

Global Markets Daily

The Lack of Confidence

Powell Remains Non-Committal

The lack of confidence seems to be a recurring theme this week. We heard Powell telling the House Financial Services Committee that while he does have “some confidence”, he is not “sufficiently confident” that inflation is getting down to 2%. Powell went on to reiterate that “more good data” would strengthen the Fed’s confidence. He also mentioned about the “considerable softening in the labour market”. Meanwhile, there are more public calls for Biden to step aside after his poor performance on 26 Jun. While the President has thus far been adamant on staying in the race, the lack of confidence is becoming apparent. There were reports that the Democrats’ campaign donations are drying up. While election news continues distract, focus could be on US Jun CPI. Consensus looks for price pressure to stay mild with a monthly momentum for headline at +0.1% and core to steady +0.2%. Amid the slew of weaker data (ISM, retail sales, jobless rate), any upside surprise in this data could be construed as bumpiness rather than any sign of inflation re-acceleration. For that reason, most USDxJ have traded lower overnight into Asia morning.

US and Mexico Impose Tariffs on China?

The US and Mexico made a joint effort to ensure that steel that passes through Mexico (but not originated from the country) will be subject to the 25% tariffs. This was meant to deter transshipment of steel from China. Separately, China has launched an investigation on EU’s recent tariffs to determine whether the actions constitute a barrier to free trade after the EU had imposed provision tariffs on imports of electric cars from China (final decision due on Nov). China’s investigation is scheduled to be completed by 10 Jan, albeit with a possible extension till mid-Apr.

Key Data/Events We Watch Today

BoK left its 7D repo rate at 3.5%. The central bank expressed its desires to have more confidence (again) for inflation to reach 2% (Jun’s 2.4%). Household debt and KRW weakness are also likely reasons for BoK to stand pat for now. BNM is also unlikely to move OPR later, likely keeping it at 3.0% for the rest of the year.

FX: Overnight Closing Levels % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0830	↑ 0.16	USD/SGD	1.3489	↓ -0.15
GBP/USD	1.2849	↑ 0.49	EUR/SGD	1.4608	↑ 0.01
AUD/USD	0.6747	↑ 0.09	JPY/SGD	0.8342	↓ -0.37
NZD/USD	0.6082	↓ -0.70	GBP/SGD	1.7332	↑ 0.35
USD/JPY	161.69	↑ 0.22	AUD/SGD	0.91	↓ -0.05
EUR/JPY	175.11	↑ 0.38	NZD/SGD	0.8203	↓ -0.86
USD/CHF	0.8996	↑ 0.20	CHF/SGD	1.4994	↓ -0.35
USD/CAD	1.3619	↓ -0.12	CAD/SGD	0.9904	↓ -0.02
USD/MYR	4.6997	↓ -0.16	SGD/MYR	3.483	↓ -0.08
USD/THB	36.349	↓ -0.22	SGD/IDR	12033.75	↓ -0.03
USD/IDR	16241	↓ -0.06	SGD/PHP	43.2276	↓ -0.15
USD/PHP	58.343	↓ -0.17	SGD/CNY	5.3929	↑ 0.15

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3456	1.3731	1.4006

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G10: Events & Market Closure

Date	Ctry	Event
9 -10 Jul	US	Powell’s Two-day Congressional Testimony
10 Jul	NZ	RBNZ Policy Decision
4 Jul	US	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
9 Jul	MY	Market Closure
11 Jul	MY	BNM Policy Decision
11 Jul	SK	BoK Policy Decision

G10 Currencies

- **DXY Index - Supported on Dips.** The DXY index hovered around the 105-figure, only slightly lower. The lack of confidence seems to be a recurring theme this week. We heard Powell telling the House Committee that while he does have “some confidence”, he is not “sufficiently confident” that inflation is getting down to 2%. Powell went on to reiterate that “more good data” would strengthen the Fed’s confidence. He also mentioned about the “considerable softening in the labour market”. It is hard to tell if the labour market conditions would tilt the Fed to start easing at this point. His words did not provide much signals. Meanwhile, calls are growing for Biden to step aside after his poor performance on 26 Jun. While the President has thus far been adamant on staying in the race, the lack of confidence amongst donors are becoming increasingly apparent. There were reports that the Democrats’ campaign donations are drying up. Rep. Earl Blumenauer of Oregon was the 9th House Democrat to urge him to step aside on Wed. With the Democrats Presidential nominee still in question, the Trump trade thus far is still one of positive UST yields, positive equities given that the policies that he touted (tariffs, income tax removals) are perceived to be inflationary and pro-growth. Such policies could continue to spur bear-steepeners that could be in turn, hinder the recovery of Asian currencies. USDAsians have traded lower though as US Jun CPI comes into focus. Consensus looks for price pressure to stay mild with a monthly momentum for headline at +0.1% and core to steady +0.2%. Amid the slew of weaker data (ISM, retail sales, jobless rate), any upside surprise in this data could be construed as bumpiness rather than any sign of inflation re-acceleration. Back on the DXY index, the DXY index is likely to remain supported within 104.50-105.70. Jun CPI is due on Thu. Fri has Jun PPI and then prelim. Jun Univ. of Mich. Sentiment.
- **EURUSD - Recovering.** EURUSD is higher at 1.0836 levels this morning amid a retreat in the USD and US yields. Fed Chair Powell told Congress that he believed inflation was receding and this helped to guide the USD weaker. Pair could consolidate ahead of the Jun US CPI release (Thu). France has a hung parliament, which may not be the worse if it result in greater fiscal discipline, which could favour the EUR. Nevertheless, broader events beyond EU politics should continue to drive the pair for now. Lagarde said that ECB needs time to weigh inflation uncertainty, once again reiterating the dependence on data. Meanwhile, ECB raised inflation forecasts for 2024 and 2025, suggesting that successive cuts are unlikely. The ECB had cut rates despite an uptick in inflation, and appeared to be confident that disinflation would continue, notwithstanding some bumpiness in its path. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with the market pricing for ECB cuts still being generally dovish and BOE being more hawkish. ECB speakers have all sung the same tune on data dependence and that is likely to continue. We see the possibility of convergence and think that this should be positive EURGBP. Key 0.85 support on EURGBP that has held since 2022 has been broken and has turned resistance, although we expect a rebound. Back to EURUSD daily chart, resistance at 1.0850 and 1.0900, while supports are at 1.0800 and 1.0750. USD decline remains a bumpy one but if we focus on the Eurozone, recent evidence suggests both Eurozone growth bottoming and US exceptionalism fading narratives, which we consider to be important medium term drivers, continue to be at play. Lagarde suggested that Germany could have turned a corner after major negative shocks, which is supportive of our bottoming narrative. We watch trade and CPI figures (Fri) for member states.
- **GBPUSD - Labour victory optimism could be front-loaded.** GBPUSD is higher at 1.2856 levels this morning amid a retreat in the USD and US yields. Fed Chair Powell told Congress that he believed inflation was receding and this helped to guide the USD weaker. We do expect some

consolidation in currencies ahead of Jun US CPI (Thu). Moreover, optimism for a Labour victory could be somewhat frontloaded and the GBP could consolidate from here. Meanwhile, we continue to look for 75bps of rate cuts (market pricing ~50bps) for the BOE this year. Disinflation remained intact for the UK as opposed to in the Eurozone where prices resurged. Moreover, recent UK wage gains had been edging lower, which at the margin should give BOE increased comfort to cut rates. UK inflation surprised to the downside and confirmed the disinflationary trend in the UK. Only point of contention remains that services inflation is high at 5.7% YoY. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with the market pricing for ECB cuts still being generally dovish and BOE being more hawkish. We see the possibility of convergence and think that this should be positive EURGBP. Key 0.85 support on EURGBP that has held since 2022 has been broken and we expect a rebound. Back on the GBPUSD, resistances are at 1.2800 and 1.2850, while supports are at 1.2750 and 1.2700. UK data this week includes Jun RICS House Price Balance, May GDP, Industrial Production, Manufacturing Production, Construction Output and Trade Balance (Thu).

- **USDCHF - Watch key levels.** USDCHF was last seen higher at 0.8991 levels this morning underperforming as most currencies broadly gained against the USD. Currencies could consolidate ahead of US CPI (Thu) and risks at this point for CHF look two-way. Of the traditional safe-havens, it does seem that only gold and CHF retain most of the properties. Further rate cuts from SNB could pressure CHF to the upside 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. We see supports at 0.8950 and 0.8900, while resistances are at 0.9000 and 0.9060. Week ahead has 2Q Real Estate Family Homes (Tue onwards).
- **USDJPY - Higher, Upside Limited, Intervention Risks.** The pair was last seen at 161.56 as it rose throughout yesterday. Upside pressure on the pair remains as Powell continues to keep what could be said as still a fairly cautious tone and remaining open to how conditions. This in some sense differed little from his FOMC stance. Whilst he is not ruling out any rate cuts as he stated that the Fed doesn't need inflation below 2% before a cut, he also said that he isn't yet confident that price gains are sustainably slowing to the central bank's 2% goal. Such words does no favors for the JPY given the risk that there is little signs that the currency is going to remain heavy pressure with both a Fed and a BOJ that could only move slowly. However, in the near term, we still believe the upside is limited given the intervention risks. The possibility it could happen towards the 165.00 mark could keep market players at bay in pushing the pair up too rapidly. Focus is now on the US CPI but a reading in line with expectations, which would point to softening may not necessarily boost market sentiment towards the JPY given as mentioned that the Fed is likely to stay cautious, awaiting further data. At this point, we think USDJPY is likely to see limited upside and could gyrate within a range of 160.00 - 162.00. Markets may be anxious in pushing the pair too much higher given intervention risks. Back on the charts, key support level is 160.00 with the next after that at 157.74 (around 50-dma) and 152.00. Resistance at 162.50 and 165.00. Meanwhile, May core machine orders out this morning pointing to a monthly decline of -3.2% MoM (est. 0.8% MoM, Apr. -2.9% MoM) although on a yearly basis, there was still an expansion of 10.8% YoY (est. 7.1% YoY, Apr. 0.7% YoY). The data as a whole still highlights the fragility of the economy. Remaining key data releases this week include May F IP (Fri) and May capacity utilization (Fri).
- **AUDUSD - Rising Wedge.** AUDUSD edged higher and was last seen around 0.6750. With USD holding much of its decline after a slew of weaker US data (ISM services, ADP private employment) and the fact that Powell remains tight-lipped on his bias, AUD does not seem to have much impetus

right now. Gains have slowed and can continue to remain a grind. On the daily AUDUSD chart, the pair is in overbought conditions and could be susceptible to some tentative correction. This is especially in light of the rising wedge that has formed of late. Resistance is seen at 0.6770. Support at 0.6704 and term at 0.6645 (50-dma). Beyond the possible near-term correction, we remained relatively constructive on AUD. We argue that AUD remains relatively supported vs. other non-USD peers due to stickier inflation at home. **RBA is still the last central bank to cut in this cycle.** Data-wise, Jun CBA household spending is due on Thu.

- **NZDUSD - RBNZ Pivoted Dovish.** Pair slumped to levels around 0.6080. RBNZ kept OCR at 5.50% yesterday. Key takeaway includes 1) the mention 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 May, RBNZ was concerned with the sticky services inflation. In fact, the central bank even did a rather in-depth study on the inflation profile of New Zealand last month, compared its profile with those of Australia, Eurozone and the US and found New Zealand’s inflation profile to be most similar to the US. 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. 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.** There is a strong chance that the NZDUSD would extend lower for the next few weeks. Net long NZD positions rose to 2017 high as of 2 Jul, before the policy meeting (underscoring just how out-of-consensus our view was). There could be further unwinding towards the 0.60-figure. We continue to view this as a temporary correction. RBNZ may still be one of the last few to ease. Back on the NZDUSD chart, NZDUSD waffled around 0.6080, finding support at the 200-dma at 0.6077. Next support is seen at 0.6050. We continue to remain a tad bearish on this pair. Break of the 0.6070-support (50-dma) leads the way to 0.6050 and then 0.60-figure. Resistance at 0.6100 before 0.6165. Week ahead has food prices for Jun on Thu and Fri has Jun BusinessNZ Mfg PMI along with card spending.

- **USDCAD - Sideways Likely.** The pair was last seen trading at 1.3620. The pair edged lower overnight, in line with broader dollar movements ahead of the US CPI. Stochastics have entered into oversold conditions. OIS has priced in 61% probability of July rate cut as markets lean towards a BoC rate cut within the month as the labour market conditions continue to weaken. That said, the surge in wage growth (5.2% to 5.6%/y) might give BoC reason to pause after the Jun cut. We continue to look for this pair to trade within 1.3590 - 1.3760 range and hold our view that the CAD should remain an underperformer vs. most other G10 currencies as BoC is likely to ease more than peers within 2024. As mentioned in our FX flash published yesterday, NZDCAD trade is closed with a profit of 1.3%. Data wise, Building Permits and Home Sales on Fri.

- **Gold (XAU/USD) - *Rising*.** Gold edged higher and was last seen around \$2375/oz. Its momentum remains bullish bias. The precious metal could break out of the broader 2277-2390 - range in an environment of ongoing geopolitical conflicts, falling UST yields and various political events. Gold remains an asset for risk diversification at an environment of somewhat healthy risk appetite still where equities continue to rise but remain a tad vulnerable to geopolitical shifts and trade/foreign policy changes while bonds are sandwiched between rate cut expectations and higher-for-longer narrative.

Asia ex Japan Currencies

SGDNEER trades around +1.79% from the implied mid-point of 1.3731 with the top estimated at 1.3456 and the floor at 1.4006.

- **USDSGD - Consolidation.** USDSGD was lower this morning at 1.3485 levels amid a retreat in the USD and US yields. Fed Chair Powell told Congress that he believed inflation was receding and this helped to guide the USD weaker. Currencies should consolidate ahead of Jun US CPI (Thu). The SGDNEER was barely changed at +1.75% above the mid-point of the policy band. 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 it should still stay supported. 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 1.3500 and 1.3600. Supports are 1.3450 and 1.3400. Jun Foreign Reserves came in higher at US\$371.68b (prev: US\$370.54b). Data for week ahead includes 2Q A GDP (Fri).
- **SGDMYR - Consolidation.** Cross was lower at 3.4807 levels this morning. We think pair will range-trade between 3.45 to 3.50. SGD and MYR have been the two more resilient Asian currencies of late and we think this can continue. Supports at 3.47 and 3.45 levels. Resistances at 3.50 and 3.52 levels.
- **USDMYR - Steady.** Pair was last seen at 4.6940 as edged down lower since the end of yesterday. The move was in line with the climb in the GBP and EUR. The DXY was down too but still within recent ranges with the USDJPY still holding up strongly. Other USD - Asian pairs were also lower. These moves are coming ahead of the US CPI release where a softer reading is expected. For now, we still expect that the pair should continue to trade around the range of 4.6800 - 4.7200 and there is unlikely to be much deviation from that range. Authorities leading coordinated conversions by GLCs/GLICs into local currency may continue to give support to the currency. The MYR has been exhibiting strong resilience compared to its regional peers. Back on the chart, support is at 4.6800 and 4.6500. Resistance stands around 4.7500 and 4.8000. There will be a BNM decision due today where we expect a hold. As a whole, we still expect the focus to be on external developments, especially those related to both the US and China. Key data releases this week include May mfg sales (Fri) and May IP (Fri).
- **USDCNH - Sideways.** USDCNH hovered around 7.2890. Risks remain to the upside for the USDCNH as its yield differential with that of the DMs continue to remain wide and we continue to remain wary of further weaker CNY fixings. PBoC fixed the USDCNY reference lower at 7.1339 this morning vs. previous 7.1342, bucking the broader USD move overnight. Despite the recent pullback, we continue to remain bearish on the yuan especially given the subtle change in FX stance of PBoC recently. In Apr and May, the USDCNY fix was raised by an average of 5.1 pips/day and 2.2 pips/day respectively. That seem to have shifted to around 9 pips/day in Jun with the 7-day moving averages rising to around 10-17 pips in the last week of June. We see some downside risks to the yuan against the USD because of this shift in FX stance of PBoC. PBoC likely recognized the higher-for-longer environment and yield gap could remain unfavourable against the yuan for a while longer and thus willing to allow more weakness in the yuan. For the USDCNH chart, next level of resistance is seen at 7.3160 before 7.3380. Week ahead has Jun credit data from 9-15 Jun. Jun FDI could be released from Thu onwards. Innews, the US and

Mexico made a joint effort to ensure that steel that passes through Mexico (but not originated from the country) will be subject to the 25% tariffs. Separately, China has launched an investigation on EU's recent tariffs to determine whether the actions constitute a barrier to free trade after the EU had imposed provision tariffs on imports of electric cars from China (final decision due on Nov). China's investigation is scheduled to be completed by 10 Jan, albeit with a possible extension till mid-Apr.

- In a piece published 5 Jul, we articulated our view that AUDCNY could head towards 5.0, keeping one of our core views from FX annual 2024 published 11 Dec 2023. AUD could be lifted as global growth troughs and start to recover, in addition to green transitions. We are also negative on CNHKRW. Preferring to short on the break of 188.52 towards first target at 186.95 and then second target at 185.50 (200-dma). Stoploss above 190.42. We expect KRW to catch up on AI demand which it has not benefitted for much of this year, moves by local authorities to get into world indexes, export recovery should also propel the KRW. Risk-reward ratio of 1:3.02. CNHTHB could also come off as THB remains resilient, aided by gold and as much of the political negativity becomes well priced in the THB. Spot reference at 5.020. Prefer to short this cross towards 4.98 (200-dma) before the next at 4.9520. 5.0532 is seen as a stoploss. Risk-reward ratio is 1:2.1. These strategies should also work well in an environment of USD pullback. The CNHTHB trade has reached its first target at 4.98.
- **1M USDKRW NDF - Lower.** 1M USDKRW NDF trades lower at 1379.50 levels this morning amid a retreat in the USD and US yields. Fed Chair Powell told Congress that he believed inflation was receding and this helped to guide the USD weaker. At the same time, BOK elected to stand pat this morning, in line with our expectations. BOK has had a tendency to hold for an extended period before pivoting to a cut and this should provide KRW with some support. Apart from upside risks on inflation, there could also be concerns about KRW weakness if they were to cut ahead of the Fed. KRW remains vulnerable as one of the lower yielders in the region. USDKRW spot has seen about a week of extended trading hours and we could see some volatility as market acclimates to this change in market structure. Extending trading hours is one of the initiatives to improve investor access to Korea and is in line with the strong push the government is making to get onto global bond indices. We see resistances at 1400 and 1420. Supports are at 1380 and 1360. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. Risks for the KRW include issues with debt mainly related to the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW in line with BOK assessment. Upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep 2024 is the earliest possible inclusion date. While we recently revised our KRW forecasts higher, we are still looking for a possible recovery with the KRW one of the more stretched currencies in Asia. No further data releases for KRW this week.
- **1M USDINR NDF - Establishing a top?** INR remains in a tight range, but edged slightly higher at the end of yesterday, last seen at 83.53 levels. We hold our view that currencies could consolidate ahead of Jun US CPI release today, following Fed Powell's emphasis that more good data is needed for rate cuts. While Governor Das reiterated RBI's preference to build on its FX reserves war chest at an event on 18 Jun, Foreign Exchange Reserves released last Fri was lower at \$652.0b, lower than prior \$653.7b, mainly led by a larger drop in Foreign Current Assets of -\$1.25b. We believe any declines this month should not raise any alarms or shift the pair and the balance remains sufficient. The RBI kept rates on hold earlier at 6.50% in a 4 -2 split (prev: 5 -1 split) in favour of accommodation

withdrawal. RBI also raised India's growth view through March 2025 to 7.2% (prev: 7%) and maintained its inflation forecast at 4.5% (within 2% to 6% target range). In the short term, pair could be establishing a top here with the RBI's preference for a stable INR and we expect a tight range of 83.00 to 84.00 to hold. Our longer term view for 2024 is that the RBI will keep rates on hold at least while Fed remains on hold and we look to see if India could continue to be an economic bright spark relative to the rest of the region. Week ahead has CPI, Industrial Production data and Foreign Exchange Reserves on Fri.

- **1M USDIDR NDF - Lower, Downside Limited.** Pair was last seen at 16218 as it moved down lower. The move down was in line with the climb in the EURUSD and GBPUSD. The DXY was lower but still within recent ranges with the USDJPY still holding up strongly. Other USD - Asian pairs were also lower. These moves are coming ahead of the US CPI, where expectations are for a softer reading. We had call for the pair to come down further and it looks to be playing out. We are expecting a further move downwards as we believe that near term sentiment towards US data and developments can support this further (e.g. softer CPI, etc). However, we also believe the downward move could be limited as the dollar remains supported on dips with a Fed Chair that is likely to stay cautious and not tilt too dovish anytime soon. We watch if it can decisively hold below the 16235 (50-dma) support with the next after that at 16000. Resistance is at 16500 and 16773. There are no remaining key data releases this week.
- **1M USDPHP NDF - Lower, Downside Limited.** The pair was last seen at 58.25 as it edged downward. The move down was in line with the climb in the EURUSD and GBPUSD. The DXY was lower but still within recent ranges with the USDJPY still holding up strongly. Other USD - Asian pairs were also lower. These moves are coming ahead of the US CPI, where expectations are for a softer reading. We had called for a move lower in the 1M NDF and this looks to be playing out. We are expecting a further move downwards as we believe that near term sentiment towards US data and developments can support this further (e.g. softer CPI, etc). However, we also believe the downward move could be limited as the dollar remains supported on dips with a Fed Chair that is likely to stay cautious and not tilt too dovish anytime soon. It could head lower towards the 58.00 mark neat term but may struggle to break decisively below it. We now if it can break decisively lower below the support at 58.33 (50-dma), 58.00 and 57.41 (100-dma). Resistance is at 59.00 and 59.56. Remaining key data releases this week include May bank lending (Fri).
- **USDTHB - Lower, Resistance at 37.00, Could Edge Down But Still Ranged.** Pair was last seen at 36.30 as it has been moving downwards since yesterday. The move down was in line with the climb in the EURUSD and GBPUSD. The DXY was lower but still within recent ranges with the USDJPY still holding up strongly. Other USD - Asian pairs were also lower. These moves are coming ahead of the US CPI, where expectations are for a softer reading. Gold was also higher and that gives the THB support. We had been calling for the pair to come down further and that looks to be playing out. However, we also think the downward move could be limited as the dollar remains supported on dips with a Fed Chair that is likely to stay cautious and not tilt too dovish anytime soon. Pair could head towards 36.00 but we believe overall that it could still remain within a range of 36.00 - 37.00. We watch if it can decisively hold below the 36.44 (100-dma) support with the next after that at 36.00. Resistance is at 37.00 and 38.47 (around 2022 high). Key data releases this week include Jun consumer confidence (Thurs) and 5 Jul gross international reserves/forward contracts (Fri).
- **USDVND - Higher Fix.** USDVND hovered around 25420. Pair remained rather stable, capped by the top bound at around 25465 based on the fix

(24253) today. The reference rate fixed by the SBV is also curiously higher. This begs the question on whether the central bank is also allowing more weakness in the VND. Equities outflows continue, clocking a net -\$40.3mn of outflow on 10 Jul and taking the ytd outflow to -\$1905.6mn. So that could be weighing on the VND. That said, USDVND continues 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 3 Jul 2024. Smaller gold premium, higher interbank interest rates could probably help to ease demand for gold/ foreign currencies and reduce pressure on the VND. We continue to watch more discernible fall in the UST yields in order for VND to gain more lasting relief. Support for USDVND spot is seen at 25325. Resistance is marked by upper bound of the trading band at 25465. In news, Vietnam and the Philippines have agreed to form a rice sector alliance, aiming to shift from trade to a production and investment partnership according to VnEconomy. Philippines will first import fertilizer from Vietnam and then make a gradual shift to cooperate on production. The two countries want to achieve an optimization of rice production in order to ensure regional food security.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.50	3.50	Unchanged
5YR MO 8/29	3.64	3.64	Unchanged
7YR MS 4/31	3.78	3.78	Unchanged
10YR MT 11/33	3.85	3.85	Unchanged
15YR MS 4/39	*3.98/96	3.96	Unchanged
20YR MX 5/44	4.11	4.11	Unchanged
30YR MZ 3/53	4.22	4.22	Unchanged
IRS			
6-months	3.59	3.59	-
9-months	3.59	3.59	-
1-year	3.58	3.58	-
3-year	3.58	3.57	-1
5-year	3.63	3.62	-1
7-year	3.73	3.73	-
10-year	3.86	3.85	-1

Source: Maybank

*Indicative levels

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- Local government bonds continued to trade mostly sideways in thin liquidity, with little activity observed. Liquidity was softer, and yields remained unchanged. The 10y GII reopening auction was announced at an expected size of MYR5b. In the WI, there was a trade at 3.87%.
- It was another quiet session for MYR IRS, which drifted slightly lower with little volume and minimal reaction to Powell's first day of Senate testimony. Wednesday will have the decision from BNM MPC meeting. Only 5y IRS got dealt at 3.62%. 3M KLIBOR remained at 3.59%.
- PDS continued to trade with a moderate tone. In the GG space, Danainfra traded 3bps lower, while Turus Pesawat remained at MTM. AAA bonds dominated the session, with TNB trading at MTM, while Cagamas 11/25 sold off 4bps higher for MYR40m. AA1 Hong Leong Bank 6/34 increased by 1bp. The outperformer was Maybank 10/30, with its spread narrowing significantly, though only MYR10m dealt. Another notable trade was AA3 Amlslamic 12/30, which saw major changes in spread, also in MYR10m size.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.33	3.32	-1
5YR	3.20	3.19	-1
10YR	3.21	3.18	-3
15YR	3.22	3.21	-1
20YR	3.12	3.12	-
30YR	3.02	3.01	-1

Source: MAS (Bid Yields)

- Powell's testimony in the Senate overnight echoed that the Fed is prepared to cut rates if data aligns with expectations. Market risk sentiment remained largely unchanged and buoyant. On SGS, yields largely eased by 1-3bps, led by the 10-year benchmark which fell 3bps to 3.18%. Market attention in on the upcoming US inflation data later this week.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.74	6.75	0.00
2YR	6.81	6.78	(0.03)
5YR	6.93	6.92	(0.01)
7YR	7.07	7.06	(0.01)
10YR	7.06	7.06	(0.00)
20YR	7.14	7.14	(0.01)
30YR	7.13	7.13	(0.00)

* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds maintained their rally trends amidst relative silent of new global sentiments yesterday. Indonesian government bonds also received higher valuation as Rupiah appreciated against US\$ and on the same time receiving advantages from lowering positions of the yields of U.S. government bonds. On the domestic side, we received positive sentiments from the latest records of the consumers' confidences index and higher monthly sales of the new car. Furthermore, we expect the market players to keep applying short term orientation with preference of "sell on rally position" on their investment strategies before the release of key data, such as the U.S. CPI inflation, tonight. Most investors will also wait for certainty on the government's the fuel prices decision, following recent persistent the global oil prices at above US\$84/barrel.
- Indonesia's domestic new car sales rose by 2.29% MoM from 71,306 units in May-24 to 72,936 units in Jun-24. Indonesian new car sales gradually revived after it reached 48,637 units during the long holiday season for celebrating Moslem Festivities in Apr-24. However, compared to the same period on the last year, the new car sales dropped by 11.76% YoY from 82,581 units in Jun-23. The monthly new car sales is still difficult to break record above 80,000 units in 1H24. In 1H24, the highest record of new monthly car sales only reached 74,724 units in Mar-24. It's far below the highest monthly record of new car sales in 2023 that reached 101,048 units in Mar-23. The averages of monthly new car sales also dropped from 83,747 units in 2023 to 67,986 units in 1H24.
- A lackluster on Indonesian new car sales during 1H24 occurred as the condition on both of consumers' confidence index and consumers' purchasing capacity for the durable goods index are on the top position. Both of Indonesian consumers' confidence index and purchasing capacity for the durable goods index stayed on high optimist level at 123.3 and 111.1, subsequently, in Jun-23, slightly lower than the prior month record at 125.2 and 111.1, respectively. It can be a strong indication that several consumers preferred to purchase another durable goods, rather than purchasing the new car. We thought that it's difficult for the business players on the automotive sector to book outstanding performances sales during the period of higher lending rate environment, slow pace of increment incomes on most Indonesian workers, rapid increase on the new car prices with the high tech specification for compensating more expensive on both the imported fees & the production costs.

- Going forward, the new car sales is expected to strongly rebound since 4Q24 after the comeback of lower interest, the end momentum of National Regional Election and the buyers' receiving some various incentives from the vehicle agents with a significant increase on the government apparatus' wages. Moreover, the government, Bank Indonesia, and Financial Services Authority have also given some sweeteners to improve the automotive business, such as the fiscal incentives for the electric vehicles and the flexibility regulations about paying downpayment for the customers. The government has given subsidies around 32% of total incentive of the initial selling prices for the electric cars. We expect total new car sales to reach 951,000 units in 2024.

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	35	4.097	4.097	4.097
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	380	3.175	3.466	3.175
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	36	3.274	3.274	3.229
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	1	3.275	3.275	3.275
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	45	3.381	3.381	3.361
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	7	3.354	3.411	3.354
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	57	3.494	3.501	3.49
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	1	3.514	3.514	3.514
MGS 2/2023 3.519% 20.04.2028	3.519%	20-Apr-28	15	3.575	3.578	3.575
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	211	3.6	3.617	3.592
MGS 3/2022 4.504% 30.04.2029	4.504%	30-Apr-29	28	3.636	3.636	3.621
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	68	3.635	3.637	3.622
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	70	3.736	3.742	3.736
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	130	3.779	3.786	3.765
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	5	3.859	3.859	3.859
MGS 1/2022 3.582% 15.07.2032	3.582%	15-Jul-32	140	3.845	3.853	3.844
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	1	3.857	3.877	3.857
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	40	3.846	3.856	3.84
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	1	3.852	3.852	3.852
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	130	3.953	3.953	3.933
MGS 1/2024 4.054% 18.04.2039	4.054%	18-Apr-39	75	3.955	3.963	3.955
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	4	4.06	4.066	4.06
MGS 2/2022 4.696% 15.10.2042	4.696%	15-Oct-42	15	4.106	4.115	4.104
MGS 2/2024 4.180% 16.05.2044	4.180%	16-May-44	2	4.11	4.11	4.11
MGS 5/2018 4.921% 06.07.2048	4.921%	6-Jul-48	5	4.19	4.202	4.19
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	10	4.214	4.214	4.128
MGS 1/2023 4.457% 31.03.2053	4.457%	31-Mar-53	2	4.221	4.225	4.221
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	400	3.198	3.198	3.198
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	329	3.188	3.188	3.18
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	2	3.227	3.227	3.227
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	263	3.241	3.284	3.241
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	1	3.362	3.362	3.362
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	192	3.422	3.431	3.417
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	9-Jul-29	35	3.648	3.648	3.624
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	115	3.739	3.744	3.739
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	45	3.748	3.748	3.735
GII MURABAHAH 2/2024 3.804% 08.10.2031	3.804%	8-Oct-31	30	3.772	3.775	3.772
GII MURABAHAH 1/2022 4.193% 07.10.2032	4.193%	7-Oct-32	12	3.844	3.844	3.844
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	10	3.859	3.859	3.859
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	200	3.874	3.875	3.868
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	13	3.871	3.871	3.87
GII MURABAHAH 5/2017 4.755% 04.08.2037	4.755%	4-Aug-37	93	3.983	3.983	3.983

GII MURABAHAH	2/2019	4.467%						
15.09.2039			4.467%	15-Sep-39	110	3.98	3.985	3.98
GII MURABAHAH	2/2021	4.417%						
30.09.2041			4.417%	30-Sep-41	42	4.059	4.103	3.948
GII MURABAHAH	2/2023	4.291%						
14.08.2043			4.291%	14-Aug-43	68	4.119	4.155	4.119
GII MURABAHAH	4/2017	4.895%						
08.05.2047			4.895%	8-May-47	80	4.186	4.186	4.183
GII MURABAHAH	5/2019	4.638%						
15.11.2049			4.638%	15-Nov-49	2	4.123	4.246	4.123
Total					3,554			

Sources: BPAM

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 4.320% 26.11.2025 - Tranche No 80	GG	4.320%	26-Nov-25	20	3.466	3.466	3.466
TPSB IMTN 4.120% 19.11.2027 - Tranche No 3	GG	4.120%	19-Nov-27	10	3.671	3.674	3.671
PLUS BERHAD IMTN 5.000% 31.12.2038 - Series 2	GG	5.000%	31-Dec-38	10	4.04	4.041	4.04
DANAINFRA IMTN 4.820% 01.04.2048 - Tranche No 90	GG	4.820%	1-Apr-48	20	4.213	4.22	4.213
LPPSA IMTN 4.580% 01.09.2051 - Tranche No 61	GG	4.580%	1-Sep-51	10	4.245	4.245	4.245
CTX IMTN 5.05% 29.08.2024 - Series 10	AAA IS	5.050%	29-Aug-24	40	3.459	3.466	3.459
ASIANFIN IMTN 5.000% 10.12.2024	AAA	5.000%	10-Dec-24	10	3.906	3.914	3.906
CAGAMAS IMTN 4.450% 03.11.2025	AAA	4.450%	3-Nov-25	40	3.7	3.7	3.684
CAGAMAS MTN 3.910% 29.6.2026	AAA	3.910%	29-Jun-26	10	3.659	3.683	3.659
BSN IMTN 3.900% 12.02.2029	AAA	3.900%	12-Feb-29	5	3.885	3.885	3.885
TENAGA IMTN 4.730% 29.06.2029	AAA	4.730%	29-Jun-29	60	3.826	3.833	3.826
SEB IMTN 5.040% 25.04.2031	AAA	5.040%	25-Apr-31	40	3.915	3.922	3.915
JOHORCORP IMTN 4.540% 06.07.2033	AAA	4.540%	6-Jul-33	10	4.018	4.021	4.018
CIMBI IMTN 4.130% 27.03.2034 - Series 3 Tranche 4	AAA IS	4.130%	27-Mar-34	20	4.019	4.025	4.019
GENM CAPITAL MTN 3652D 31.3.2027	AA1 (S)	4.980%	31-Mar-27	10	4.386	4.394	4.386
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	30	4.526	4.532	4.122
YTL POWER IMTN 4.300% 24.08.2029	AA1	4.300%	24-Aug-29	20	3.901	3.91	3.901
MAYBANK IMTN 2.900% 09.10.2030	AA1	2.900%	9-Oct-30	10	3.71	3.718	3.71
GENTING RMTN MTN 3653D 25.3.2032 - Tranche 4	AA1 (S)	5.620%	25-Mar-32	10	4.729	4.732	4.729
HLBANK 4.050% 09.06.2034 (Tranche 5)	AA1	4.050%	9-Jun-34	2	3.991	3.991	3.991
PONSB IMTN 5.310% 29.06.2029 - Series 2 Tranche 2	AA2 (S)	5.310%	29-Jun-29	10	3.889	3.895	3.889
OSK RATED IMTN 4.590% 15.09.2033 (Series 005)	AA IS	4.590%	15-Sep-33	10	4.097	4.101	4.097
MAHB Perpetual Subordinated Sukuk 5.75% - Issue 1	AA2	5.750%	14-Dec-14	2	4.293	4.317	4.293
EDRA ENERGY IMTN 5.910% 05.01.2027 - Tranche No 11	AA3	5.910%	5-Jan-27	20	3.908	3.92	3.908
PUJIAN BAYU MTN (TRANCHE 1)	AA3	6.050%	31-Jul-29	30	4.298	4.304	4.298
RP HYDRO IMTN 5.240% 12.07.2030 - TRANCHE 5	AA3	5.240%	12-Jul-30	10	4.789	4.789	4.789
JEP IMTN 5.820% 04.12.2030 - Tranche 20	AA- IS	5.820%	4-Dec-30	10	4.234	4.241	4.234
AISL IMTN 06.12.2030	AA3	3.130%	6-Dec-30	10	3.872	3.879	3.872
MALAYSIAN RE SUBORDINATED MTN 3653D 26.10.2032	AA3	5.210%	26-Oct-32	1	4.183	4.199	4.183
SPG IMTN 5.570% 30.04.2035	AA- IS	5.570%	30-Apr-35	20	4.228	4.231	4.228
SPG IMTN 5.610% 31.10.2035	AA- IS	5.610%	31-Oct-35	20	4.229	4.231	4.229
CIMB 4.310% Perpetual Capital Securities - T7	A1	4.310%	25-May-16	5	4.226	4.226	4.226
WCT IMTN 5.700% 03.03.2119 (Series 2)	A- IS	5.700%	3-Mar-19	2	5.409	6.121	5.409
LBS BINA IMTN 6.850% 29.03.2120 (Series2 Tranche1)	NR(LT)	6.850%	29-Mar-20	1	5.398	5.398	5.373
Total				537			

Sources: BPAM

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0844	162.14	0.6764	1.2892	7.2967	0.6160	175.6567	109.4410
R1	1.0837	161.91	0.6755	1.2871	7.2945	0.6121	175.3833	109.2710
Current	1.0833	161.61	0.6752	1.2854	7.2916	0.6089	175.0900	109.1250
S1	1.0817	161.36	0.6735	1.2806	7.2893	0.6054	174.6133	108.8140
S2	1.0804	161.04	0.6724	1.2762	7.2863	0.6026	174.1167	108.5270
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3523	4.7192	16307	58.5670	36.5350	1.4627	0.6480	3.4925
R1	1.3506	4.7094	16274	58.4550	36.4420	1.4617	0.6470	3.4878
Current	1.3488	4.7010	16246	58.3550	36.3350	1.4612	0.6461	3.4840
S1	1.3478	4.6948	16224	58.2640	36.2700	1.4596	0.6454	3.4799
S2	1.3467	4.6900	16207	58.1850	36.1910	1.4585	0.6449	3.4767

*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	4.0500	Jul-24	Neutral
BNM O/N Policy Rate	3.00	11/7/2024	Neutral
BI 7-Day Reverse Repo Rate	6.25	17/7/2024	Neutral
BOT 1-Day Repo	2.50	21/8/2024	Neutral
BSP O/N Reverse Repo	6.50	15/8/2024	Neutral
CBC Discount Rate	2.00	19/9/2024	Neutral
HKMA Base Rate	5.75	-	Neutral
PBOC 1Y Loan Prime Rate	3.45	-	Easing
RBI Repo Rate	6.50	8/8/2024	Neutral
BOK Base Rate	3.50	11/7/2024	Neutral
Fed Funds Target Rate	5.50	1/8/2024	Neutral
ECB Deposit Facility Rate	3.75	18/7/2024	Neutral
BOE Official Bank Rate	5.25	1/8/2024	Neutral
RBA Cash Rate Target	4.35	6/8/2024	Neutral
RBNZ Official Cash Rate	5.50	14/8/2024	Neutral
BOJ Rate (Lower bound)	0.00	31/7/2024	Tightening
BoC O/N Rate	4.75	24/7/2024	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	39,721.36	1.09
Nasdaq	18,647.45	1.18
Nikkei 225	41,831.99	0.61
FTSE	8,193.51	0.66
Australia ASX 200	7,816.81	-0.16
Singapore Straits Times	3,459.93	0.99
Kuala Lumpur Composite	1,618.38	0.25
Jakarta Composite	7,287.04	0.24
Philippines Composite	6,489.35	-0.03
Taiwan TAIEX	24,007.08	0.45
Korea KOSPI	2,867.99	0.02
Shanghai Comp Index	2,939.36	-0.68
Hong Kong Hang Seng	17,471.67	-0.29
India Sensex	79,924.77	-0.53
Nymex Crude Oil WTI	82.10	0.85
Comex Gold	2,379.70	0.50
Reuters CRB Index	289.71	0.09
MBB KL	10.02	-0.40

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Malaysia

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