applicant ratio (30 Aug), Aug Tokyo CPI (30 Aug), Jul retail sales (30 Aug), Jul dept store, supermarket sales (30 Aug), Jul P IP (30 Aug) and Jul housing starts (30 Aug).

Narrowing Yield Differential Should be More Supportive to the JPY



Source: Bloomberg, Maybank FX Research & Strategy

JPY Short Positioning is Still Stretched After Some Recent Squaring Off of Positions



Source: Bloomberg, Maybank FX Research & Strategy

RMB: Caught in a Tug of War of Opposing Forces

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/CNY	7.25 (7.30)	7.23 (7.28)	7.21 (7.28)	7.21 (7.25)

Previous Forecasts in Parentheses

Motivation: We adjust the USDCNY forecast lower, taking into account latest market development. Carry-trade unwinding narrative had strengthened the CNY significantly. This came amid growth slowdown in the US alongside weaker activities in the Eurozone that saw a shift towards more aggressive rate cut bets for the Fed. The compression of yield differential led to the unwinding of carry trade that lifted the funding currencies JPY and CNY sharply. Rate cuts + CNY300bn subsidy program have likely boosted yuan sentiment a tad more. While a more benign USD and US rates environment mitigate pressure, China's growth could still be fragile, lingering trade tensions with US/Eurozone could continue to drag on the yuan and keep the USDCNY supported on dips.

Yuan has been An Underperformer for a while. USDCNY was trending higher in the past few months and even for much of Jul. The reasons are **1) Weak growth.** China's 2Q GDP surprised to the downside at 4.7% vs. consensus estimate of 5.1%. Home prices declined persistently. **2) No Immediate Stimulus for the economy**. While the Third Plenum had encouraging fiscal reforms and its resolutions touched on all the key points of concerns (housing, consumption, employment, local government fiscal sustainability), there was no promise of stimulus significant enough to keep the domestic demand from sliding at this point. The CNY300bn subsidies for factory equipment upgrading and home appliances trade-ins were announced only on 25 Jul. **3) Rate Cuts.** On this front, we have had the 10bps cut for 7D reverse repo to 1.70% which was quickly followed by a similar cut for the 1Y and 5Y LPRs to 3.35% and 3.85% respectively. 1Y MLF was also lowered by a sharper 20bps to 2.3% from 2.5% to encourage banks to tap on this lending facility. Yuan reacted negatively to the 7D RR cut on 22 Jul.

The carry unwinding lifted the yuan towards End Jul. PboC's shift in fixing stance had been in our view an acknowledgement of the higher-for-longer environment. However, we did not anticipate the major shift in carry environment that occurred in mid-Jul when global growth started to show more discernible signs of a slowdown be it in the US, Eurozone or at home in mainland China. That had brought about a compression in US-CH, US-JP yield differential and short CNY and JPY positions were squeezed as a result. Such an environment had become a tad more benign for the yuan and allowed PBoC to allow for more room for two-way movements.

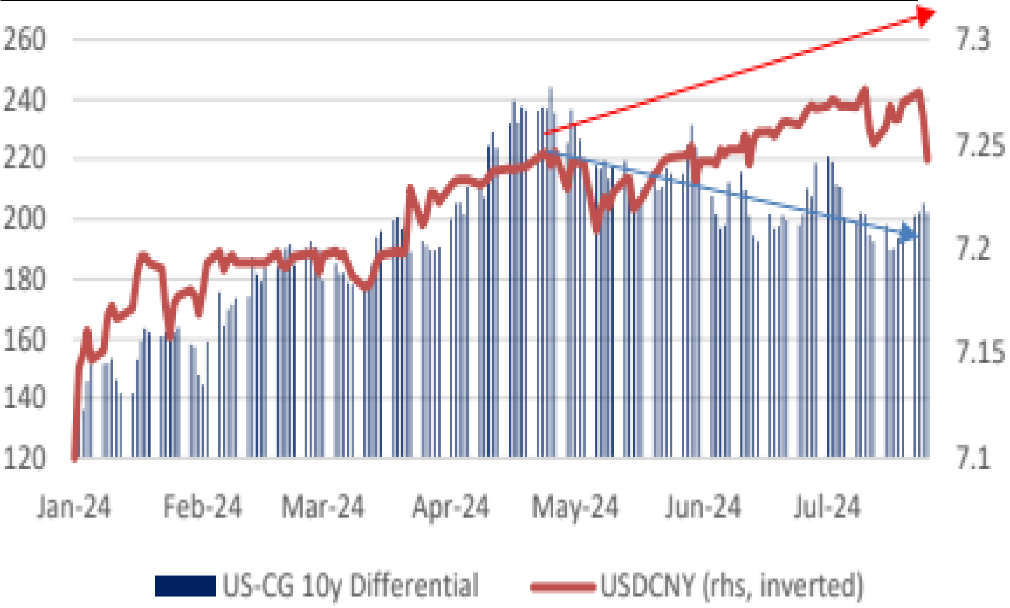
Outflow Rises. Net forex purchases was reported to be CNY282.2bn by banks on behalf of clients, **the biggest FX deficit seen for this year.** Ratio of FX sales to foreign-related FX payments rose to 71.8% for Jun vs. 68.6% in May. In addition, FX settlement ratio fell a tad to 58.1% in Jun from 60.8% in the month prior. This suggests that exporters/corporates are converting a lower portion of their foreign exchange receipts to CNY, well below 2023 average of 66%. Corporates are buying more foreign currencies as a ratio of their payment requirements. This is possibly a reflection of their expectation for yuan to depreciate further against foreign currencies, somewhat in line with PBoC's shift in FX stance via its fixing behavior. However, along with the recent shift in external environment, this perception could change.

<u>Near-term Outlook for the Yuan</u>, China's subsidy program to boost investment and consumption alongside the rate cuts that markets have been waiting for so long could potentially lift the next PMI prints for Jul (31 Jul) and Caixin's version (1 Aug) as they have done in the past. That could translate to further CNY gains after a slew of weak data for Jun. We cannot rule out some upside surprises in the near-term given a lack of expectations in the markets. **Beyond the near-term** into 2025, CNY could remain caught in a tug of war of opposing forces - with potential rise in tensions with G10 alongside weak growth likely to weigh on the currency while a shift towards rate cuts and gradual slowdown for the US to provide a more benign USD and US rate environment. That could mean that USDCNY could remain in a sideway trade with action largely within the 7.20-7.30 range for the rest for the year.

Risks Some of the risks we identified in the past that continue to pan out to some extent. 1) Prices of new and used homes continue to fall In Jun. 2) Capital outflow continues amid weak business/consumer confidence and yuan sentiment. 3) Rising trade tensions vs. the US/EU/CA but this time the pressure is being borne by the yuan only. All these factors could still pose a drag on the yuan sentiment.

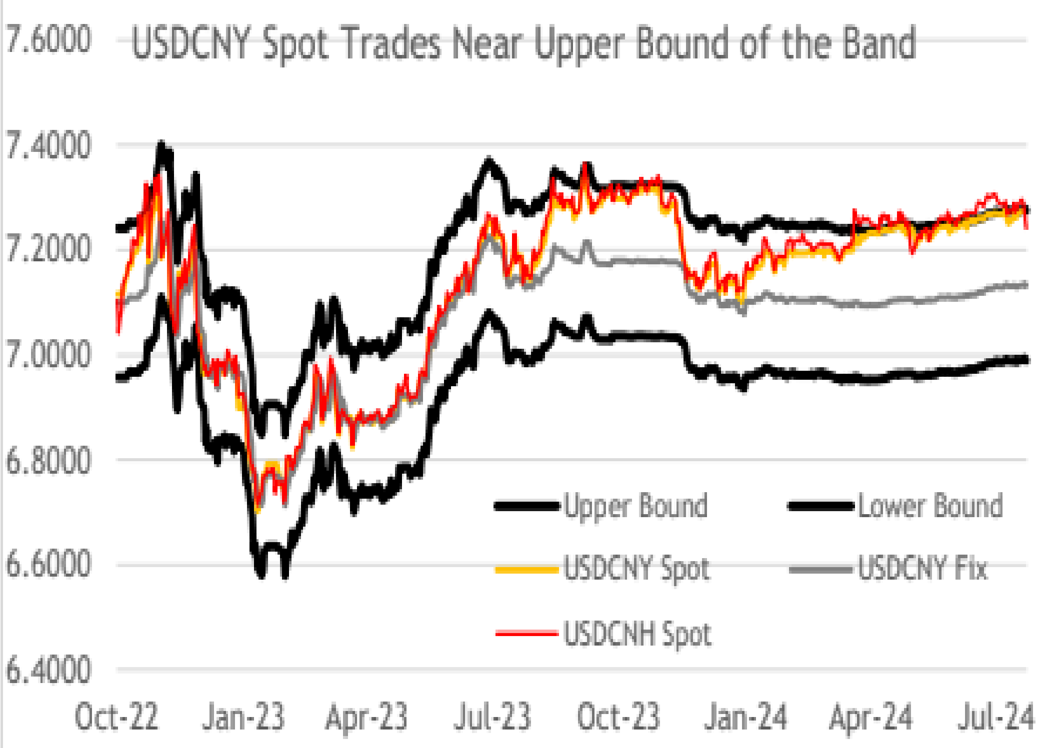
Key Data/Events: Caixin Jul Mfg PMI [1 Aug], Caixin Services PMI [5 Aug], Foreign reserves, Jul trade [7 Aug], Jul CPI, PPI [9 Aug], Jul credit data [9-15 Aug], Jul FDI [11-18 Aug], New, Used Jul home prices, IP, Retail sales, FAI, Property investment, FX Net Settlement on behalf of clients for Jul [15 Aug], 1Y,5Y LPR [20 Aug], SWIFT global payments for Jul [22 Aug], SWIFT Global Payments for Jul [22 Aug], Industrial profits [27 Aug], Mfg, Non-Mfg Aug PMI [31 Aug].

US-CH 10Y Differential Has Been Narrowing, But USCNY was Still Elevated



Source: BIS, SAFE, Bloomberg, Maybank FX Research & Strategy

USDCNY Spot Trades Near Upper Bound of the Band



Source: Maybank FX Research & Strategy

KRW: Look for Pressures to Alleviate

USD/KRW	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	1350	1330	1310	1300
	(1360)	(1340)	(1320)	(1310)

Previous Forecasts in Parentheses

Motivation: We lower our USDKRW forecasts as we believe the near-term pressures on the KRW should alleviate. This is also in line with the broad adjustment lower for USD-Asia pairs. KRW has been pressured by USD being stronger against North Asians (JPY, CNY). As Korean equities forge fresh highs, hedging interest could also be weighing on the KRW as end-investors could be looking to mitigate their KRW exposures. Nevertheless, we maintain a positive outlook and appreciation trajectory on KRW and see the recovery of the chip cycle and electronics demand as a key driver for KRW path for the four quarters ahead. The global chip cycle has bottomed and coupled with increased exuberance over artificial intelligence (AI) could potentially drive outperformance for the KRW with potential boosts to both the economy and trade. Given our broad expectations for a global soft-landing and fading US exceptionalism a high beta currency like the KRW should also outperform.

Economic growth remains on track to be healthy despite a small QoQ contraction in 2Q2024. 2QA GDP came in at 2.3% YoY (exp: 2.5%; prev: 3.3%) and -0.2% SA QoQ (exp: -0.1%; prev: 1.3%). Moderation of growth should be viewed as temporary after hotter than expected growth in 1Q was largely driven increased global demand for chips. Further boosts are expected as long as the AI/Tech narrative remains intact. However, we do note that growth tends to be a factor that could take a longer time to play out and as such pressures on the KRW could persist.

Jun inflation prints confirmed the disinflationary trajectory with headline at 2.4% YoY (exp: 2.6%; prev: 2.7%) and core at 2.2% YoY (exp: 2.2%; prev: 2.2%). Taken together, growth and inflation prints should support the BOK holding its policy rate steady at 3.50% at the next meeting in Aug. Recall that in the May meeting, BOK remained concerned that the path to inflation could be bumpy and uncertain and specifically cited exchange rates as a concern. We think BOK is likely to take cue to cut from the Fed and other major central banks in determining when to cut rates. Given the considerable uncertainty around the inflation outlook, they may start to consider rate cuts only in the later part of 2024. Past episodes have also shown that BOK has tended to hold for an extended period before pivoting to a cut. As of now, we suggest that BOK could cut two times in 2024, after the Fed has cut or provided more clarity on when it might cut. In the absence of that, pressure on the KRW from cutting before the Fed would be a likely consideration for BOK.

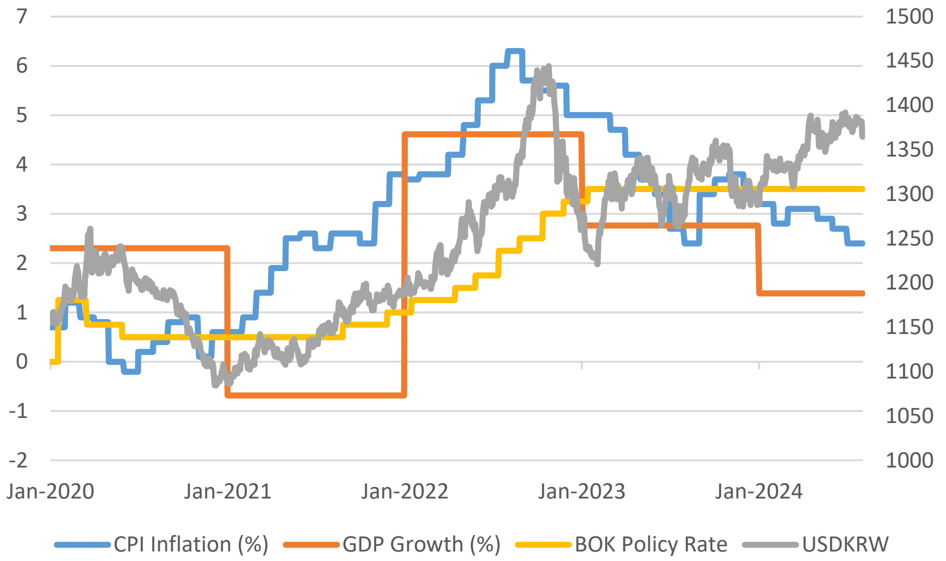
KRW has found some support and USDKRW has tracked USDJPY lower towards the end of Jul. KRW had earlier been stretched to the weaker side and we note that episodes of currency stress are of concern to the authorities. For this reason, we do suggest that BOK could hold off rate cuts for longer. Moreover, economic growth is healthy and they remain worried about inflation, so not cutting rates would still be a defensible position. Yield differentials remain unfavourable with KRW one of the lower yielding currencies. However, recent JPY strength could translate to better support for the KRW.

One potential factor that could spur USDKRW lower would be the inclusion of Korea onto global bond benchmarks. Market watchers suggest that it is highly likely that Korea is included onto major bond indices this year amid abating inflation driving higher demand for government bonds. Korea was on FTSE Russell's watchlist as of last year but had not been added despite having met the quantitative criteria for inclusion. These are namely (i) market size of at least US$50b of outstanding issuances, (ii) sovereign credit rating of at least A- (S&P) and A3 (Moody's). They have however not met the qualitative requirement for investor accessibility. This is likely due to both capital controls and non-resident tax burden. There is already some preliminary work done to meet the qualitative requirements. According to Finance Minister Choo, an omnibus account is to be opened at an ICSD by Jun 2024, which should facilitate better investor access and anonymity. The government will consider introducing night trading of 3Y and 10Y bond futures to enable better risk management. It seems more likely that Sep-24 will be the entry date with the FTSE Russell semi-annual review conducted in Mar and Sep every year. If the index inclusion does happen, we would expect the resulting inflows to Korea to spur KRW strength. Official government estimates place the size of inflows at around US$38b to US$45b should Korean govvies be placed on the FTSE Russell World Government Bond Index.

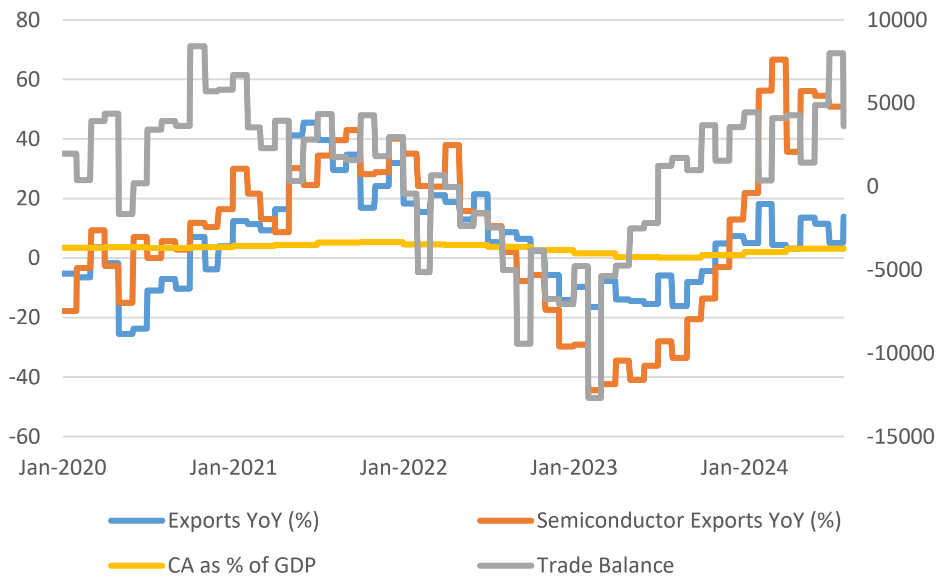
Risks Ahead: Risks to our KRW outlook would include issues with debt and potential meltdown of the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW. In addition, the AI/chip recovery theme could disappoint and this would also threaten our positive medium term outlook on the KRW. Should a global soft landing not materialize as expected, we would also suggest that USDKRW could remain higher than we suggest in our forecasts.

Key data/events: Jul Trade Balance, Exports/Imports, Jul S&P Mfg PMI (1 Aug), Jun CPI Inflation (2 Aug), Jun FX Reserves (5 Aug) , Jun Goods/Current Account Balance (7 Aug), Jun Bank Lending to Household (9 Aug to 16 Aug), Jul Import/Export Price Indices (13 Aug), Jun Unemployment Rate, Jun Money Supply (14 Aug), Jul Consumer Confidence, 2Q Household Credit (20 Aug), Jul PPI Inflation, Sep Business Survey, Aug 20-days Exports/Imports, 2Q Short-Term External Debt (21 Aug), **BOK Policy Decision (22 Aug)**, Jul Retail Sales (26 Aug to 30 Aug), Jul Industrial Production (30 Aug).

QoQ Growth Moderates and Inflation Comes Off (Albeit Bumpy)



Moderation in Trade Balance and Semiconductor Exports



Source: Bloomberg, Maybank FX Research & Strategy

SGD: Supported by Appreciating Stance

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/SGD	1.3350 (1.3450)	1.3250 (1.3350)	1.3200 (1.3300)	1.3200 (1.3300)

Previous Forecasts in Parentheses

Motivation: We lower our USDSGD forecasts and maintain the trajectory for the pair to come off gradually i.e. for SGD to strengthen against the USD gradually for the four quarters ahead. This is based on the belief that SGD will continue to stay resilient as MAS stands pat on policy and as the Fed cuts rates amid fading US exceptionalism. This is also in line with the downward adjustment across Asian currencies. The current pace of SGDNEER appreciation (estimated to be 1.5%) should continue to be supportive of the SGD. Fed rate cuts should also be supportive of SGD strength, although cuts could benefit other basket constituents more than the SGD. SGD could also benefit from a manufacturing recovery that could be driven by the broader AI/tech upswing narrative.

As widely expected, MAS kept policy settings unchanged in Jul and continued to see its current appreciation of the SGDNEER as appropriate in ensuring medium term price stability. MAS is likely to stand pat in Oct, given that there is no rush to ease policy amid an export-driven economic recovery and elevated inflation. The current stance should still be seen as appropriate for medium term price stability. Our economists see MAS standing pat in 2024 and maintain their inflation forecasts at 2.8% (core) and 2.6% (headline) in 2024. Our inference from Chief Economist Robinson's speech on monetary policy is that MAS may not be able to ease quite as easily as an interest rate regime would, even if inflation targets are met. SGDNEER remains firm and trades at +1.80% above the mid-point on our model, and is likely to remain within the +1.50% to 2.00% region in Aug.

USDSGD currently trades around our forecasts (3Q: 1.3450) and hovers around 1.3410 levels. SGDNEER has remained firm on the upper end of the band following MAS' successive stand pats and Singapore's robust macro fundamentals and unique exchange rate policy, which results in SG rates being highly correlated with US rates, maintained the resilience of the SGDNEER against a narrative that US rates would remain higher for longer. We think that eventual rate cuts could lead to a tapering off in SGDNEER strength – specifically if basket constituents start to outperform the SGD i.e. appreciate by more against the USD than the SGD as the Fed cuts rates.

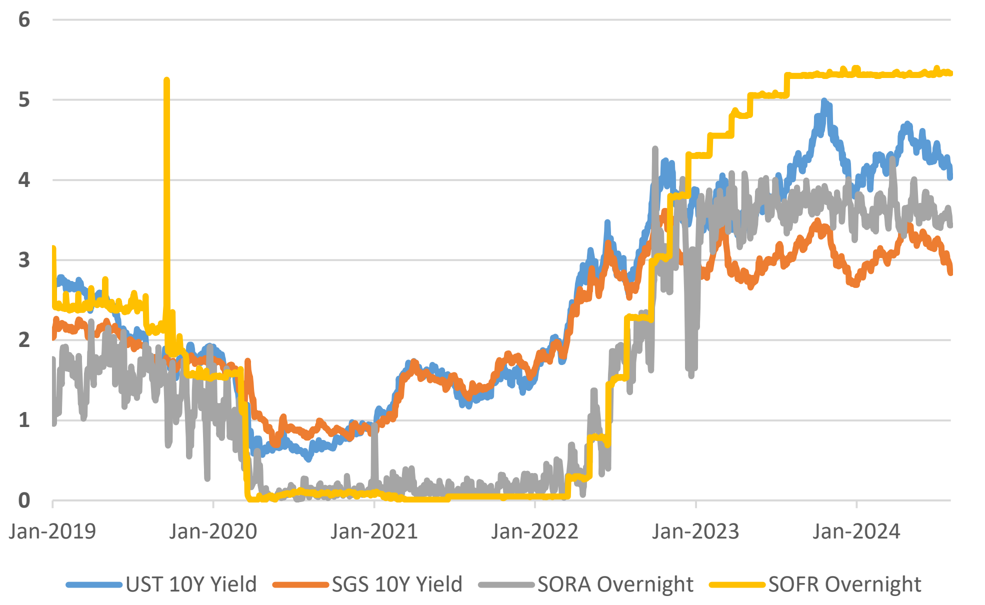
While there remain risks to both growth and inflation. Actual growth and inflation prints have largely come in line with MAS' forecasts, which reinforces our expectations for an extended hold from MAS. Our economists recently upgraded their 2024 GDP forecasts for Singapore to 3.0% (prev: 2.4%) given the broadening growth recovery with electronics gathering steam. MTI raised their 1Q2024 growth estimate to 3.0% (prev: 2.7%). Our economists expect MTI to upgrade full year GDP forecast range to 2.5% to 3.5% (from current of 1% to 3%) when 2Q final GDP is released in late Aug. From a growth perspective, MAS' forward looking policy stance therefore suggests there is no need to prematurely shift to a growth supporting stance (i.e. easing bias) and should continue to see the current stance as appropriate. **Core inflation was relatively sticky at +3.1% in May 24 (Apr 24: 3.1%).** This is is line with our economists seeing that core inflation would likely remain sticky near current levels in the first half of the year. Our economists expect core inflation to come in at 2.8% and headline inflation to come in at 2.6% in 2024. In line with this view, our economists also expect MAS to stand pat in Jul and Oct policy meetings. Inflation remains sticky above historical norms as businesses continue to pass on increases in labour, taxes and administrative price increases (such as water tariffs) to the end consumer.

Leadership transition has occurred with no fuss, with the new Prime Minister Lawrence Wong taking over the helm on 15 May. This is no surprise, given that Singapore's credibility has always been in the strength of its institutions that have been precisely engineered to thrive regardless of political change. Of note, the amount of outstanding Reserve Management Government Securities (RMGS) has increased to S$263.5b (Dec 2023: S$247.0b), suggesting that some S$16.5b in OFR has been transferred in 2024 from MAS to GIC for longer-term management. Even with this transfer, stock of OFR with MAS has risen to S$503.7b (Dec: S$463b), suggesting that MAS could have intervened to moderate strength in the SGDNEER, although some part of the increase may be due to currency translation effects or investment gains. Watch closely the next release of MAS' intervention operations which should be due in Sep 2024 for Jan to Jun 2024.

Risks Ahead: The bottoming of the electronics/chip cycle could fail to pan out and this would be less favourable for the SGD. Lingering inflationary risks also present a real risk for the Singapore economy and could affect the SGD. Should actual growth and inflation outcomes turn out contrary to MAS expectations, we do not rule out either further tightening or an earlier than expected easing.

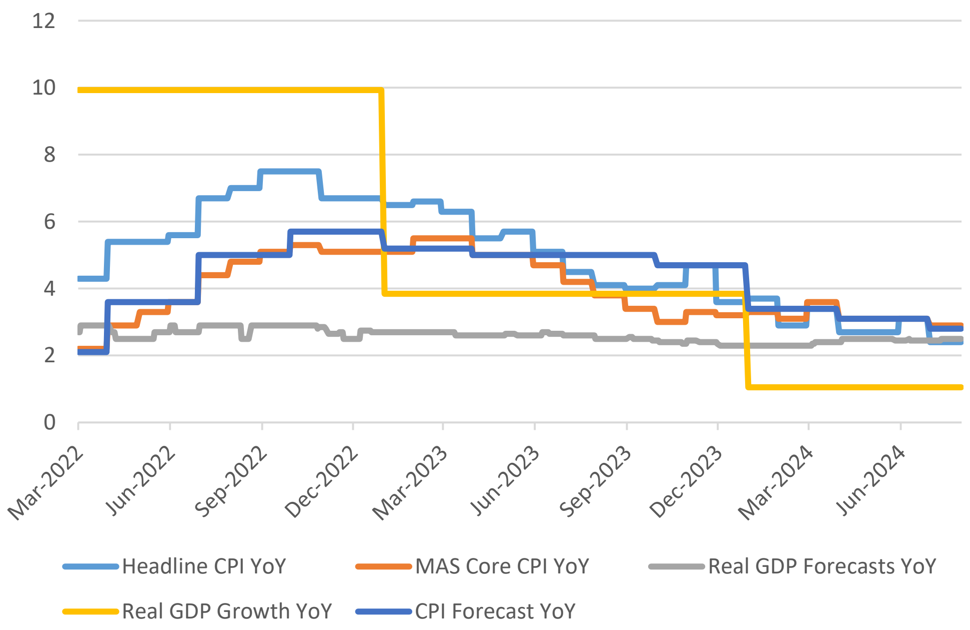
Key data/events: Jul Purchasing Managers Index, Electronics Sector Index (2 Aug), S&P Global PMI, Jun Retail Sales (5 Aug), Jul Foreign Reserves (7 Aug), Jul Non-oil Domestic Exports, Electronics Exports (16 Aug), 2Q F GDP (19 Aug to 23 Aug), Jul CPI Inflation (23 Jul), **MAS Policy Statement (24 Jul to 31 Jul),** Jul Industrial Production (26 Aug), Jul Deposits and Balances of Non-Residents, Jul Money Supply (30 Aug).

USD Rates and SGD Rates Are Moderating (And Highly Correlated)



Source: Bloomberg, Maybank FX Research & Strategy

Inflation Coming Off (Albeit Bumpy), Real Growth Can Pick Up



Source: Bloomberg, Maybank FX Research & Strategy Estimates

MYR: Resilience and Outperformance

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/MYR	4.55 (4.65)	4.45 (4.60)	4.40 (4.55)	4.35 (4.50)

Previous Forecasts in Parentheses

Motivation: With the Fed in July signalling that it could cut rates "as soon as" Sep and with BOJ's moves affecting FX trades, we are pricing these developments into our MYR forecasts. However, we are mindful that the balance of risks is still supportive of the USD into 3Q given global geo-politics and run up to US elections. There were indications that the Fed was becoming more sensitive to the risks of cutting too early or too late as it recognized the need to balance both sides of their dual inflation-employment mandate. Powell's presser was also viewed as dovish. Market pricing firmed for cuts in Sep and Dec (with an off chance for a 50bps cut) and overall cuts in 2024 increased to about 92bps (prev: 87bps). Nevertheless, we caution that geo-political risks remain in the Middle East. Markets are shrugging this off and the Fed takes precedence at the moment, but sentiment can sour very quickly and we therefore urge caution on too rapid an expectation of a USD decline. While we do recognize the virtues of holding safe havens in such a situation, other havens like CHF, JPY and Gold are all starting to look a bit stretched and are testing key technical levels.

Our baseline view remains for some continued support in the USD, UST yield levels and higher FX volatility in the near term. This incorporates our economist view of Fed to cut by -50bps cuts in 2024 and -100bps in 2025 vs -100bps per annum in 2024-2025. We still expect USD strength to be somewhat sustained into 3Q leading to continued pressure on emerging market currencies including the MYR with some relief eventually by end 2024. The announcement of the cabinet approval for the targeted diesel subsidy rationalisation can save the government MYR4bn annually. The targeted diesel subsidy rationalisation started in June and with pending RON95 petrol subsidy rationalisation. On balance, USD trajectory aside, assuming an improvement in growth outlook, fiscal position and assuming a stable political environment ahead, we believe it is still generally MYR positive into year-end. We continue to hold to our view of a gradual downward trend for the USDMYR remaining in place by end 3Q and 4Q 2024. Given that our own BEER model still finds the MYR is among the most undervalued regionally, the currency can potentially see good gains upon a turn in the external environment. Near term, the currency is likely to be range bound at around 4.50-4.60 levels with some volatility as we head into year end.

Ringgit has stabilised vs USD as it trades in 4.68-4.72 range since mid-May 2024, and improved further to close at 4.5905 on 31 July 2024, compared with this year's low of 4.80 on 20 Feb 2024. This follows FX market interventions by BNM as well as coordinated communications and measures by Bank Negara Malaysia and Ministry of Finance that include encouraging Government-linked companies (GLCs) and Government-linked investment companies (GLICs) to repatriate and convert their foreign exchange earnings and overseas investment incomes. Ringgit-positive factors include improving domestic economic growth prospect, as per the abovementioned growth pickup and trifecta of positives, as well as the expectation of stable Overnight Policy Rate (OPR) of 3.00% vs market and our expectations of 2-3 cuts in the US federal funds rate between Sep 2024 and Dec 2024.

Domestic economic fundamentals look to remain robust with GDP expected at +4.7% in 2024 and +5.1% in 2025 revised upwards from +4.4% and +5.0% respectively previously. Malaysia's economic growth is underpinned by the trifecta of positives i.e. 1) investment upcycle in both foreign direct investment (FDI) and domestic direct investment (DDI) reflecting the on-going realisation of the sustained momentum in robust approved investment since 2021; 2) external demand recovery especially in electronics/tech and tourism, contributing to firmer services sector growth, pick up in manufacturing sector growth as well as rebound in exports of goods and services; and 3) resilient consumer spending on the back of favourable job market conditions as per the low and stable unemployment rate as well as income growth and support measures.

To recap, 1Q 2024 growth pick up was broad-based as all key economic sector expanded in the first three months of the year i.e. services (1Q 2024: +4.7% YoY; 4Q 2023: +4.2% YoY); manufacturing (1Q 2024: +1.9% YoY; 4Q 2023: -0.3% YoY); mining (1Q 2024: +5.7% YoY; 4Q 2023: +3.5% YoY); agriculture (1Q 2024: +1.6% YoY; 4Q 2023: +1.9% YoY); and construction (1Q 2024: +11.9% YoY; 4Q 2023: +3.6% YoY). Domestic demand was firmer led by faster private expenditure as per the performance of private consumption and private investment, plus pick up in public expenditure on stronger public consumption and sustained public investment. Stronger private investment and sustained public investment resulted in faster gross fixed capital formation. Net external demand was less of a drag on the economy as it shrank by a lower quantum reflecting rebounds in both exports of goods & and imports of goods & services.

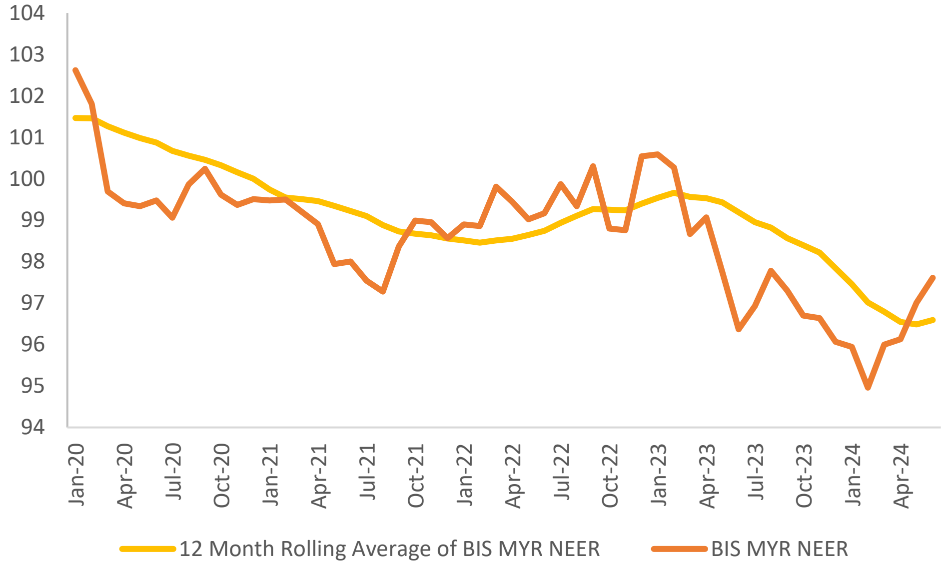
Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) at 3.00% for the seventh consecutive Monetary Policy Committee (MPC) meeting on 10-11 July 2024 amid “hold-for-longer” US Fed, as well as firmer economic growth, upside risk to domestic inflation and stable Ringgit vs USD. Maintain our view of OPR staying at 3.00% this year. We expect OPR to remain at 3.00% throughout 2024 given our forecasts of GDP growth pick up (2024E: +4.7%; 1Q 2024: +3.9% YoY; 2023: +3.6%) and upside risk to inflation rate (2024E: +2.4%; 5M 2024: +1.8% YoY; 2023: +2.5%), plus US Fed’s “hold for longer” interest rate policy stance. However, stable OPR with the expected US interest rate cuts is positive for Ringgit’s outlook amid recent stabilization. The latest Interest Rate Swap (IRS) rate implies market is pricing in a stable OPR next 12 months.

Headline inflation was stable at +2.0% YoY in Jun 2024 (May 2024: +2.0% YoY; MIBG: +2.1% YoY; consensus: +2.2% YoY; 6M 2024: +1.8% YoY). Similarly, core inflation was stable at +1.9% YoY (May 2024: +1.9% YoY; 6M 2024: +1.8% YoY; 2023: +3.0%). Our current full-year 2024 inflation forecast of +2.4% (2023: +2.5%) is now subjected to downside risk. The muted inflation effect so far from the services tax adjustment and diesel subsidy rationalization plus the likelihood of delay in RON95 petrol subsidy rationalization implies downside risk to our current full-year 2024 inflation forecast of +2.4% previously (2023: +2.5%). Our simulation shows that if the blanket RON95 petrol subsidy remains and its price stays at MYR2.05/litre, full-year 2024 inflation will be lower at +2.1%. This scenario is possible as the upside risk to GDP growth this year following strong growth showing in 2Q/1H 2024 that can result in better-than-expected revenue to ensure the budget deficit target of 4.3% of GDP this year can still be met – plus the arithmetic effect of the ratio’s larger denominator i.e. GDP. BNM’s MPS remarked that inflation will trend higher in 2H 2024 due to the diesel subsidy rationalization, but will remain manageable given the mitigation measures to minimise the cost impact on businesses, and maintained that the upside risk to inflation would be dependent on the extent of spillover effects of further domestic policy measures on subsidies and price controls to broader price trends, as well as global commodity prices and financial market developments. BNM maintained 2024 headline and core inflation rates’ forecast ranges of 2.0%-3.5% and 2.0%-3.0% respectively.

Risks to look out for in Aug 2024. Downside risks include any exacerbation of weakness in China’s recovery (Malaysia’s largest trading partner), further extended delay in the expected Fed easing trajectory or escalation in geopolitical tensions in Middle East and between US, G7 & China in the run-up to the US Presidential elections. All these can lead to a stronger USD, which in turn hurts the MYR for an extended period. Key domestic risk is the effect of the introduction of Account 3 by the Employees Provident Fund (EPF) this month, which allows EPF members to withdraw from the account at any time for any purposes. In the event of consumer spending surge due to withdrawals from EPF’s Account 3, this could trigger additional upside risk to inflation via demand-pull inflation, on top of the expected cost-push inflation due to the implementation of the targeted fuel subsidy rationalisation this year, pending details on the timing, quantum and mechanics. This, in turn, could lead to upside risk in OPR outlook, which we currently expect to remain stable at current level of 3.00% until end-2025.

Key domestic events and issues to watch in Aug: S&P Global PMI mfg (1 Aug), Foreign reserves (7 Aug), BNM Policy Announcement (11 Jul), Jun mfg sales (9 Aug), Jun IP (9 Aug), Jul trade data (19 Aug), Foreign reserves (22 Aug) and Jul CPI (22 Aug).

On a NEER Basis, the MYR Has Been Climbing



Source: Bloomberg, Bloomberg, Maybank FX Research & Strategy

FDI Into Malaysia has Been Strong and We Expect Interest to Keep Growing (Numbers Represent Approved Private Investment FDI by Key Sectors (MYR bn))

Source: CEIC, Maybank FX Research & Strategy

IDR: Upward Trend Expected as Fed Eases

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/IDR	16300	15900	15700	15500
	(16600)	(16000)	(15800)	(15700)

Previous Forecasts in Parentheses

Motivation: We lower our forecasts for USDIDR to more strongly reflect the global shift in the monetary policy environment. The IDR has historically exhibited sensitivity to the JPY given the investment links between the two and we therefore see JPY strength to give some support to IDR and limit upside to the USDIDR. BI's commitment to stabilize the currency, including appearing more hawkish than the Fed (possibly only moving after them) in some sense looks to give support too to the IDR. Even so, we expect that the pair may still stay elevated and only gradually edge downwards. This is due to policy uncertainty weighing in amid the transition to the new administration of President - elect Prabowo. The Fed is also likely to only gradually ease rates overtime which would limit the extent of gains for the IDR.

Policy uncertainty can still keep investors at bay amid the ongoing transition to a new President. At this point, it is extremely difficult to ascertain how policies are going to pan out like and we continue to keep close eye on it.The IDR fell slightly just immediately after the announcement of the appointment of the new Deputy Finance Minister but it was only performing slightly worse than other EM Asian FX that day. Indonesian 5Y CDS did climb that week but it was not alone as the Thai 5Y CDS and Malaysia 5Y CDS did too. However, we do not rule out the possibility that whilst there was no immediate major sell off in Indonesian assets, **policy uncertainty is still generally keeping investors cautious and puts some element of premium on Indonesian assets.** Thomas himself has already promised that there would be a smooth handover as he has said that he would be the "bridge between the current president and the president-elect on fiscal policies". Words and talk on the fiscal approach of the new Prabowo government has been extremely conflicting. On the one hand, Thomas had said that the budget deficit and debt-to-GDP ratio would be kept within the current legal boundaries. However, Tempo later, citing unidentified sources, reported that Prabowo is exploring ways to remove the fiscal deficit and debt-to-GDP ratio ceilings.

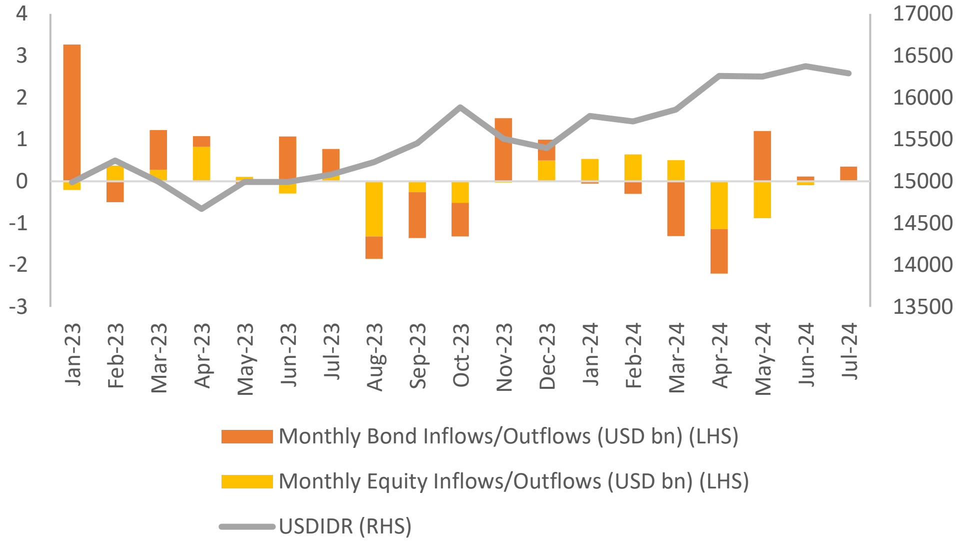
Foreign inflows are likely to be measured in the coming months, reflective of the cautious sentiment towards Indonesia. Month to date until 23 Jul 2024, bond inflows was only marginally positive at $26bn. Inflows had been stronger earlier in the month but this later tapered off. The unwind in the JPY – funded carry trade in addition to domestic policy uncertainty may have weighed in even as optimism about softer US data and encouraging Fed words of an easing coming soon gave initial support. There are few risk factors to take into account in the coming months, which include the possibility of greater pricing in of the US election uncertainty. There have only been bouts of the Trump trade emerging in the last month but we see there could be a risk of a greater pricing in of the US election from the Aug month onwards given that we are seeing a non-incumbents race. We do take note that a Fed cut could happen in Sep but their words may still be more cautious about the pace of easing. **BI meanwhile sound more hawkish as they see a Fed cut only in Nov whilst they expect a cut on their own part only in 4Q 2024,** which in some sense could make positioning into Indo GBs attractive although it would not necessarily offset all the negative factors. On the equity flows front, inflows have been strong month to date up to 26 Jul 2024 at $0.3bn as the local bourse has been seeing a rebound this month. As valuations had previously fallen to quite a low attractive level, some rebound would be expected and global equity sentiment was also better between mid Jun to mid Jul. A correction though looks to be underway in global equity markets and therefore, there is a risk that flows could be weaker going into August.

There was some softening in key economics metrics over the last month although conditions still appear manageable for now. Core CPI was softer at 1.90% YoY (est 1.94% YoY, May. 1.93% YoY) which is bringing the reading to the lower end of the BI inflation target range of 1.5% - 3.5%. Core inflation has been picking up since early this year though even as the number is subdued in nature and so this in some sense provides some relief in terms of pressure for BI to cut rates. Jun trade balance was also narrower at $2.39bn (est. $2.91bn, May. $2.93bn) as exports growth slowed amid a fall in shipments of mining products, including iron & steel and copper ore. Imports growth also climbed due to a rise in consumer goods imports given the Hajj and fuel spending. Although commodities exports may not be as strong as prior years, we still see that the country should be able to maintain a trade surplus that would be supportive for the currency.

Risks Ahead: Downside risks for the IDR include the Fed hiking rates again if inflation remains too sticky and any escalation in political uncertainty locally. Upside risks would be if US inflation cools rapidly, allowing the Fed to ease at a faster pace than our expectations of 50bps, which in turn improves the global risk sentiment and the appetite for EM FX, including the IDR.

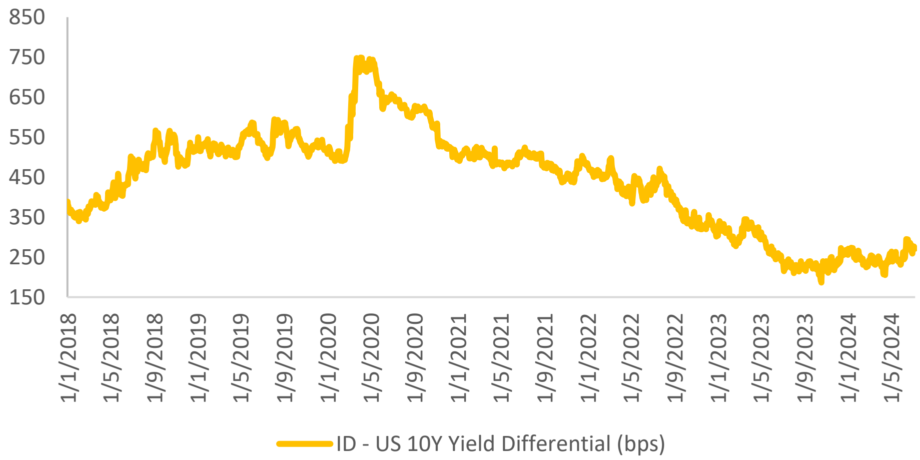
Key Data/Events: Jul S&P Global PMI mfg (1 Aug), Jul CPI (1 Aug), 2Q GDP (5 Aug), Jul foreign reserves (7 Aug), Jul consumer confidence (8 Aug), Jul trade data (15 Aug), Jun external debt (15 Aug), BI policy decision (21 Aug) and 2Q BoP CA balance (22 Aug).

Expect Portfolio Flows to Remain Subdued in the Coming Months



Source: Bloomberg, Maybank FX Research & Strategy
Note: Jul 2024 data for equities is until 26 Jul 2024 whilst bond data is until 23 Jul 2024

Yield Differentials Between the US and Indo Stay Narrow, Weighing on the IDR



Source: Bloomberg, Maybank FX Research & Strategy

PHP: Gradual Upward Move in Line with Fed Easing

USD/PHP	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	58.25	57.50	57.00	56.50
	(60.00)	(58.50)	(58.00)	(57.00)

Previous Forecasts in Parentheses

Motivation: We lower out USDPHP forecasts to more strongly reflect the global shift in the monetary policy environment. The PHP has exhibited historical sensitivity to the JPY, possibly due to the investment links between both countries and JPY strength (amid the BOJ tilt to be more hawkish) could keep supporting the PHP. We expect the pair to edge downwards overtime although it would be gradual given that the Fed is likely to ease rates slowly as they have signal that cut looks to happen in Sep. Fundamental concerns related to the currency including the twin deficit situation would also continue to weigh in. The BSP is also appearing move dovish than the Fed having already indicated two cuts this year with the first possibly in Aug and another in 4Q 2024. However, OFWR repatriation would be a support for the PHP. The pair is likely to still trade elevated even amid the trend lower.

OFWR numbers was strong in May and we continue to see that it can be a cushion for the PHP. Repatriation of money home in May stood at 3.6% YoY (est. 3.0% YoY, Apr. 3.1% YoY) whilst the absolute amount was slightly higher at $2.58bn (Apr. $2.56bn). We have noticed over the years since 2020 that OFWR tends to run higher during the third quarter. This can be attributed to DXY tending to be stronger during the third quarter of the last three years and making it attractive for overseas Filipino workers to convert their earnings back into the PHP. We see the possibility of more greenback strength deeper into the third quarter and that could lead to more repatriation. It would though we believe not stop into 3Q 2024 as the final quarter could also see money being sent home given that period marks a festive season.

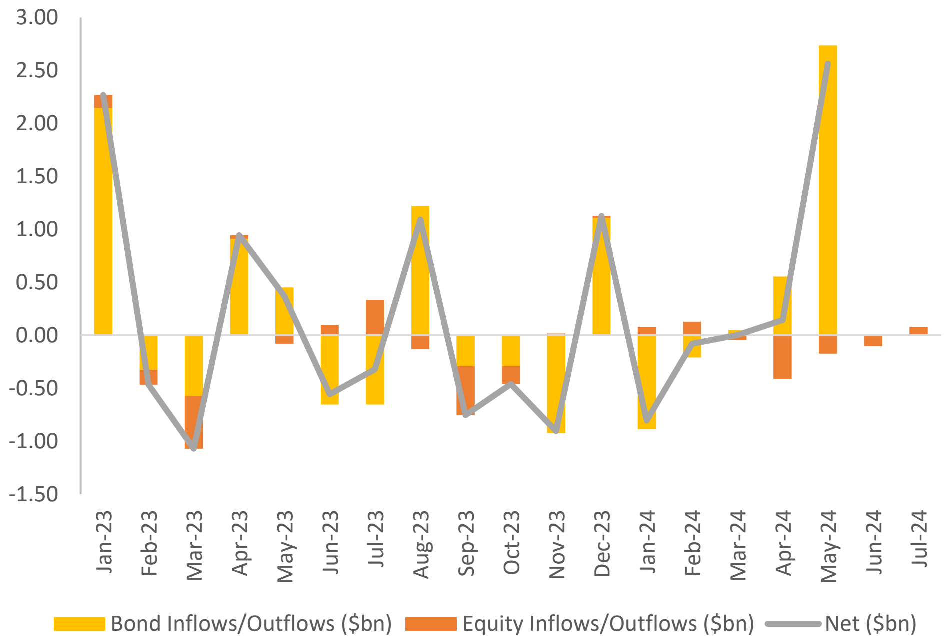
We see risks that portfolio flows may weaken further into 3Q 2024. Equity inflows month to date up until the 26 Jul 2024 was positive at $0.08bn although the year to date number shows an outflow of -$0.45bn. The month to date number until the 26 Jul 2024 was the first positive reading since Feb. The PSEi saw quite a strong rally from Mid Jun until Mid Jul amid strong global equity risk sentiment at that point. However, that looks to have reversed recently as a equity correction globally appears to be underway. Therefore, we think that foreign flows regarding the local equity markets can risk turning negative. Bonds data at this point is rather dated as it shows only monthly data as of 31 May 2024, which indicates inflows of $2.74bn. The number we note is rather interesting given that the USDPHP actually edged up higher through May although we do note there was high equity outflows that month at -$1.73bn whilst the trade balance was quite wide at -$4.59bn. For Jun and Jul, we do not rule out that the bond flow data could have been less favourable.

BSP policy decision is due in Aug, where expectations are for a cut to happen with the risk that it can keep USDPHP elevated. BSP has already been jumping the gun ahead of the Fed by sounding more dovish and pointing at two cuts this year with the first possibly coming in Aug. There is a possibility they could continue to sound even more dovish come the Aug meeting. May CPI came out below expectation at 3.9% YoY (est. 4.0% YoY, Apr. 3.8% YoY) and whilst, it may still be elevated in the subsequent two months, the implementation of EO62 to lower rice tariffs and lower rates on pork, mechanically deboned meat (MDM) of poultry and corn can lead to downside risks to inflation further in 2H 2024 and 2025. This looks to back a BSP cut for Aug. The BSP's words look likely to keep investors anxious and consequently support the USDPHP staying elevated. Our in-house economist overall expects two cuts of 50bps happening this year with the second 25bps cut happening in 4Q 2024 after the first in Aug. This would bring the rates down from 6.50% to 6.00%.

Risks Ahead: This would include if US data remains too hot and the Fed holds for the rest of this year whilst the BSP cuts rates. This we believe is unlikely to play out at this point and the balance of risks are more tilted towards a global monetary policy easing. A few DM central banks have already started moving whilst the Fed has signalled a Sep cut. Aside that, we are also cognizant of the risk of higher oil prices although that also may be less likely to play out given that China's economy still looks like it could be relative soft for the rest of this year. On the flip side, the PHP may perform better than forecasted if the Fed cuts at a much faster pace than 50bps this year and we would not necessarily rule this out given that US jobs data has been showing quite some softening and it is no longer a source of significant inflationary pressure. Under such conditions, inflation can continue to ease more allowing for cuts. Even then, we stay wary of a Trump victory and the inflationary environment that accompanies it.

Key Data/Events: Jul S&P Global PMI mfg (1 Aug), Jul CPI (6 Aug), Jun trade data (6 Aug), Jun unemployment rate (7 Aug), 2Q agriculture output (7 Aug), Jun bank lending (7 Aug), 2Q GDP (8 Aug), BSP policy decision (15 Aug), Jun OFWR (15 Aug), Jul BoP overall (19 Aug), Jul bank lending (30 Aug) and Jul M3 (30 Aug).

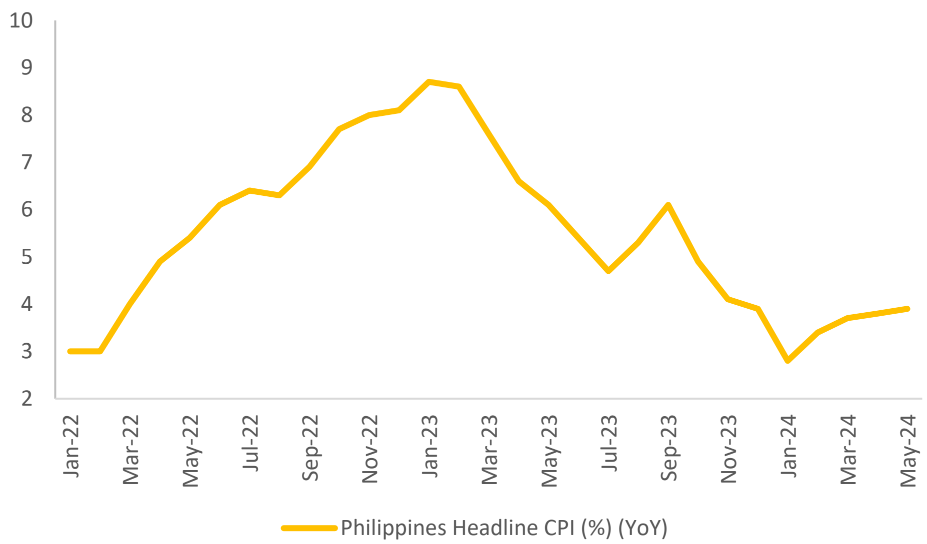
Portfolio Flows We See Can Weaken Further in 3Q 2024



Source: Bloomberg, Maybank FX Research & Strategy

Note: Bond flow data not available for Jun and Jul whilst equity flow data for Jul is up until 26 Jul.

CPI is Expected to Still be Elevated in the Short Term Although the BSP See it Could Ease Allowing for Rate Cuts



Source: Macrobond, Maybank FX Research & Strategy

THB: Idiosyncratic and External Factors to Support

	3Q 2024	4Q 2024	1Q 2025	2Q 2025
USD/THB	35.50 (37.00)	34.00 (35.50)	33.50 (35.00)	33.00 (34.50)

Previous Forecasts in Parentheses

Motivation: We lower out USDTHB forecast to better reflect the global monetary shifts that have taken place and see downward trend in place into next year. The THB has exhibited historical sensitivity to the JPY, possibly due to the investment links between both countries and JPY strength is therefore expected to keep supporting the THB. The currency would also receive much of a boost from elevated gold prices that in turn would be supported by the Fed easing and safe haven demand amid US election uncertainty. The BOT we expect is also likely to stay firm and not ease for this year. This firmness is looking to come in light of a Fed easing. The latter's easing cycle is likely to become more entrenched overtime helping to give relieve to Asian FX including the THB. However, we are also cautious regarding domestic political concerns related to PM Srettha and former PM Thaksin Shinawatra.

Thailand's Ministry of Finance has upgraded the country's GDP forecast, which possibly could have given support towards the currency. They have now raised their forecast to 2.7% YoY for 2024 from an earlier Apr estimate of 2.4% YoY. This was done on the back of expectations of higher foreign tourist arrivals and spending with the Ministry now seeing arrivals to be at 36m this year compared to 35.7m previously. Revenue is also seen to clock in at 1.69tn baht from 1.59tn baht prior estimates. This would make the per capita tourist spending per trip at 47,000 baht vs 46,600 baht. Overall, this would mean that private consumption may accelerate to 4.5% YoY, which is much higher than the 3.5% YoY that had been pencilled in. The revision does at least raise some hope that the Thai economy can gradually continue to improve more and there is a possibility that growth can strengthen into 2H 2024 amid greater fiscal impulse.

BOT firmness in holding rates could be a support for the THB. The central bank looks to have resisted government pressure to ease rates and our in-house economist sees that the BOT is not going to move in the Aug meeting and for the rest of this year. The window we believe though is also closing for them to consider rate cuts this year given that growth can pick-up in the second half of the year especially amid the possibility of greater fiscal impulse with the roll-out of government spending programs. A no rate move by the BOT looks to also be coming at a time when the Fed could be starting its easing cycle. Real rate differentials could therefore actually be more favourable towards the THB.

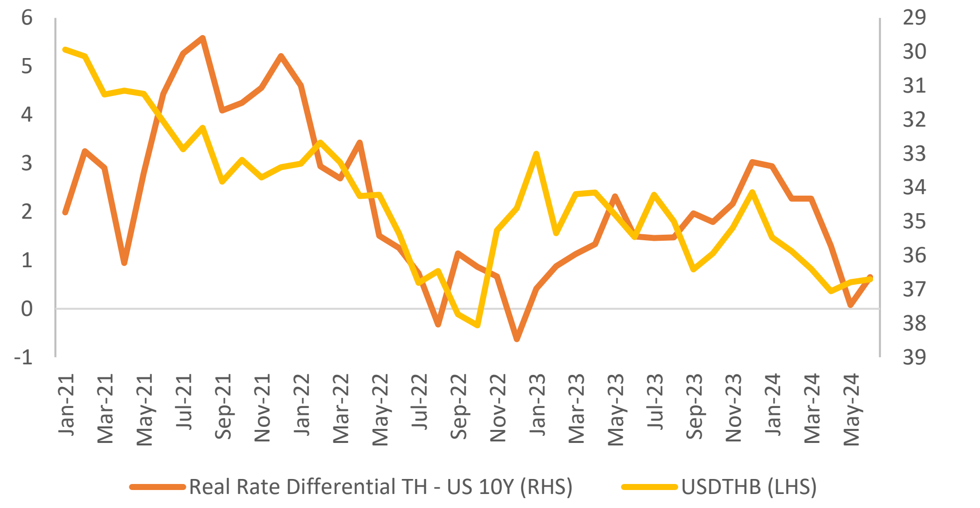
Gold looks to be a key factor that could favour the THB in the coming months. In some sense, gold appears like it is holding up as one of the more effective safe haven as the asset continues to climb amid ongoing global uncertainty. Even elevated yields has not necessarily held back the precious metal climb in recent months. At this point, talk has also been more focused on the Fed rates being eased soon and that instead conventionally would actually be favourable to gold. As we go deeper into the US election season, appetite for gold does stand a reasonable chance of strengthening further. Given Thailand's position as a gold trading hub, an increase in gold prices looks to benefit the THB and can go some way in helping to limit any upside for the USDTHB.

For now, we stay cognizant of the political situation amid the court cases that Thaksin, Srettha and Move Forward face. The criminal court has granted bail to former PM Thaksin as he faces trial for royal insult under the lese majeste law. The next hearing for the case would be on 19 Aug. The constitutional court meanwhile will hand out its verdict regarding Srettha's case on his appointment of Pichit Chuenban on 14 Aug. The constitutional court also set 7 Aug as the date too that it would hand out its verdict on the disbandment of Move Forward over its pledge to amend the lese majeste law. We keep a very close eye on how these cases would evolve and whether they could lead to any further destabilization for the country's political situation.

Risks Ahead: BOT engaging in rate cuts at an aggressive pace compared to the Fed and ahead of it too, which in turn hurts the THB heavily. We do not however think this is likely to play out given that economic conditions may show improvement further into 2H 2024. On the flip side, the THB may perform better than forecasted if the Fed cuts at a much faster pace than 50bps this year and we would not necessarily rule this out given that US jobs data has been showing quite some softening and it is no longer a source of significant inflationary pressure. Under such conditions, inflation can continue to ease more allowing for cuts. Even then, we stay wary of a Trump victory and the inflationary environment that accompanies it.

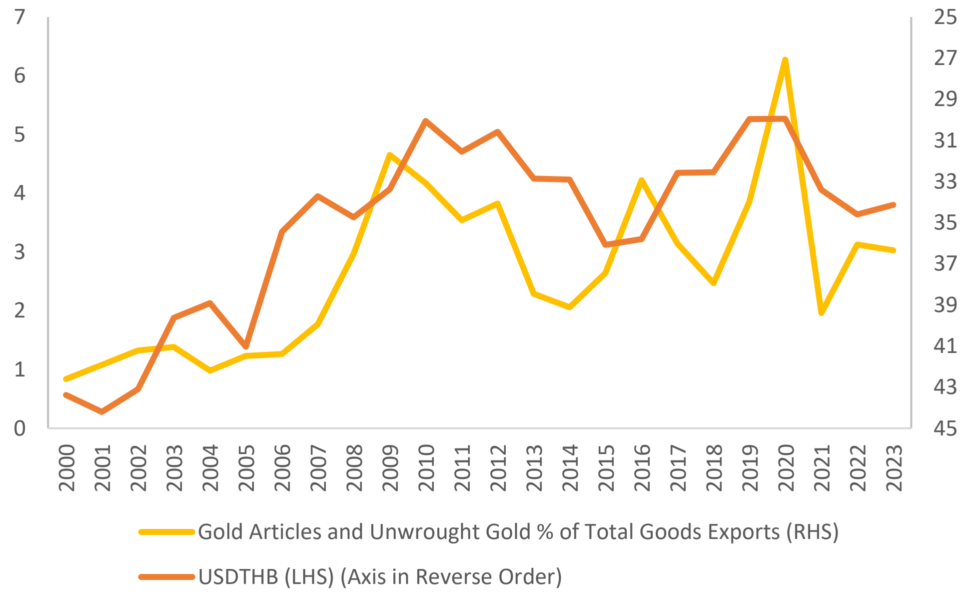
Key Data/Events: Jul S&P Global PMI mfg (1 Aug), Jul CPI (5 Aug), Jul consumer confidence (7 - 13 Aug), 2Q GDP (19 Aug), BoT policy decision (21 Aug), Jul ISIC mfg prod index (26 - 30 Aug), Jul ISIC capacity utilization (26 - 30 Aug), Jul customs trade data (26 - 30 Aug), Jul BoP CA and overall balance (30 Aug) and Jul trade data (30 Aug).

A Widening of TH - US 10Y Real Rate Differential as BOT Stays Firm Could Help Give Support to the THB



Source: Bloomberg, Maybank FX Research & Strategy

Higher Gold Demand Would be Favorable to the THB Given Thailand's Position as a Gold Trading Hub



Source: Macrobond, Maybank FX Research & Strategy

VND: Seeing Some Signs of Turnaround

USD/VND	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	25150 (--)	25000 (--)	25000 (--)	24800 (--)

No Change to Previous Forecasts

Motivation: USDVND has started to ease from the top of the +/-5% trading band. It could be due to the fall in UST yields as well as signs that the party-infighting could be near its end as President To Lam has taken over the duties of Communist Party chief Nguyen Phu Trong who passed away a few days later. Equity has been seeing persistent net outflow for several weeks but turned positive on 17 Jul. Since then, there are signs that equity outflows are less persistent. Our view for USDVND to come off very gradually in the 2H of 2024 as global inflation eases enough for higher-for-longer concerns to fade could be coming to fruition.

With inflation likely to remain on a bumpy downtrend and US rates to trade with two-way risks from here, USDVND bids continue to remain constrained by the trading band, stabilized interbank interest rates. Gold auctions have helped to narrow the domestic-international premium from north of 20% as of end May to just sub-10% as of in Jul 2024. SBV pledged (18 Jul) to continue to narrow the gap between the domestic and international gold prices. Actions to improve the accessibility of gold purchases for the masses was more successful in reducing the domestic price premium for the bullion. Smaller gold premium, higher interbank interest rates could probably help to ease demand for gold/ foreign currencies and reduce pressure on the VND. In addition, there had been a stiff competition for deposits with over 20 banks offering attractive rates between 5-6%p.a for 12month term deposits. This comes in light of the improvement in credit demand and growth.

As of the Jun data, Vietnam's Macroeconomic Outlook Brightens Further. Our economist upgraded 2024 GDP forecast to 6.4% from 5.8% seen previously after 2Q GDP accelerated to a 7-quarter high of 6.9%, from an upward-revised +5.9% in 1Q. Growth was driven by strong output from manufacturing, spurred by exports demand. Services growth also picked to 7.1% vs. previous 6.2%. GSO attributed the robust growth to the rebound in trade and tourism. Our economist maintains 2024 inflation at 3.7%, expecting the weakness in the dong to add to the price pressure at home on top of a pay hike for state employees that could spur further price adjustments by businesses. **Stronger exports performance could continue to cushion the VND from further weakness but VND's fate, like many other regional peers, are determined also by external factors to a significant extent.**

Brighter Macro Outlook Does Not Commensurate with VND's. VND continues to remain hurt by the elevated US rates that gave rise to USD strength, lingering residual domestic-international gold premium that attract arbitrage activities and possibly also some political concerns at home. The central bank has been intervening in the foreign exchange market to support the VND in the face of elevated USD as well as the US rate. In addition, reverse repo rates were raised twice by an accumulative 50bps already in order to provide better support for the VND. So while the economic outlook seems strong, VND's outlook is less certain.

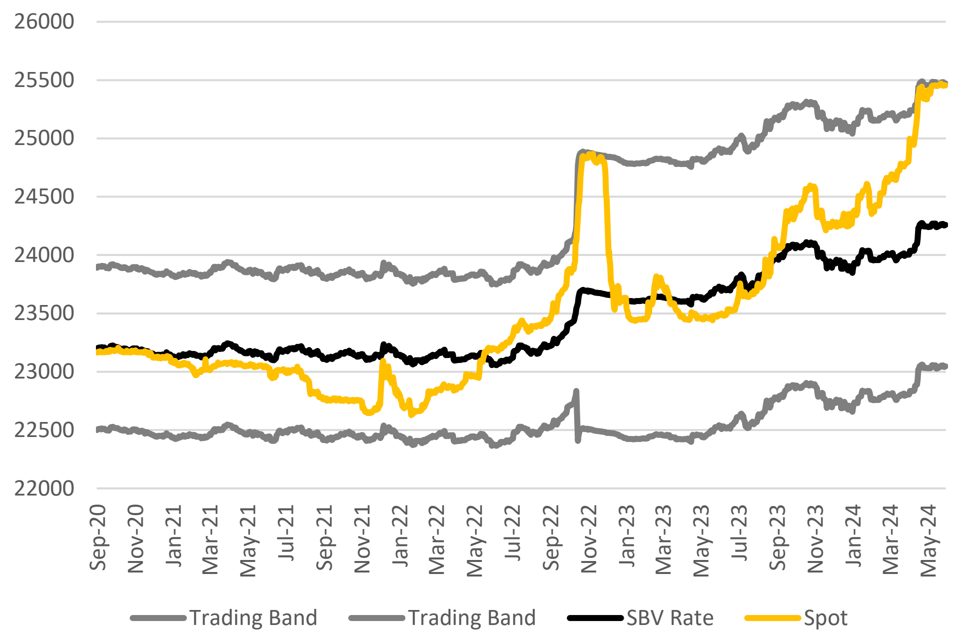
Bump Up in FDI for Jun. Vietnam enjoyed decent FDI flows with realized FDI growth of 9.3% in Jun compared to an average of 8.1%y/y growth in Jan-May. Registered FDI rose a more astounding 59.7%y/y in Jun compared to three consecutive months of yoy declines. Much of the FDI registered flowed to the manufacturing sector which saw a 79%y/y increase in FDI for Jun. Real estate also received pledged FDI of around $495mn in Jun, a 33%y/y rise. The bump up in the Jun **FDI pledges took FDIs in manufacturing to a growth of 26.3% for the first half of the year while that of real estate businesses rose to 61.5y/y in the same period. On the whole, t**here has actually been a modestly improving trend compared to 2023. However, we cannot rule out further uncertainties in the political landscape that can crimp on FDI inflows and reduce support for the VND.

Structurally, what the VND had been able to count on (for a few years now) is the various trade agreements forged and concomitant flow of FDIs into Vietnam as foreign investors diversify their supply chain away from China. As a result, the VND benefits not just from an improvement in its balance of payments but also from the strengthening of its export competitiveness in the medium term. We continue to remain cautiously optimistic on Vietnam's diplomacy and growth outlook. Regardless of the cyclical pressure on the VND in the near-term, this medium-term trend remains intact (as what the latest FDI suggests) and could be supportive of the currency.

Risks to the VND: 1) A sudden re-acceleration of inflation in the US could lift the USD and US rates and lift the USDVND. 2) Further political infighting that could dampen investment sentiment.

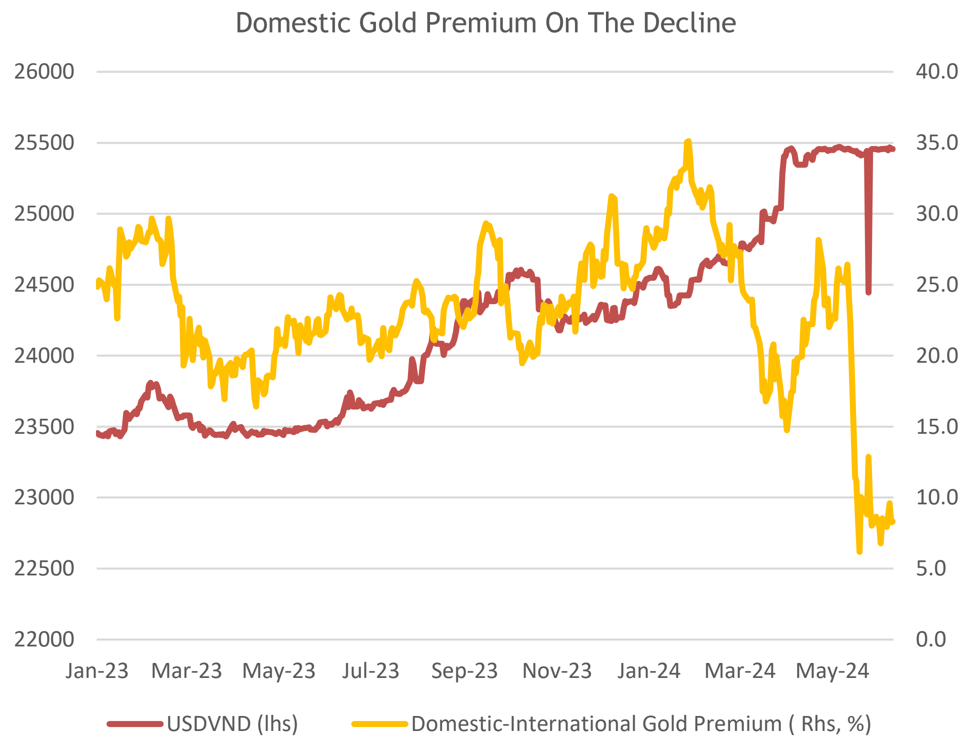
Key Data/Events: Aug trade, IP, CPI, retail sales [25-31 Jul].

VND Remains Under Pressure in 2024



Source: Bloomberg, Maybank FX Research & Strategy

Gold Premium Has Come off Rather Sharply



Source: Bloomberg, Maybank FX Research & Strategy

INR: RBI Holds Steady

USD/INR	3Q 2024	4Q 2024	1Q 2025	2Q 2025
	82.50	82.00	81.00	81.00
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDINR forecasts and the downward trajectory for USDINR in the four quarters ahead on the belief that RBI could cap gains amid INR positive factors and the belief that the USD will gradually soften from end 2024 into next year. The RBI will continue to lean against the wind and slow the pace of INR appreciation. USDINR has been one of the most stable pairs, largely due to the Reserve Bank of India's (RBI) preference to reduce volatility in the INR by "leaning against the wind". The RBI held the INR steady even in the aftermath of the Indian elections where Modi's BJP won by a smaller than expected margin. RBI's preference should also remain to accumulate more foreign reserves in an environment that should be INR-positive in order to have the necessary ammunition to defend INR in times of stress in the future.

INR positive factors continue to be at play. News reports estimate foreign inflows into India's bond market to be some US$10b over the past 9 months. This is also against the backdrop of an economy that is prospering, with one of the highest economic growth rates in the world (Governor Das suggested ~7% for the current fiscal year) and with inflation kept relatively in check (Governor Das suggested ~4.5% for current fiscal year). On top of that, India is portraying itself as an alternative for global funds to China, which in an era where asset managers are trimming or underweighting their exposures to China could be a significant continued driver of inflows to India. Lastly, foreigners were estimated to own a mere 2% of Indian sovereigns, highlighting a massive potential for an increase to foreign ownership. As a point of comparison, foreign holdings of US sovereign debt are at around 24% and foreign holdings of China sovereign debt are around 9% (dropping off from 11%). Further inflows look very likely, and this should continue to support INR strength.

We do note RBI's preference to keep USDINR stable. Recent episodes of big currency moves reflect this preference. In the post-NFP USD rout in Dec the DXY declined 1.1% while USDINR NDF was just barely 0.2% lower. Similarly, post-Oct US CPI print, DXY weakened by about 1.5% while USDINR NDF was about 0.3% weaker. **Similarly, RBI has kept the INR relatively steady even as Modi's BJP failed to win by as large a margin as expected, which resulted in some INR weakness.** As such, we think that USDINR is a rather tricky pair to express a view on FX. This is likely due in part to RBI's penchant to lean against the wind to reduce volatility in the INR. However, do consider that this stability could be seen as a positive for asset managers and investors and could potentially increase investor confidence for INR-denominated assets and spur further inflows. While a stable INR still provides a favourable environment for carry trades, global deleveraging and carry trade unwinding means we could see episodic paring back of such trades, which would be INR negative.

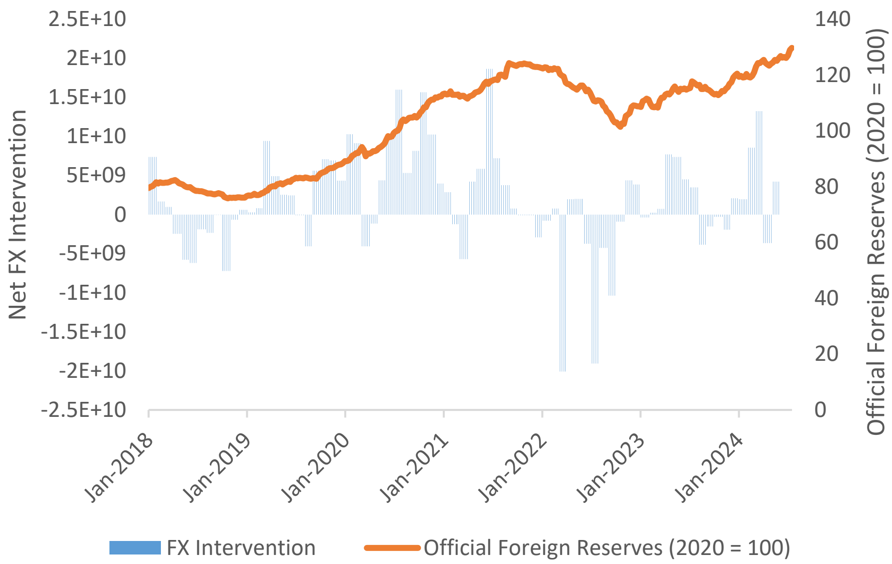
Growth in India should continue to be robust, which would be a boon for the INR. 2024P GDP estimates were once again revised upwards, suggesting that 2024 growth could come in at 8.2% YoY (exp: 7.9%; prev: 7.6%). This suggests a continued bright economic outlook for one of the world's fastest growing countries, with some parallels to China in its fastest growing years. In economic literature, population growth remains one of the key drivers for growth. India overtook China as the world's most populous country in Apr 2023, and with population growth dynamics looking favourable for years to come, growth could continue to remain support. We expect a global soft-landing and continued economic expansion in India should be a factor for INR strength. Favourable dynamics for INR should last into 2025, with Modi's BJP managing to form the government and political uncertainty out of the way.

On the monetary policy front, inflation in India recently surprised to the upside with Jun inflation at 5.08% YoY (exp: 4.80%; prev: 4.75%). While the absolute number remains high, RBI's inflation target is also higher than normal at around 4%. When taken together with growth prospects being positive should imply that the RBI will not be in a hurry to pivot to a growth supporting stance, simply because there is no need for them to. Also, they will have ample space to support growth if they need to with the current policy rate at 6.50%. RBI voted 4-2 in favour of accommodation withdrawal. Vote split seems to be changing and could pivot, although we still expect that RBI should stay on hold at their next meeting (8 Aug). Ultimately, we think they will likely hold rates through 2024. On balance, RBI remaining on hold amid strong growth prospects and a relatively benign inflation outlook should also be in favour of INR strength.

Risks Ahead: The main risk that threatens our USDINR forecasts would be RBI switching out of its stance to lean against the wind. This could occur as a matter of policy change or if there is too much scrutiny, possibly by the US Treasury on the INR kept artificially weak. While not likely, a combination of higher for longer inflation and poorer growth outcomes for India could also threaten our outlook for the INR. The Fed path could also present two-sided risks for our INR forecasts, should they turn more hawkish or dovish than anticipated.

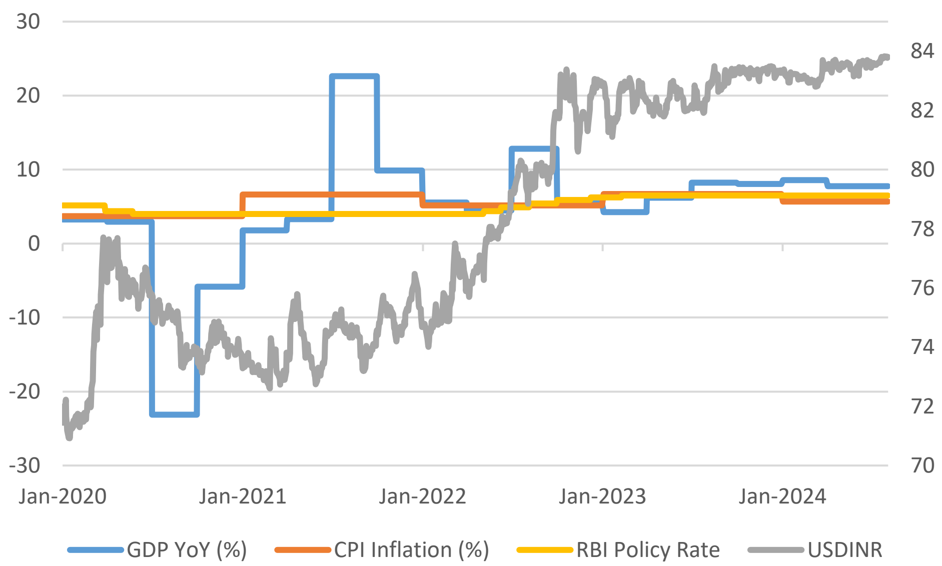
Key data/events: Jul F Mfg PMI (1 Aug), Jul F Svcs/Comp PMI (5 Aug), **RBI Policy Decision (8 Aug),** Jul CPI Inflatio, Jun Industrial Production (12 Aug), Trade Balance/Exports/Imports (12 Aug to 15 Aug), Jul Wholesale Prices (14 Aug), Aug P Mfg/Svcs/Comp (22 Aug), Jul Fiscal Deficit, Jul Eight Infrastructure Industries, 2Q GVA, 2Q GDP (30 Aug).

India's FX Reserves Rising as Intervention Becomes More One-Sidded



Source: Bloomberg, Macrobond, Maybank FX Research & Strategy

Growth is Promising and Inflation Benign in India



Source: Bloomberg, Maybank FX Research & Strategy

FX Forecast Table

	End Q3-24	End Q4-24	End Q1-25	End Q2-25
USD/JPY	150.00	140.00	130.00	125.00
EUR/USD	1.0900	1.1000	1.1100	1.1200
GBP/USD	1.2700	1.2750	1.2800	1.2850
AUD/USD	0.6700	0.6800	0.6900	0.6900
NZD/USD	0.6000	0.6100	0.6200	0.6200
USD/CAD	1.3800	1.3700	1.3600	1.3500
USD/CHF	0.8800	0.8700	0.8600	0.8600
USD/SGD	1.3350	1.3250	1.3200	1.3200
USD/MYR	4.5500	4.4500	4.4000	4.3500
USD/IDR	16300	15900	15700	15500
USD/THB	35.50	34.00	33.50	33.00
USD/PHP	58.25	57.50	57.00	56.50
USD/CNY	7.25	7.23	7.21	7.21
USD/CNH	7.25	7.23	7.21	7.21
USD/HKD	7.78	7.78	7.77	7.77
USD/TWD	31.50	31.00	31.00	30.00
USD/KRW	1350	1330	1310	1300
USD/INR	82.50	82.00	81.00	81.00
USD/VND	25150	25000	25000	24800
DXY Index	103.75	102.04	100.34	99.17
	End Q3-24	End Q4-24	End Q1-25	End Q2-25
SGD/MYR	3.41	3.36	3.33	3.30
JPY/SGD	0.89	0.95	1.02	1.06
EUR/SGD	1.46	1.46	1.47	1.48
GBP/SGD	1.70	1.69	1.69	1.70
AUD/SGD	0.89	0.90	0.91	0.91
NZD/SGD	0.80	0.81	0.82	0.82
CAD/SGD	0.97	0.97	0.97	0.98
CHF/SGD	1.52	1.52	1.53	1.53
SGD/IDR	12210	12000	11894	11742
SGD/THB	26.59	25.66	25.38	25.00
SGD/PHP	43.63	43.40	43.18	42.80
SGD/CNY	5.43	5.46	5.46	5.46
SGD/HKD	5.83	5.87	5.89	5.89
SGD/TWD	23.60	23.40	23.48	22.73
SGD/KRW	1011	1004	992	985
SGD/INR	61.80	61.89	61.36	61.36
SGD/VND	18839	18868	18939	18788
	End Q3-24	End Q4-24	End Q1-25	End Q2-25
JPY/MYR	3.03	3.18	3.38	3.48
EUR/MYR	4.96	4.90	4.88	4.87
GBP/MYR	5.78	5.67	5.63	5.59
AUD/MYR	3.05	3.03	3.04	3.00
NZD/MYR	2.73	2.71	2.73	2.70
CAD/MYR	3.30	3.25	3.24	3.22
CHF/MYR	5.17	5.11	5.12	5.06
MYR/IDR	3582	3573	3568	3563
MYR/THB	7.80	7.64	7.61	7.59
MYR/PHP	12.80	12.92	12.95	12.99
MYR/CNY	1.59	1.62	1.64	1.66
MYR/HKD	1.71	1.75	1.77	1.79
MYR/TWD	6.92	6.97	7.05	6.90
MYR/KRW	297	299	298	299
MYR/INR	18.13	18.43	18.41	18.62
MYR/VND	5527	5618	5682	5701

*Source: Maybank FX Research as of 1 Aug 2024. *These forecasts are meant to be indicative of FX trends and not meant to be point forecasts.*

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