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Macro | FX Research & Strategy

Global

Global Markets Daily

Eyes on US CPI

Eyes on CPI
Currencies remain within range with eyes on the US CPI release tonight which will be the last significant data on price pressures ahead of FOMC next week (19 Dec). Market implied probability of a cut stands at 85.8%, having risen from lows of about 70% last week. Biden will likely formally block the sale of US Steel to Nippon Steel on national security grants say people familiar with the matter. Chatter that Biden could also impose harsher sanctions against Russian oil before Trump comes into power. In line with his pledge to boost the energy sector, Trump said that anyone investing 1b or more in the US would receive expedited permits and approvals, including but not limited to environmental permits. In France, Macron plans to name a new PM within 48 hours and avoid elections before 2027. We expect uncertainty to continue to weigh on the EUR. We believe that geopolitical uncertainty could continue to keep the USD supported even as bearish technicals and seasonality are at play.

RBA Pivots Dovish
RBA pivoted dovish, in line with our expectations whilst leaving cash target rate at 4.35%. We had looked for the statement to drop the phrase “the board is not ruling anything in or out” and it did. This phrase has been in the statement since Mar 2024 and greatly distinguished RBA’s relatively hawkish stance compared to most of its G10 peers. Along with that, the RBA is more confident that inflation pressures are declining whilst labour, market conditions remain tight. We noted that higher interest rates have weighed on private consumption and investment after all and cash rate futures imply 65% probability of a rate cut in Feb but a full rate cut is only priced in by May 2025. We continue to see the risk of a RBA starting to move in Feb and that will continue to exert downward pressure on the AUD. We see 75bps of cuts for RBA in 2025.

Data/Events We Watch Today
We watch US Nov CPI inflation.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0527	-0.26	USD/SGD	1.3419	0.11
GBP/USD	1.2771	0.16	EUR/SGD	1.4127	-0.13
AUD/USD	0.6377	-0.98	JPY/SGD	0.883	-0.38
NZD/USD	0.5799	-1.11	GBP/SGD	1.7139	0.28
USD/JPY	151.95	0.49	AUD/SGD	0.8558	-0.86
EUR/JPY	159.97	0.25	NZD/SGD	0.7782	-1.00
USD/CHF	0.8828	0.44	CHF/SGD	1.5198	-0.37
USD/CAD	1.4181	0.07	CAD/SGD	0.9462	0.03
USD/MYR	4.427	0.01	SGD/MYR	3.3004	-0.14
USD/THB	33.813	0.00	SGD/IDR	11835.37	-0.04
USD/IDR	15865	0.00	SGD/PHP	43.2738	-0.05
USD/PHP	58.015	-0.01	SGD/CNY	5.4035	-0.30

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3290	1.3561	1.3833

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G10: Events & Market Closure

Date	Ctry	Event
10 Dec	AU	Policy Decision
11 Dec	CA	Policy Decision
12 Dec	SW	Policy Decision
12 Dec	EC	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
10 Dec	TH	Market Closure

G10 Currencies

- **DXY Index – *Edging Higher for now, Ahead of CPI Tonight*.** The DXY index eked out another session of gains and was last seen around 106.40. There were a few factors 1) lingering geopolitical concerns in the backdrop (the fall of the ruling Assad family in Syria left a power vacuum that could see more chaos in the Middle-East, news of Chinese manufacturers limiting sales to the US and Europe of key components used to build unmanned aerial vehicles in a prelude to broader export ban on drone parts to the West that can take effect as early as next month according to sources cited by Bloomberg), 2) JPY weakness, driven by Ishiba's comments that casted doubt on further policy normalization of the BoJ. USDJPY has arrived at levels around 152 over night. 3) We also eye the Nov CPI release tonight. An upside surprise to core CPI for Nov (consensus: 0.3%m/m; 3.3%y/y) would give the Fed reason to pause. Back on the daily DXY index chart, two-way trades could continue within 105.40-107.00. There is a mini head and shoulders formed, a slanted one with a neckline marked by the recent low of around 105.40. Resistance is seen around 107.00. Neckline around 105.40 is still intact. We need a break there to Data-wise, Wed has Nov CPI before Nov PPI is due on Thu along with weekly claims. Fri has export and import price for Nov. In news, Biden is set to block the $14.1bn sale of US steel to Nippon Steel on the basis of national security according to sources cited by Bloomberg. Separately, Trump announced he will give companies with investments of $1bn or more in the US "fully expedited approvals and permits".

- **EURUSD – *Steady*.** EURUSD was slightly lower at 1.0532 levels. Eyes will turn to ECB decision on Thur where a 25bps cut has been largely priced and is also in line with our expectations. Risk could be to the upside should ECB sound a tad more hawkish than expected. President Macron reaffirming that he would serve out his term and would shortly appoint a new PM. There are some hopes that French lawmakers can reach an agreement soon, with the 10Y OAT-Bund spread falling to around 78bps, as Marine Le Pen suggested a budget that narrowed the deficit more slowly would pass muster. Uncertainty and non-resolution of a budget would weigh on the EUR. We see continued headwinds for the EUR on political uncertainty in both France and Germany. Factors that weigh on EUR could remain a drag on the currency – including political uncertainty in France and Germany, the potential escalation of the war in Ukraine, weak Eurozone growth prints that could sharpen the Fed-ECB policy divergence. Trump tariffs could also have an additional Eurozone specific element which should weigh on the EUR. Back on the EURUSD chart, support at 1.05 before 1.04. Resistance for pair is at 1.0600 and 1.0650. Data this week includes ECB Policy Decision (Thu) and Oct Industrial Production (Fri).

- **GBPUSD – *Bailey signals four cuts in 2025*.** GBPUSD was last seen slightly higher at 1.2777 levels. EURGBP closed the session at lows not seen since 2022 on expected ECB-BOE divergence and is seen at 0.82438 this morning. Bailey signalled that four cuts in 2025 was consistent with the BOE's central planning scenario as inflation had come down "faster than we thought it would". Nevertheless, in line with our expectations of broader USD drivers dominating, the rally in USTs improved rate differentials and helped the GBP end yesterday higher. This is also in line with our view for the UK and by extension the GBP could be a tad more resilient to Trump's trades policies, being a key ally of the US and a services, rather than goods, oriented economy. Market expectations are also for a BOE hold in Dec, which could help shelter the GBP against further weakness. However, we do still see room for the BOE to cut rates amid an intact broad disinflationary trend – a view echoed by Bailey himself on 4 Dec 2024. Support is at 12650 followed by 1.26 figure. Resistances are at 1.27 figure and 1.2750. UK data includes Nov RICS House Price Balance (Thu), Oct

Industrial Production, Oct GDP, Oct Manufacturing Production, Oct Trade Balance and Nov BOE/IPSOS Inflation Next 12 Months (Fri).

- **USDCHF – *Retracement*.** USDCHF was higher at 0.8830 levels this morning. We look for SNB to cut rates by 25bps on Thu, in line with consensus. Between SNB and ECB, the former is less likely to sound hawkish although we still note that there could be upside risks for the CHF if they sound less dovish than expected. Recall that SNB Chief had flagged about negative rates (Reuters) in a bid to weaken the CHF. CHF had weakened as markets priced in the scenario of SNB cutting rates to near zero by Sep 2025. With that, one can arguably said that policy divergence between the Fed and SNB is at its widest at this point. The room for CHF to fall because of policy divergence might be less as well. With the USD in a corrective mode (lower), USDCHF may move lower from here. The next support is at 0.8750. Resistance is the 0.882. Of the traditional safe-havens, it does seem that gold and CHF retain most of the safe-haven properties, with the JPY being pressured by yield differentials. Safe-havens could be better supported on heightened volatility and uncertainty in the lead up to key events like the US elections. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF. Data-wise we have Nov SECO Consumer Confidence (Mon) and SNB Policy Decision (Thu).

- **USDJPY – *Tests Resistance, Downside Potential Intact*.** The pair was last see higher at around 151.80. The pair is testing the key resistance at 152.00 and overnight, it crossed above that level but failed to hold above it. At this point, both buyers and sellers are battling it out amid the uncertainty over the path of the Fed and the BOJ. Expectations for a BOJ Dec hike have significantly pulled back with the OIS now implying only a 21.5% chance of it occurring. This looks to have been driven by Ishiba's words that Japan has not escaped deflation (plus that he is not currently thinking about revising the BOJ – govt joint statement) and the unusual move of Ryozo Himono planning to give a speech and press conference on Jan 14. Despite these developments creating speculation of a potential delay hiking, we firmly stick to our expectations that a Dec 25bps hike is likely to happen. Recent data has backed a hike and there was more supportive data out this morning as Nov PPI data came out stronger than expected at 3.7% YoY (est. 3.4% YoY, Oct. 3.6% YoY). The latter may have also led to USDJPY coming down a little bit this morning. Overall, given our view on the BOJ, we see that the USDJPY has downside potential. However, we expect the pair to be trading within 149.00 – 152.00 range in the near term building up to both the FOMC and BOJ decisions. The range itself is wide given exaggerated moves amid the lower liquidity period currently. The major data points we look out for in the coming days are the US CPI (due later today), US PPI (Thurs), 4Q Tankan indicators(Fri). Remaining key data releases this week include Nov Tokyo avg office vacancies (Thus), 4Q Tankan indicators (Fri), Oct F IP (Fri) and Oct capacity utilization (Fri).

- **AUDUSD – *RBA Pivots Dovish, in line with expectations*.** AUDUSD was last seen at 0.6380 levels. RBA pivoted dovish, in line with our expectations whilst leaving cash target rate at 4.35%. We had looked for the statement to drop the phrase "the board is not ruling anything in or out" and it did. This phrase has been in the statement since Mar 2024 and greatly distinguished RBA's relatively hawkish stance compared to most of its G10 peers. Along with that, the RBA is more confident that inflation pressures are declining whilst labour, market conditions remain tight. We would not characterize this as a dovish statement given its mention that "underlying inflation remains too high" but a dovish pivot is clear when the weak growth in output was acknowledged. We noted that higher interest rates have weighed on private consumption and investment after all and cash rate futures imply 65% probability of a rate cut in Feb but a full rate cut is only priced in by May 2025. We continue to see the risk of a RBA starting to move in Feb and that will continue to exert downward pressure on the AUD. With the external environment likely to turn even more challenging in 2025, risks might tilt more towards growth and we look for RBA to cut 75bps next year. AUDUSD has broken the 0.6410 level continues to be tested. Last at 0.6380. Next support is seen around 0.6340 and then at 0.6270. Resistance at 0.6500.

- **NZDUSD – *Heavy*.** NZDUSD edged lower to levels around 0.5800, dragged by cautious sentiment all around. Price action could remain choppy within 0.58-0.5930 with a chance of a break-out to the downside. 0.5930 is a key resistance before the next at 0.5970. The USD might have shown some signs of rebound but NZD has not broken out of the range yet. Week ahead has 3Q Mfg activity due on Wed before card spending for Nov on Thu before BusinessNZ Mfg PMI for Nov as well as Oct net migration.

- **USDCAD – *Breaking Higher, BoC to cut 50bps tonight*.** USDCAD extended its rally and was last seen around 1.4170. Another 50bps cut is expected from BoC tonight- unemployment rate had jumped to 6.8% from 6.5%. Hourly wage rate slowed rather sharply to 3.9%y/y from previous 4.9%. As slack continues to build in the labour market, BoC may continue to move in clips of 50bps to lower borrowing costs and lift business confidence and consumption. CAD may continue to remain on the weakening path, especially in light of tariff threats from US President-Elect Trump. Back on the USDCAD chart, momentum is bullish but stochastics are moving into overbought conditions. Resistance at 1.4170 is being tested and the next resistance is seen around 1.43. Support around 1.3900.

- **Gold (XAU/USD) - *Rising*.** Gold rose to levels around $2700/oz, lifted by the step-up in geopolitical conflicts 1) the fall of the ruling Assad family in Syria left a power vacuum that could see more chaos in the Middle-East, 2) news of Chinese manufacturers limiting sales to the US and Europe of key components used to build unmanned aerial vehicles in a prelude to broader export ban on drone parts to the West that can take effect as early as next month according to sources cited by Bloomberg. Separately, China State Administration for Market Regulation has also launched a probe on Nvidia on suspicion of anti-monopoly law breaches. albeit within the recently established range. This was seen as the latest escalation in US-China tech race. These new developments nullify the downward pressure brought about by the Israel-hezbollah ceasefire and the potential deal for the war in Ukraine. Break of the 2711 resistance to open the way towards 2750.

Asia ex Japan Currencies

SGDNEER trades around +1.10% from the implied mid-point of 1.3561 with the top estimated at 1.3290 and the floor at 1.3833.

- **USDSGD - *Bearish Risks*.** USDSGD was last seen higher at 1.3413 levels this morning. SGD is in the middle of the pack in terms of performance and we expect that it could be sheltered given the correlation of SG/US rates. Moreover, Singapore is unlikely to be singled out by the US for additional tariffs given that it has a bilateral trade deficit with the US. Regional safe-haven properties are also likely to be supportive for the SGD. Recall that MAS stood pat in Oct. Our economists' base case is for a Jan-25 easing, although easing could be delayed if inflation is sticky and/or growth remains robust. Robust 3Q GDP print could delay easing by MAS. The trade-weighted SGDNEER is at +1.10% above the mid-point this morning. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue. MAS appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although we do not expect SGDNEER to tank. In the medium-term, we remain positive on the SGD given robust macro fundamentals and a monetary policy that has an appreciating currency as a default stance. Resistance at 1.3490 and 1.3530. Supports are 1.3400 and 1.3340. Nov FX Reserves came in lower at US$377.23b (prev: US$383.72b). Waiting for MAS' balance sheet update (likely mid-month) to see if there is a corresponding drop in government deposits that could indicate transfer of reserves to GIC for longer term management. Unlikely that drop in reserves was MAS selling USD to slow pace of SGDNEER moderation given that SGDNEER still remains at a relatively strong level in the band.

- **SGDMYR - *Watch potential downside*.** SGDMYR was last seen lower at 3.2994 levels this morning. SGDMYR falling has moderated SGDNEER strength. This has been in line with MYR being the main moderator of the SGDNEER this year. Resistances at 3.30 followed by 3.32. Support at 3.28 before the next at 3.25.

- **USDMYR - *Cautious*.** Pair was last seen at 4.4233 as it continued to hold rather steady. The broad dollar and UST yields are both higher (ahead of US CPI release tomorrow) but the USDMYR manage to hold its levels as the USDCNH moved sharply lower. The latter looks to have been guided lower by bolder words from the CPC Politburo of stronger economic support for the Chinese economy. We have been noting that more aggressive Chinese stimulus can be a downside risk for the pair and these recent developments do look encouraging. However, we also note that there is still immense uncertainty on the level of support that the Chinese government would eventually rollout. We closely watch the outcome of the CEWC (which reportedly would start on Wed) for any signals of stronger support measures. Additionally, we also look out for US CPI (Wed) and US PPI (Thurs) to inform us on the likelihood of a Fed rate cut in Dec. Back on the chart, near term, the pair may trade sideways before edging lower amid a possible Dec Fed rate cut, seasonal broad dollar a weakness and the potential of more China stimulus. Resistance at around 4.5290. Support at 4.4200 before the next at 4.3200. There are no remaining key data releases this week.

- **USDCNH - *Interim Pullback to 7.23 Cannot be Ruled Out before Uptrend Continues*.** USDCNH traded around 7.2490 this morning, still reeling from the Politburo read-out earlier this week showed a renewed pledge on "more pro-active" fiscal policy and that the 24 senior officials announced it will embrace a "moderately loose" strategy next year. The fix this morning remains below 7.20 at 7.1846 vs. previous 7.1896. Median estimate was lower at 7.2561, widening the actual-estimate fix gap from 902pips to 718pips. Central economic work conference is scheduled to happen on 11-12 Dec and the economic targets and stimulus plans are likely to be discussed according to sources unnamed and cited by Bloomberg. Normally, the outcomes are not announced until the Two-Sessions in Mar but there could be a readout of the speech by Xi Jinping. Even so, we do not rule out potential for yuan sentiment to turn bullish between now and the end of CEWC. Data-wise, FDI could be out from Wed. There could be two-way trades within 7.23-7.31. Break out to the downside opens the way towards 7.20 (200-dma). In other rumours, China may cut 50-100bps, increase purchase of government bonds to boost liquidity.

- **1M USDKRW NDF - *Yoon Banned from Leaving Korea*.** 1M USDKRW NDF was last seen lower around 1428.47 levels this morning. Yoon has been banned from leaving Korea after a failed impeachment attempt. His term ends May 2027 and he is unlikely to see through it. The failure to impeach Yoon is negative for the KRW as this current state of political uncertainties could be prolonged. Yoon has offered to allow his allied political party (PPP) to set policy in his stead. This is likely to keep PPP legislators from voting his removal. Another way his tenure can end is with his resignation as a quid pro quo for his successor to pardon him to avoid Jail. Constitutional revision is also possible to shorten five year term to 4 year term and his term will end May 2026 instead of 2027 Yoon's brief declaration of martial law and the political aftermath look to have shaken investor confidence in Korea. The KOSPI (-8% YTD) risks diverging further from Taiwan's equity index (+30% YTD). Interestingly, Trump had earlier flagged Taiwan for stealing US chip business, but had declined to mention Korea, another major economy in the chip space. Calls for Yoon to resign are growing and the leader of Yoon's party said that the President would eventually step down given that "the declaration of martial law was a clear and serious violation of the law". We expect short term pressures on KRW to remain. BOK surprised by cutting rates by 25bps, against consensus but in line with our own expectations of a cut. This is the first back-to-back cut by the BOK since 2009 and comes on the back of weakening growth, slowing exports and moderating inflation. We see BOK cutting by 50bps in 2025 as they pivot away from a restrictive stance. Despite the inclusion on FTSE WGBI, pair should face upside risks with support for the USD building. Resistance is at 1450. Support at 1420 followed by 1400. Data releases this week include Nov Unemployment Rate, Bank Lending to Household (Wed) and Nov Import/Export Price Indices (Fri).

- **1M USDINR NDF- *Pivoting to Neutral*.** USDINR 1M NDF is higher at 85.08 levels this morning. Governor Das will be replaced by a career bureaucrat Sanjay Malhotra who will start a three-year term tomorrow (11 Dec). Last Friday, RBI held its rate steady on Fri in line with consensus although it also cut the cash reserve ratio that banks are required to hold, making conditions easier as growth slows. We see RBI potentially cutting rates at their next meeting (7 Feb) to align with their current neutral stance especially if disinflationary path progresses. Resistance at 85.00. Support at 84.50 before the next at 84.00. Data releases this week include Nov CPI, Oct Industrial Production, Nov trade Balance and Nov Exports/Imports.

- **1M USDIDR NDF - *Steady, Cautious*.** 1M NDF was last seen lower at around 15914 as it moved slightly up with the climb in the broad dollar and UST yields. Regardless, it is still overall trading sideways and holding just below the 16000 level. We recognize that the authorities have been trying to stabilize the currency. However, the USDCNH moving lower can also be a counteracting factor on the broad dollar strength and UST yields higher. The CNH has tended to be an anchor fan currencies given China's role as a major trading partner for the region. Near term, there remains multiple risk events and developments that include US CPI due today, US PPI (Thurs) and the outcome of the CEWC. Regarding the latter, markets are watching closely if there is a signal of stronger support measures. Whilst we stay cautious, we lean to believing that the USDIDR can edge lower in Dec as we see a Fed cut would occur and the tendency for broad dollar seasonal weakness to play out. Back on the chart, resistance is at 16000 and 16182. Support at 15774 (50-dma) and 15450. Remaining key data release this week include Nov local auto sales (11 – 15 Dec).

- **1M USDPHP NDF – *Higher, Likely Sideways*.** The 1M NDF was last seen at around 58.25 as it continued its climb up with both the broad dollar and UST yields higher. 1M NDF for now would be testing a resistance at 58.28. We believe the 1M NDF can trade sideways around this level from now on as we are less inclined to believe that it can decisively break above it. We still think that the Fed would cut in Dec and that can keep markets from pushing the 1M NDF too much further up. Also, the move lower in USDCNH can help limit upside given the CNH is seen as an anchor for Asian FX generally. We are closely watching the outcome of the CEWC for any signals of further stronger support measures. Aside that, we also look out for US CPI (Wed) and US PPI (Thurs) to inform us on the pace of Fed easing. After 58.28, the next level of resistance is at 59.13 (YTD high). Support is at 57.45 (100-dma) and 56.85. There are no remaining key data releases this week.

- **USDTHB – *Lower*, *Softening*.** Pair was last seen at 33.70 amid strong momentum for the pair to move lower. Peak tourism seasonal inflows at first look to be guiding the pair lower. However, other positive developments seem to have added to this momentum. This include both the bolder words by the CPC Politburo of stronger economic support for the Chinese economy (leading to the USDCNH moving sharply lower) and higher gold prices amid safe haven demand. We believe there could be more downside for the pair as tourism inflows remain strong for the month, Fed likely eases in Dec and seasonal broad dollar weakness too. Gold prices could also hold up high given the geopolitical uncertainty especially in relation to the middle east. On the Chinese economy, we have been noting that more aggressive Chinese stimulus can be a downside risk for the pair (given the THB sensitivity to CNH amid the strong trade links with China) and these recent developments do look encouraging. However, we also note that there is still immense uncertainty on the level of support that the Chinese government would eventually rollout. We closely watch the outcome of the CEWC (which reportedly would start on Wed) for any signal of further stronger support measures. In the coming days, we look out for US CPI (Wed), US PPI (Thurs) and the outcome of the CEWC. Back on the chart, support is at 33.62 and 33.00. Resistance is at 34.40 and 35.10. Key data releases this week include Nov consumer confidence (11 – 13 Dec) and 6 Dec gross international reserves/forward contracts (Fri).

- **USDVND – *Capped for now*.** USDVND was last seen around 25370. This pair continues to be driven by broader USD movement as well as the swings of the UST yields. The 25475 could cap this pair. Recent price action has been more consolidative. Support is seen around 25325 before the next at 25255.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.46	3.46	Unchg
5YR MI 8/29	3.57	3.58	+1
7YR MS 4/31	3.73	3.75	+2
10YR MS 7/34	3.79	3.79	Unchg
15YR MS 4/39	3.93	3.93	Unchg
20YR MX 5/44	4.04	4.04	Unchg
30YR MZ 3/53	4.18	*4.19/17	Not Traded
IRS			
6-months	3.65	3.65	-
9-months	3.61	3.61	-
1-year	3.58	3.59	+1
3-year	3.46	3.48	+2
5-year	3.49	3.50	+1
7-year	3.57	3.59	+2
10-year	3.67	3.69	+2

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

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- Ringgit government bonds traded largely flat despite the bear-steepening move in UST curve at Asia close yesterday. The 5-7y skewed toward more selling resulting in 1-2bp yield uptick in the belly. We saw real money flows in the long end of both MGS and GII curves at mostly unchanged levels. Local bonds may continue to trade in range ahead of the US CPI data.

- MYR IRS closed 1-2bp higher with a steepening bias. Despite 3M KLIBOR taking a pause - having gone up in the last 5 sessions - paying/hedging interest held up on softer year-end bond sentiment and higher UST yields. 3M KLIBOR was flat at 3.70%. 2y IRS traded at 3.47% and 5y IRS traded at 3.50%.

- The PDS market was slightly more active. In GG, LPPSA and Danainfra traded in tight range at sizeable amount. In AAA, Toyota Cap 2/25 traded 5bp lower for MYR20m, while other names were dealt at MTM, specifically Cagamas, Sarawak Energy and Pengurusan Air SPV. In AA1/AA+, Sime Darby 8/26 saw MYR30m exchanged at 1bp higher, while UOB 2/34 1bp lower for MYR10m. AA2 Bumitama 7/26 traded at MTM for MYR10m.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.71	2.72	+1
5YR	2.65	2.66	+1
10YR	2.68	2.70	+2
15YR	2.73	2.76	+3
20YR	2.71	2.74	+3
30YR	2.67	2.69	+2

Source: MAS (Bid Yields)

- SGS yields increased 1-3bp across the curve yesterday largely tracking the bearishly steepened UST curve although US rates pricing on the next Fed move in December remained little changed at about 85% probability for a 25bp cut. 10y SGS yield rose 2bp to 2.70%. The overnight SORA jumped to 3.19% as of 9 December, the highest since early November, while the 1-month average is slightly below 3%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.93	6.93	(0.00)
2YR	6.89	6.89	(0.01)
5YR	6.89	6.89	0.00
10YR	6.94	6.94	0.01
15YR	7.08	7.09	0.00
20YR	7.10	7.08	(0.03)
30YR	7.09	7.09	0.00

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds tried reviving, especially short tenor series, yesterday. We suspected a window dressing mode giving positive impact for Indonesian government bond market amidst unfavourable developments on global geopolitical tension and investors' wait & see mode for incoming results of key macroeconomic data, such as U.S. CPI inflation, Bank Indonesia's BI rate decision, and the Fed's policy rate decision. According to Bloomberg, Joe Biden is set to formally block the US$14.1 billion sale of US Steel to Nippon Steel on national security grounds. On the local side, we witnessed a modest growth on Indonesian retail sales index during Nov-24.

- Tonight, the U.S. CPI inflation will be announced with the market players' expectation to slightly increase from 2.6% YoY in Oct-24 to be 2.7% YoY in Nov-24. We believe that higher inflation pressures will give high consideration for the Fed to refrain further aggressive policy rate cut. Furthermore, we expect investors' money inflow during seasonal window dressing at the end of year to sustain a rally on Indonesian bond market at least until the end of year. Foreigners' ownership on the government bonds increased from Rp872.50 trillion on 29 Nov-24 to be Rp874.45 trillion on 09 Dec-24.

- Indonesian government successfully met its indicative target by Rp22 trillion on its latest conventional bond auction. Investors' enthusiasm for participating this auction were relative modest, as shown by less than Rp40 trillion of investors' total incoming bids. Investors' total incoming bids reached Rp38.98 trillion. As expected, FR0103 became the most attractive series for investors with Rp16.31 trillion of investors' total incoming bids during this auction. However, investors seemed asking relative high of yields for their bids on this auction as their investments compensations at current unfavourable global condition. Investors asked relative high of minimum yields by 6.60000%, 6.80000%, and 6.98000%, consequently, for 3M of SPN series (SPN12250314), 12M of SPN series (SPN12251211), and FR0103, respectively. Regarding to relative high of investors' asking yields conditions, the government decided dismissing entire bids for SPN12250314 and SPN12251211. Then, the government absorbed Rp11.15 trillion and awarding above 7% at 7.02318% of weighted average yields for FR0103. It's a consequence for absorbing investors' funds during recent high tensions on the global trade war era, the geopolitical relationship in Gaza, Syria, and Ukraine, and slow pace on the global economic recovery with high uncertainty on further loosening stances by major Central Banks.

- We saw a modest growth on Indonesian retail sales development during Nov-24. Bank Indonesia reported the national retail sales index growth slightly increased from 1.5% in Oct-24 to be 1.7% in Nov-24. As the retail sales for people mobility segment performed robust growth, however the retail sales for the durable goods segment performed huge drop of growth. The retail sales index for the motor vehicles & accessories commodity and the automotive fuels commodity grew impressive by 9.8% YoY and 10.6% YoY in Nov-24. That condition was in line high people mobility during recent solid local economic activities and the campaign euphoria of regional head election.

- On the other side, we saw a huge drop of retail sales indexes for the information & communication equipment commodity and the other household commodity by 25.5% YoY and 6.1% YoY, subsequently, in Nov-24. We suspected that most consumers preferred for refraining their spending for those durable goods during recent sticky era of monetary rate and waiting momentum for a seasonal discount prices at the end of year. We also saw a moderate growth on the retail sales index for the food, beverages, and tobacco commodity by 3.5% YoY in Nov-24 as the peak season of the end of year holiday isn't yet coming. Going forward, we expect Indonesian retail sales growth to increase further amidst various incoming positive sentiments for the local retailers, such as the seasonal peak activities at the end of year and higher incomes on the next year due to seasonal religion events, such as Moslem Ied Festivities

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0600	152.96	0.6473	1.2812	7.2859	0.5896	160.4967	97.9797
R1	1.0564	152.45	0.6425	1.2791	7.2719	0.5847	160.2333	97.4493
Current	1.0530	151.84	0.6376	1.2774	7.2588	0.5801	159.8800	96.8120
S1	1.0495	151.17	0.6347	1.2737	7.2430	0.5771	159.5433	96.4223
S2	1.0462	150.40	0.6317	1.2704	7.2281	0.5744	159.1167	95.9257

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3464	4.4369	15899	58.0690	33.9777	1.4178	0.6124	3.3123
R1	1.3441	4.4320	15882	58.0420	33.8953	1.4153	0.6116	3.3064
Current	1.3415	4.4310	15875	58.0300	33.7100	1.4125	0.6111	3.3043
S1	1.3388	4.4224	15852	57.9610	33.6893	1.4101	0.6099	3.2973
S2	1.3358	4.4177	15839	57.9070	33.5657	1.4074	0.6092	3.2941

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	3.3000	Jan-25	Neutral
BNM O/N Policy Rate	3.00	22/1/2025	Neutral
BI 7-Day Reverse Repo Rate	6.00	18/12/2024	Neutral
BOT 1-Day Repo	2.25	18/12/2024	Neutral
BSP O/N Reverse Repo	6.00	19/12/2024	Easing
CBC Discount Rate	2.00	19/12/2024	Neutral
HKMA Base Rate	5.00	-	Easing
PBOC 1Y Loan Prime Rate	3.10	-	Easing
RBI Repo Rate	6.50	7/2/2025	Neutral
BOK Base Rate	3.00	16/1/2025	Easing
Fed Funds Target Rate	4.75	19/12/2024	Easing
ECB Deposit Facility Rate	3.25	12/12/2024	Easing
BOE Official Bank Rate	4.75	19/12/2024	Easing
RBA Cash Rate Target	4.35	10/12/2024	Neutral
RBNZ Official Cash Rate	4.25	19/2/2025	Easing
BOJ Rate (Lower bound)	0.00	19/12/2024	Tightening
BoC O/N Rate	3.75	11/12/2024	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	44,247.83	-0.35
Nasdaq	19,687.24	-0.25
Nikkei 225	39,367.58	0.53
FTSE	8,280.36	-0.86
Australia ASX 200	8,392.97	-0.36
Singapore Straits Times	3,813.55	0.49
Kuala Lumpur Composite	1,608.97	-0.15
Jakarta Composite	7,453.29	0.21
Philippines Composite	6,724.82	0.66
Taiwan TAIEX	23,125.08	-0.64
Korea KOSPI	2,417.84	2.43
Shanghai Comp Index	3,422.66	0.59
Hong Kong Hang Seng	20,311.28	-0.50
India Sensex	81,510.05	0.00
Nymex Crude Oil WTI	68.59	0.32
Comex Gold	2,718.40	1.21
Reuters CRB Index	290.47	0.49
MBB KL	10.10	0.00

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