Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Data Driven Confirmation?

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US CPI came in line with consensus with the headline picking pace a tad to 0.3%m/m. Year-on-year, headline also ticked higher to 2.7% from previous 2.6%. Core inflation was steady at 0.3%m/m, 3.3y/y. Core services continue to be a bigger contributor to the core CPI but it has softened from 0.27%m/m to 0.21%m/m. Fed cut expectations were reinforced with a cut now priced at 98.4% (prev: 85.0%). USD initially weakened, but quickly retraced losses, possibly as market digested the CPI reading - which did show some signs of stickiness. Oil prices were lifted higher, possibly lifted by anticipation for greater production cut from OPEC producers after the cartel made its deepest cut yet to 2024 world oil demand forecast. That might have also raised the UST yields and lifted the DXY index into Asia morning. We continue to see reason for bearish seasonal price action for the USD, but acknowledge the risk of USD being better supported by geopolitical issues, especially with the current power vacuum in Syria.

BOC Cuts 50bps, ECB and SNB to Cut 25bps

BoC delivered the expected and took the policy rate 50bps lower from 3.75% to 3.25%, the upper bound of their estimate for the neutral rate. Governor Tiff Macklem said that "with the policy rate substantially lower, they anticipate a more gradual approach to monetary policy if the economy evolves broadly as expected." This suggests that the central bank is likely to slow its pace of easing from the next meeting onward, conditional to data. USDCAD fell and was last seen around 1.4150. ECB and SNB are likely to cut 25bps in our view, which is in line with consensus. Risk for the ECB is that should they sound more hawkish than expected, EUR could see a rebound. Inflation in EC is coming off, but upside risks still exist. Unlikely that SNB sounds hawkish given that the CHF on a REER basis remains strong and inflation in Switzerland has been benign for an extended period.

Data/Events We Watch Today

We watch ECB and SNB Policy Decision.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0496	-0.29	USD/SGD	1.3447	0.21
GBP/USD	1.2751	-0.16	EUR/SGD	1.4113	-0.10
AUD/USD	0.6369	-0.13	JPY/SGD	0.8817	-0.15
NZD/USD	0.5785	-0.24	GBP/SGD	1.7143	0.02
USD/JPY	152.45	0.33	AUD/SGD	0.8562	0.05
EUR/JPY	160.01	0.03	NZD/SGD	0.7776	-0.08
USD/CHF	0.8842	0.16	CHF/SGD	1.5203	0.03
USD/CAD	1.4159	-0.16	CAD/SGD	0.9496	0.36
USD/MYR	4.433	0.14	SGD/MYR	3.2961	-0.13
USD/THB	33.893	0.24	SGD/IDR	11844.41	0.08
USD/IDR	15915	0.32	SGD/PHP	43.3633	0.21
USD/PHP	58.298	0.49	SGD/CNY	5.399	-0.08

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3306	1.3577	1.3305

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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

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index - *CPI offers Brief Relief*.** The DXY index rose overnight on the back of weakening yen and yuan. In late Asian hours, yuan dropped suddenly on rumours that the authorities may allow the yuan to weaken next year. That could be a way for the authorities to counter the trade measures that could be imposed by US President-Elect Trump. That lifted the USDCNH quite decisively. Thereafter, a separate report on BoJ officials seeing a small cost to waiting before raising interest rates also lifted the USDJPY well above the 152-figure, propelling the DXY index higher. Only BoC's arguably hawkish cut was able to provide CAD some support overnight and offset some of the DXY gains. Nov CPI came in smack in line with consensus with the headline picking pace a tad to 0.3%m/m. Year-on-year, headline also ticked higher to 2.7% from previous 2.6%. Core inflation was steady at 0.3%m/m, 3.3y/y. Core services continue to be a bigger contributor to the core CPI but it has softened from 0.27%m/m to 0.21%m/m. Oil prices were lifted higher, possibly lifted by anticipation for greater production cut from OPEC producers after the cartel made its deepest cut yet to 2024 world oil demand forecast. That might have also raised the UST yields and lifted the DXY index into Asia morning. 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 bring this index a lot lower. The move above 107-figure could potentially risk nullifying this set-up. Data-wise, Nov PPI is due on Thu along with weekly claims. In other news, Trump has invited China President Xi to his inauguration according to reports by CBS. That seems to have provided relief to the Yuan.

- **EURUSD - *Lower*.** EURUSD was lower at 1.0508 levels as price action was slightly choppy in the wake of US CPI release. Eyes are on 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 reaffirmed 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, 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*.** GBPUSD was last seen slightly lower at 1.2764 levels. EURGBP closed the session at lows not seen since 2022 on expected ECB-BOE divergence and is seen at 0.82290 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 0.8839 levels this morning. We look for SNB to cut rates by 25bps today, 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 – *Testing Resistance, Downside Potential Intact*.** The pair was last seen at around 152.30 as movements proved to be rather volatile over the last two sessions. Yesterday, Bloomberg had released headlines that some BOJ officials not against rate hike in Dec if proposed. This led to the USDJPY initially aggressive lower towards 151.02. However, Bloomberg then released headlines mentioning that the BOJ is said to see little cost to waiting for next rate hike and BOJ officials see less risk of weak yen pushing up inflation. Subsequently, the USDJPY then spiked up and even reached as high as 152.82. However, the release of the in line US CPI (which keeps intact the strong likelihood of a Fed Dec cut) guided the USDJPY lower again although it still finished yesterday at around 152.45. This morning, the pair has moved a bit lower possibly amid some profit taking and caution given that a BOJ Dec hike can be uncertain. The eventual article released by Bloomberg did note that whilst BOJ officials are still open to a hike next week depending on data and market developments even if they see little cost to waiting. It also mentioned that the data points and developments BOJ officials will be carefully parsing is US CPI data (out yesterday and had come out in line), the quarterly Tankan business sentiment survey (due tomorrow) and the result of the Fed reserve meeting (next Thurs Singapore time). This importantly can imply that the BOJ actually may still be data dependent and with data likely to be supportive of tightening, we still believe that the BOJ would hike by 25bps come Dec. As a result, we continue to expect that the USDJPY can head lower even as there may be some volatility. A Bloomberg survey does highlight 52% of economists see a hike in Jan whilst 44% expect it to be in Dec. Back on the chart, support is at 150.00 and 145.00. Resistance is at 152.00 and we watch if it can decisively break it with the next level after that at 155.00. Remaining key data releases this week include 4Q Tankan indicators (Fri), Oct F IP (Fri) and Oct capacity utilization (Fri).

- **AUDUSD – *Labour Market is Tight, Allowing Room for a Rebound*.** AUDUSD was last seen at 0.6410 levels and the past 24 hours has been tumultuous for the pairing. AUD was dragged along by the RMB bears when China authorities were said to consider allowing more RMB weakness and then USD strengthened further against the AUD. The JPY weakness also propped the USD higher against most peers as well. This morning, it was Australia's labour report which drove a rebound of the AUDUSD from key support level around 0.6350. Net employment gained in Nov was 35.6K. Jobless rate fell to 3.9% from previous 4.1%. This was in spite of the fall in participation rate fell to 67.0% from 67.1%. Tight labour market continues to allow room for RBA to wait and assess but we still expect RBA to cut in Feb. RBA had pivoted dovish on 10 Dec (Tue), 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 0.5810, 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 card spending for Nov on Thu before BusinessNZ Mfg PMI for Nov as well as Oct net migration.

- **USDCAD – *BoC cuts 50bps last night, taking the policy rate to 3.25%*.** BoC delivered the expected and took the policy rate 50bps lower from 3.75% to 3.25%, the upper bound of their estimate for the neutral rate. Governor Tiff Macklem said that "with the policy rate substantially lower, they anticipate a more gradual approach to monetary policy if the economy evolves broadly as expected." This suggests that the central bank is likely to slow its pace of easing from the next meeting onward, conditional to data. USDCAD fell and was last seen around 1.4150. Regardless, the latest deterioration in labour market is still rather concerning and further slack in the labour market could continue to nudge BoC into a more accommodative stance in policy settings. 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. There is also a bearish divergence. Resistance at 1.4170 remains arguably intact and the next resistance is seen around 1.43. Support around 1.3900. There could be tentative pullback towards 1.4100.

- **Gold (XAU/USD) – *Rising*.** Gold hovered around $27110/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. These new developments nullify the downward pressure brought about by the Israelhezbollah ceasefire and the potential deal for the war in Ukraine. Break of the 2711 resistance to open the way towards 2750. Momentum is bullish.

Asia ex Japan Currencies

SGDNEER trades around +1.10% from the implied mid-point of 1.3577 with the top estimated at 1.3306 and the floor at 1.3849.

- **USDSGD – *Bearish Risks*.** USDSGD was last seen higher at 1.3429 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 3.2986 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 – *Steady*.** Pair was last seen at 4.4307 as it continued to hold rather steady. UST yields are higher post US CPI but the broad dollar is lower at the same time. China's strong fixing this morning helped guide the CNH stronger, which in turn also gives support to Asian FX. At this point, we await the outcome of the CEWC (which reportedly started on Wed) and we look for any signal of stronger support measures. We have been noting that more aggressive Chinese stimulus can be a downside risk for the pair. However, we also note that there is still immense uncertainty on the level of support that the Chinese government would eventually rollout. Additionally, we also watch out for 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 - *Rumours of a Weaker Yuan to Counter Tariffs*.** USDCNH traded around 7.2690, off its overnight high of around 7.29. This pair is reined in by the daily fix this morning, still below 7.20. Yuan had dropped suddenly on rumours that the authorities may allow the yuan to weaken next year. That could be a way for the authorities to counter the trade measures that could be imposed by US President-Elect Trump. That lifted the USDCNH quite decisively. This morning, yuan was lifted a tad by Trump's invitation for Xi to attend his inauguration. A PBoC-backed paper pointed out "solid foundation for the yuan to remain basically stable although the currency is also likely to be volatile in both directions going forward. Yuan has basically traditionally prop up the yuan when it is under pressure using the fix, offshore yuan liquidity control and intervention to good effect. However, in 2018-2019, the yuan took the brunt of the tariffs imposed and weakened on a trade-weighted basis, unlike the Fed hiking cycle where PBoC defended the yuan much more. We do not think the playbook will be different but the extent of yuan pressure may not be as significant given that Fed is not in a hiking cycle now and JPY can be strengthened by monetary policy normalization this time, lending support to the RMB. So the trade war playbook may not be different in terms of the yuan but the monetary policy environment could be more benign. Data-wise, FDI could be out anytime. Two-way trades could continue within 7.23-7.31.

- **1M USDKRW NDF – *Yoon Banned from Leaving Korea*.** 1M USDKRW NDF was last seen higher around 1431.80 levels this morning. Yoon said that he would vow to fight to the last minute which created further jitters for the KRW. 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 steady at 85.06 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 – *Higher, Cautious*.** 1M NDF was last seen higher at around 15964 given the climb in 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. The CNH strengthening this morning (after yesterday's decline) amid a strong PBOC fixing below 7.20 may have also provided some offsetting positive effects for Asian FX. The CNH has tended to be an anchor for Asian FX 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. Meanwhile, on domestic matters Indonesia's budget deficit hit 1.81% of GDP in Nov as the government's financial position remains manageable. Back on the chart, resistance is at 16000 and 16182. Support at 15785 (50-dma) and 15450. Remaining key data release this week include Nov local auto sales (12 – 15 Dec).

- **1M USDPHP NDF – *Higher, Likely Sideways*.** The 1M NDF was last seen at around 58.40 as it edged lower after yesterday's climb. UST yields are higher post the US CPI but broad dollar is lower. It is still though higher compared to the same morning yesterday. Pair for now looks to just be holding below the 58.50 level. 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. Some broad dollar softness can also help guide the pair lower. Near term, we are closely watching the outcome of the CEWC for any signals of further stronger support measures. The CNH can act some anchor for Asian FX. Aside that, we also look out for US PPI (Thurs) to inform us on the pace of Fed easing. Resistance is at 58.50 and 59.13 (YTD high). Support is at 57.45 (100-dma) and 56.85. There are no remaining key data releases this week.

- **USDTHB – *Steady, two-way*.** Pair was last seen at 33.84 as it climbed higher during yesterday although it is steady this morning. A climb in the broad dollar yesterday and UST yields looks to have lifted the pair. This is even as gold prices still hold up high and the USDCNH has come off its highs yesterday. The THB though at the same time has recently been rallying strongly (started likely by strong seasonal tourism inflows) and momentum indicators do show it is entering oversold territory. For now, it is a bit two-way at this point although we lean to further softening. A CEWC readout that signals strong support can help guide the pair lower. We lookout for any CEWC outcome in the coming days. Aside that, we are also watching how US PPI due later today would pan out to be. 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 (Thurs) and 6 Dec gross international reserves/forward contracts (Fri).

- **USDVND – *Capped for now*.** USDVND was last seen around 25370. This pair seems to be rather stable recently with the 25475-resistance capping this pair. 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	3.58	3.60	+2
7YR MS 4/31	3.75	3.76	+1
10YR MS 7/34	3.79	3.80	+1
15YR MS 4/39	3.93	3.94	+1
20YR MX 5/44	4.04	4.05	+1
30YR MZ 3/53	*4.19/17	4.17	Unchg
IRS			
6-months	3.65	3.66	+
9-months	3.61	3.61	-
1-year	3.59	3.59	-
3-year	3.48	3.48	-
5-year	3.50	3.51	+1
7-year	3.59	3.59	-
10-year	3.69	3.69	-

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

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- Ringgit government bonds traded 1-2bp higher in yields tracking UST weakness at the open. Selling pressures emerged at the front end of the curve lifting the 1y2y yields 2bp higher. GII was more active than MGS. Overall, the MGS curve shifted 1bp higher generally. The GII curve on the other hand was firmly supported at the long end while the belly underperformed with yield 1bp higher.

- MYR IRS levels were little changed despite 3M KLIBOR resuming its ascent and higher US rates overnight. There was good 2-way interest around current levels for IRS. 1y IRS traded at 3.585%, 2y traded at 3.485% and 3.49%, while 5y traded at 3.505% and 3.5075%. 3M KLIBOR increased by another 1bp to 3.71%.

- The PDS market traded rangebound in a muted session. In GG, Danainfra and PKNS mid-tenor bonds traded at tight ranges. AAA took bulk of the volumes, specifically Cagamas and Maybank Perp, mostly at MTM. Some other names were dealt in odd amounts.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.72	2.74	+2
5YR	2.66	2.67	+1
10YR	2.70	2.71	+1
15YR	2.76	2.76	-
20YR	2.74	2.75	+1
30YR	2.69	2.70	+1

Source: MAS (Bid Yields)

- SGS yields extended the march higher albeit only marginally by 1bp in most tenors. The curve ended slightly flatter. 10y SGS yield rose 1bp to 2.71%. The overnight SORA was last at 3.11% on 10 Dec 2024 at the time of writing.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.93	6.96	0.04
2YR	6.89	6.93	0.03
5YR	6.89	6.90	0.01
10YR	6.94	6.94	0.01
15YR	7.08	7.09	0.00
20YR	7.10	7.08	(0.02)
30YR	7.09	7.10	0.01

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds weakened as the pressures on the emerging market intensified yesterday. The market players kept expecting further stronger inflation pressures due to incoming the new U.S. President Donald Trump's policies to stricter protectionism and loosening the corporate tax with high consequences of swelling U.S. fiscal debt and potential ballooning of the yield of U.S. government bonds. The latest result of U.S. CPI inflation also increased from 2.6% YoY in Oct-24 to be 2.7% YoY in Nov-24. It affirmed the latest condition of persistent inflationary pressures that will potentially to be soaring under the new regime of U.S. President Donald Trump. We foresee the emerging markets, such as Indonesia, to keep being under pressures until receiving the positive news, in the form of the Fed's monetary decision for slashing its policy rate next week. The yields of short-medium tenors series of Indonesian government bonds are on the way to 7.00%-level.

- Meanwhile, on the local side, Indonesia still posed a relative solid condition on its fiscal side amidst recent era of increasing trends on the yields of global bonds. Indonesian government booked the fiscal deficit by Rp401.8 trillion (1.81% of GDP) in 11M24. It's still below the government's fiscal deficit target for this year by Rp522.8 trillion (2.29% of GDP). The deficit came from spending that reached Rp2,894.5 trillion or 87% of the ceiling. This figure rose quite sharply by 15.3% YoY from 11M23. Meanwhile, state revenues obtained amounted to Rp2,492.7 trillion or 89% of this year's target. The primary balances still recorded positive numbers by Rp47.1 trillion in 11M24. It can be a reflection of solid performances on the national state revenue during the economic recovery in this year. The large interest expenditure on state debt caused the government to experience a fiscal deficit in 11M24. The government has also realized the financing of the 2024 State Budget by 76.8% of the plan stated in the 2024 State Budget Law.

- The realization of state revenue was recorded to have grown by 1.3% YoY in 11M24. Indonesian Finance Minister Sri Mulyani Indrawati said that the performance of state revenue, which was quite heavy for this year, was under tremendous pressure during Jan-24 until July or August 2024. Sri Mulyani claimed that state revenue, especially from taxes, even customs, experienced tremendous pressure since the previous year. The recent positive growth record on the State Revenue is a turnaround that is expected to maintain its momentum. In the remainder of this year, the government continues to strive to maintain state revenues amidst heavy spending pressures.

- For the end of this year during Dec-24, the government wants to spend IDR 460 trillion to boost the target of central government spending realization in the 2024 State Budget. The central government spending has been realized at IDR 2,098.6 trillion (85.1% of target) until 30 Nov-24. The government projects that the realization of central government spending by the end of 2024 will reach IDR2,558 trillion. Government ministries/agencies will complete contract payments by the end of the year. Therefore, the government is confident that the remaining IDR460 trillion of central government spending funds will be absorbed. In line with that, the disbursement of these funds will have a positive impact on the economy as a whole.

- Central government spending consists of Financial/Institutional and non-Financial/Institutional spending. For non-Financial/Institutional spending, it has been realized up to IDR1,048.9 trillion. The realization of non-Financial/Institutional spending is influenced by pension benefit payments and energy subsidies/compensation. Regarding energy subsidies, the realization of fuel subsidies increased by 1.1% YoY to 15,105.6 thousand kiloliters. Then, the realization of 3 kg LPG subsidies increased by 1.9% YoY to 6,858.2 million kilograms. Meanwhile, electricity subsidies increased by 4.4% YoY for 41.5 million customers. The government claims that this condition illustrates positive domestic economic activity. Then, the central government's Financial/Institutional spending has been realized at IDR1,049.7 trillion or equivalent to 96.2% of the 2024 State Budget ceiling. The realization of Financial/Institutional spending is influenced by support for the implementation of elections, distribution of social assistance, infrastructure development, and payment of salaries for State Civil Apparatus/Indonesian National Army/Indonesian Republic Police.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0564	153.90	0.6417	1.2818	7.3208	0.5831	161.7700	98.0497
R1	1.0530	153.17	0.6393	1.2784	7.3000	0.5808	160.8900	97.5803
Current	1.0506	152.06	0.6407	1.2768	7.2728	0.5804	159.7400	97.4190
S1	1.0471	151.37	0.6341	1.2715	7.2504	0.5762	158.9000	96.3183
S2	1.0446	150.30	0.6313	1.2680	7.2216	0.5739	157.7900	95.5257

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3502	4.4433	15974	58.4893	34.1003	1.4159	0.6123	3.3067
R1	1.3475	4.4381	15945	58.3937	33.9967	1.4136	0.6113	3.3014
Current	1.3429	4.4330	15924	58.3680	33.8650	1.4107	0.6108	3.3016
S1	1.3410	4.4239	15883	58.1167	33.7257	1.4090	0.6089	3.2919
S2	1.3372	4.4149	15850	57.9353	33.5583	1.4067	0.6076	3.2877

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	44,148.56	-0.22
Nasdaq	20,034.89	1.77
Nikkei 225	39,372.23	0.01
FTSE	8,301.62	0.26
Australia ASX 200	8,353.60	-0.47
Singapore Straits Times	3,792.82	-0.54
Kuala Lumpur Composite	1,603.20	-0.36
Jakarta Composite	7,464.75	0.15
Philippines Composite	6,642.71	-1.22
Taiwan TAIEX	22,903.63	-0.96
Korea KOSPI	2,442.51	1.02
Shanghai Comp Index	3,432.49	0.29
Hong Kong Hang Seng	20,155.05	-0.77
India Sensex	81,526.14	0.02
Nymex Crude Oil WTI	70.29	2.48
Comex Gold	2,756.70	1.41
Reuters CRB Index	293.68	1.11
MBB KL	10.12	0.20

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