Macro | FX Research & Strategy

Global

Global Markets Daily

Waiting for Data

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Fedspeak yesterday suggested that the Fed could still be waiting for more comfort to come from data before deciding to cut rates. Musalem (backup voter) suggested that the Fed could need to wait "quarters" for data to justify a cut. Kugler (voter) expected such data to come in later this year and Collins (backup voter) said that recent inflation prints were encouraging, but cautioned against overreaction. Fed speakers continue to sing the same tune on data dependence and that is one of the reasons for support for the USD. Retail sales yesterday came in weaker than expected, and yields fell (10Y: -6bps), but the USD was flat to slightly softer. Industrial output outperformed, which could have given the USD some reprieve. Some easing in political worries helped the EUR above the 1.07 handle. Separately, hype over AI continues as Nvidia surpassed Microsoft as largest company in the world by market cap. While this exuberance over AI continues, the US also continues to clamp down on China's access to chips that are crucial enablers for AI. US markets are closed tonight and liquidity should be poorer. We cannot rule out wild swings continuing amid other drivers (Euro politics and BOE looming tomorrow) and two-way risks for currencies.

Apr BOJ Minutes Mention Rate Hikes, Upside Risks Continue

Release of the minutes of the Apr BOJ meeting this morning showed that members had mentioned rate hikes more, with soundbites such as "necessary to raise rates in a timely manner", "need to deepen discussion on rate hikes", "rate path may be higher than market expects" and "faster normalization pace possible due to yen". This shows that rate hikes were being considered seriously. Minutes were however dated and as we suggested last Fri, the BOJ is more likely to raise rates gradually and upside risks for the JPY continue. Quick observation shows some disconnect with USDJPY and UST yields, with the pair not falling in line with falling yields yesterday. BOJ credibility could be somewhat suspect, with last week's meeting essentially a disappointment and causing odds of a Jul hike to fall to 29% (pre meeting: 63%). We see the next BOJ hike in Oct, where market is pricing roughly a 51% probability. Upside risks for USDJPY to persist.

Data/Events We Watch Today

We watch 1Q NZ Current Account and Apr ECB Current Account.

FX: Overnight Closing Levels/ % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0740	0.06	USD/SGD	1.3509	-0.08
GBP/USD	1.2709	0.03	EUR/SGD	1.4509	-0.02
AUD/USD	0.6656	0.65	JPY/SGD	0.8558	-0.15
NZD/USD	0.6144	0.20	GBP/SGD	1.7168	-0.04
USD/JPY	157.86	0.08	AUD/SGD	0.8992	0.58
EUR/JPY	169.54	0.14	NZD/SGD	0.83	0.12
USD/CHF	0.8842	-0.60	CHF/SGD	1.5279	0.53
USD/CAD	1.3718	-0.04	CAD/SGD	0.9848	-0.03
USD/MYR	4.7133	-0.16	SGD/MYR	3.4811	-0.17
USD/THB	36.83	0.05	SGD/IDR	12116.92	-0.10
USD/IDR	16400	0.00	SGD/PHP	43.2983	-0.11
USD/PHP	58.625	-0.05	SGD/CNY	5.3701	0.05

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3481	1.3756	1.4031

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G10: Events & Market Closure

Date	Ctry	Event
18 Jun	AU	Policy Decision
19 Jun	US	Market Closure
20 Jun	UK	Policy Decision
20 Jun	SW	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
17 Jun	ID/IN/MY/SG	Market Closure
18 Jun	ID	Market Closure
20 Jun	ID	Policy Decision

G10 Currencies

- **DXY Index - *Soft Retail Sales Knocked USD off its High*.** DXY slipped from its session high when retail sales came in softer than expected at +0.1%m/m in May and was last seen around 105.30. The fall was modest and the greenback managed to find a foothold as industrial production came in stronger than expected at +0.9%m/m (vs. expected +0.3%). UST yields fell with 10Y at 4.22% and 2Y at 4.71%. Differential was relatively unchanged at around -48bps. Separately, there were plenty of Fed speaks overnight with Fed Kugler seeing a cut appropriate “sometime later this year” if economic conditions permit. Fed Musalem also spoke in his first major policy speech that it could take “quarters” for the data to support a cut. Both Fed Williams and Barkin also emphasized on having the right economic data for a cut to happen. Taken together, rate path forward and the timing of the first cut remain uncertain and officials seem more comfortable to wait a while more before making the first move. We have had two consecutive downside surprises for retail sales now and this comes after Fed San Francisco estimated that excess household savings had been depleted as of Mar 2024. It could be a matter of time before a more considerable slack shows up in labour data for the US. However, before that happens, the DXY index continue to remain somewhat supported on dips, propped up by the EUR that was under pressure due to the uncertainty surrounding the French snap elections. Even as further rate hikes from the Fed is not really much in the books anymore, we are still wary of further upside for the DXY amid these Euro and JPY concerns. On a charting basis, stochastics are rising into overbought conditions. Further upmove could remain a grind. Break of the 105.80-resistance to open the way towards 106.50. Bias remains to the upside nonetheless with support at 104.80. Data releases due this week include MBA mortgage applications for week ending Jun 14 today. Thu has initial jobless claims, housing starts, building permits for May and Philly Fed Business outlook (Jun). Fri has prelim. Jun mfg, services PMI and existing home sale.

- **EURUSD - *Watch 1.07 support, political overhang remains*.** EURUSD was last seen steady at 1.0737 levels this morning with the 1.07 support holding once again. Political overhang remains for EURUSD although they could have eased somewhat. French President Macron has called for snap elections (30 Jun and 7 Jul) and there could be lingering concerns over changes in the political landscape. However, we suggest pair could consolidate within 1.07 to 1.09 and think political headwinds will eventually fade. Macron will continue to be President and Le Pen has signalled that she would be willing to work with him if she seized control of the lower house, which looks likely from prelim polls. At their 6 Jun cut, 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. 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 to EURUSD daily chart, resistance at 1.0800 and 1.0900, while supports are at 1.0700 and 1.0650. USD decline remains a bumpy one but if we focus on the Eurozone, recent PMI data from US and EC is evidence that 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. Jun ZEW Survey Expectations improved to 51.3 (prev: 47.0) and May F EC CPI Inflation was at 2.6% YoY headline (exp: 2.6%; prev: 2.4%) and 2.9% YoY core (exp: 2.9%; prev: 2.9%). Data this week includes Apr ECB Current Account, Construction

Output (Wed), ECB Economic Bulletin, Jun P Consumer Confidence (Thu), Jun P Mfg/Svcs/Comp PMIs (Fri).

- **GBPUSD - *Slightly lower*.** GBPUSD was last seen slightly lower at 1.2706 levels this morning. We watch for bearish retracement for the cable. Earlier inflation print that was hotter than expected has driven cable higher on the belief that BOE will cut later than initially expected. However, we expect the Jun BOE meeting to be live given their earlier dovish tilt and downward revisions in inflation forecasts. This single print could be very much transitory and market appears to be pricing in a far too hawkish BOE now. Specifically, disinflation remains intact in 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. 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 1.2750 and 1.2800, while supports are at 1.2700 and 1.2650. Some headlines about BOE's QE losses that we had earlier warned about have resurfaced, with analysts suggesting that tax rises would be inevitable and the British taxpayer would have to foot the bill. This week's data includes May CPI/PPI/RPI Inflation (Wed), BOE Policy Decision (Thu), Jun Consumer Confidence, May Retail Sales, May Public Sector Finances/Borrowing, Jun P Mfg/Svcs/Comp PMIs (Fri).

- **USDCHF - *Lower*.** USDCHF was lower at 0.8840 levels this morning as CHF continued its recent outperformance. We expected some support for CHF after Governor Jordan's comments that a weaker CHF is the most likely source of higher Swiss inflation and that the neutral rate has "increased somewhat, or might rise over the coming years" and that has materialized. Earlier rate cut fears seem to have been completely written off by markets, with SNB looking less likely to cut rates again. Nevertheless, fundng costs for CHF remain favourable for carry trades and with BOJ possibly on a tightening bias and SNB on an easing bias, strong headwinds could arise should CHF become the funding currency of choice. Looking at the chart, we see supports at 0.8800 and 0.8750, while resistances are at 0.8900 and 0.9060. Data releases this week include May Exports/Imports, SNB Policy Decision (Thu) and May Money Supply (Fri).

- **USDJPY - *Upside pressure, Near - Term Limit at 160.00*.** The pair was last seen at 157.85 as it continued to move up although it has come off the highs seen yesterday. Ueda reiterated on the potential of a July hike yesterday to parliament as he mentioned "there is a good chance for the policy rate to be raised, depending on data and information over the economy, inflation and financial conditions". Even so, market reaction seems to be rather skeptical as the JPY continues to stay under pressure. In some sense, there appears to be belief that the BOJ would be unlikely to raise rates and cut back bond purchases at the same time in July. Ueda though tried to address this skepticism by also saying "the reduction of bond buying and policy rate hike are separate issues" although this was to little avail it seems, looking at the price action. Our own call remains that the BOJ would only hike in Oct 2024 by 25bps and not earlier. BOJ Apr meeting minutes, which is quite dated did highlight a number of members express concerns about the risk of weak JPY feeding into inflation and wages. We continue to believe in upside risk for the pair, seeing that it could head towards to 160.00 near term although we think that should mark a near term limit too. Beyond 160.00, intervention risks could hold markets back from pushing the pair higher. Resistance is at 160.00, 162.50 and 165.00. Support is at 155.89 (50-dma) and 152.00). Meanwhile, May trade data out this week showed exports was stronger than expected at

13.5% YoY (est. 12.7% YoY, Apr. 8.3% YoY) whilst imports were also higher at 9.5% YoY (est. 9.5% YoY, Apr. 8.3% YoY). Adjusted trade balance was wider at 618.2bn yen (est. 625.2bn, Apr. 581.3bn) which does no favor for the currency. Remaining key data releases this week include May CPI (Fri) and Jun P PMI composite/mfg/services (Fri).

- **AUDUSD – *Continue to Buy Dips on RBA*.** AUDUSD waffled around 0.6620 as we write this morning. RBA is about to decide on policy later. RBA kept cash target rate unchanged at 4.35% and retained its stance of not "ruling anything in or out". The statement that accompanied the stand-pat decision was skewed hawkish, noting that "inflation remains above target and is proving persistent". This was a notable shift from the phrase "inflation remains high and is falling more gradually than expected". So even though outlook remains "highly uncertain", with "consumption per capita on the decline", risks are still to the upside in light of persistent inflation and the upward revisions to consumption data. AUD rose on the back of this hawkish statement. That said, the bar to hike is high - Governor Bullock clarified that the Board is more alert to the upside risks due to a few data points but that does not mean the that case for a rate hike is increasing. She added that the 2Q CPI release would be important (due 31 Jul). One of the concluding sentences that had been kept in the policy statement – "the path of interest rates that will best ensure that inflation returns to target in a reasonable timeframe remains uncertain" underscores that even though getting inflation back to the 2-3% target is RBA's utmost priority, the central bank remains arguably neutral and simply does not want to pre-commit to any interest rate path from here.The central bank repeatedly warned of the risks that household consumption could recover more slowly than expected and that could weaken the labour market more considerably. Taken together, risks to inflation and growth are more balanced. Rate hikes are not likely. Rate cuts will come later. We hold the view that RBA would cut once in Nov this year, well after the tax cuts have taken effect in Jul and enough time has passed to assess its effects. RBA is expected to remain the most reluctant central bank to start its easing cycle (compared to ECB, BoC, BoE). Core inflation for most G7 countries (US, Eurozone, UK, Canada and NZ) have been falling with the exception of the Eurozone which re-accelerated to 2.9%y/y for May vs. previous 2.7%. Even so, that is still much lower than Australia's trimmed mean CPI which picked pace to 4.1%y/y for Apr vs. 4.0% in the month prior. That is why based on the cash rate futures, markets do not look for much of a rate cut from RBA this year. As such, along with the narrowing AU-US yield differential (in discount), AUD has been able to remain relatively resilient against most the USD and other DM currencies. AUD has not had a good Jun thus far. Base metal prices (iron ore, copper) had fallen as optimism over China's property sector dissipate. That also negated the boost via the sentiment channel as US bourses continue to head higher. The EU parliamentary elections illuminated the risks of a more fragmented EU as the far right parties gained more support. As the US elections approach, more hawkish China rhetoric may also have negative spill-over effects on risk-sensitive AUD and that could slow AUD's recovery into 2H against the USD. We prefer to buy AUDNZD toward 1.0950 (target 1) and then at 1.10 (target 2) as economic data releases of late suggest that RBNZ could potentially face more risks of sooner rate cuts vs. RBA notwithstanding RBNZ's consistently hawkish posturing. Spot reference at 1.0833. Stop-loss at 1.0770. Such a trade would nullify sentiment-driven volatility. Risk reward ratio at 1:2.6. Back on the AUDUSD daily chart, support is at 0.6580 (50dma) followed by 0.6545 (200dma). Resistances are at 0.6730. On the data calendar, apart from the policy decision today, we watch the prelim. Jun PMIs due on Fri.

- **NZDUSD - *Sideways*.** NZDUSD was a tad firmer overnight and was last seen around 0.6140 this morning. Better risk appetite, weaker USD likely helped to lift the NZD. Fundamentally, NZD has been cushioned by the improvement in trade position with 12mth rolling trade deficit around NZD10.11bn for Apr. It has been narrowing since the mid of 2023 at -NZD17bn. Recent dairy auction has also been supportive with clearing auction price up still rather elevated. Latest clearing auction price on 5 Jun was 1% lower than the previous auction event. However, auction prices are still considerably higher than the average seen in 1Q. NZ budget was growth-supportive and perceived be less fiscally restraining. Overall, we see NZDUSD likely to remain supported on dips with support levels seen at 0.6100 before 0.6060 (200-dma). Resistance at 0.6165 before 0.6220.

- **USDCAD - *Steady*.** USDCAD edged lower to levels around 1.3720 after the US May retail sales surprised to the downside. The pair continues to hug the lower bound of the rising trend channel. Governor Macklem's recent clarification that they will consider future rate cuts "one meeting at a time" could mean that markets as well as the central bank could be data-sensitive. OIS suggest 63bps cut priced in for BoC this year. We remain cautious on the CAD especially given how other central banks seem less dovish compared to BoC – with ECB now expected to cut another 46bps for 2024 (after a 25bps cut) while Fed is now expected to cut 47bps this year. Support at 1.3700 (50-dma). Resistance at around 1.3800. Week ahead has BoC summary of deliberations on Thu, retail sales and raw material product prices on Fri.

- **Gold (XAU/USD) - *Sideways*.** Gold waffled around US$2327/oz this morning. Support at 2277 remains intact and the previous metal could continue to remain in sideway trades within 2277-2344 in the near-term. We continue to expect ongoing geopolitical conflicts to continue to keep the precious metal supported on dips. 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 +1.77% from the implied mid-point of 1.3756 with the top estimated at 1.3481 and the floor at 1.4031.

- **USDSGD - *Slightly lower, resilient*.** USDSGD was slightly lower at 1.3511 levels this morning, while the SGDNEER edged lower to 1.77% 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 1.3400 and 1.3350. May NODX saw mildest contraction in 20 months at -0.1% and Electronics Exports expanded by the most since Nov-2021 at +21.9%. No further SG data releases of note this week.

- **SGDMYR - *Consolidation*.** Cross was lower at 3.4852 levels this morning as MYR performed slightly better than SGD. There could be some two-way action around the 3.48 to 3.50 zone going forward. SGD and MYR have been the two more resilient Asian currencies of late and we think this can continue. Risks for the cross are two-way at this point. Supports at 3.48 and 3.45 levels. Resistances at 3.50 and 3.52 levels.

- **USDMYR - *Lower*.** Pair was last seen at 4.7093 this morning as it decline with the greenback pulling back from its yesterday highs. It continues to remain steady around a recent range of 4.6800 – 4.7200 and likely may continue to do so in the near term. The MYR has generally been more resilient compared to other regional currencies. Authorities coordinating conversions by GLCs/GLICs into local currency could be providing much support to the currency. External factors are likely to remain the main driver for the pair especially developments related to China and the US. Back on the chart, support is at 4.6800 and 4.6500. Resistance stands around 4.7500 and 4.8000. Key data releases this week include May trade data (Thurs).

- **USDCNH - Lower, *Two-way Trades*.** USDCNH was last seen around 7.2700 as it continued to remain around recent ranges even as DXY was higher though UST yields were lower. We still expect two way trades for the pair around a very tight range of 7.24 – 7.28. 1Y MLF was kept stable at 2.50% and we suspect yuan's stability and concomitant impact on capital outflows could be a reason for the PBoC's reluctance to cut rates. Data releases yesterday suggest that the real estate sector has not stabilized yet with residential property sales down-30.5%y/y for Jan-May vs. 31.1% for the first four months of the year. Property investment was also down -10.1%y/y for Jan-May vs. -9.8% in the first four months. New home prices and used home prices clocked another monthly decline for May. Meanwhile, Industrial production slowed to 5.6%y/y from previous 6.7% while retail sales picked up pace to 3.7%y/y from previous 2.3%. Fixed assets ex rural slowed a tad to 4.0%y/y for the first five months compared to 4.2% in Jan-Apr. This does paints a picture of a slightly more balance growth of consumption and industrial production. Nonetheless, the overall activity picture remains a weak one and this fragile growth outlook could continue to keep the yuan on the backfoot. Ratcheting up of trade tensions between China and its partners are concerns that we remain wary of especially those related to the US. We stay cognizant that rising US – China tensions building into the election season can be a negative factor leading to a creep up in the USDCNH. USDCNY fixing yesterday was at

7.1148 compared to 7.1151 prior. Back on the chart, next key resistance at 7.28. Support at 7.2360.

- **1M USDKRW NDF – *Edges higher*.** 1M USDKRW NDF edged higher to 1378.45 levels this morning as USD remained supported at elevated levels. We see resistances at 1380 and 1400. Supports are at 1340 and 1320. 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. BOK has had a tendency to hold for an extended period before pivoting to a cut and this should provide KRW with some support. Upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep 2024 is the earliest possible inclusion date. We have May PPI Inflation and Jun 20-days Exports/Imports (Fri).

- **1M USDINR NDF – *Edges lower*.** INR edged lower today to 83.46 on reported inflows to Indian assets. Governor Das reiterated RBI's preference to build on its FX reserves war chest at an event yesterday. Election jitters calmed on news that Modi's BJP formed a government with coalition allies. Our view remains for a tight range of 83.00 to 84.00 to hold. As much as we expected RBI to hold INR steady against strengthening pressures in the event of a BJP win, we also expect them to hold INR steady in this unexpected weaker showing at the poll booth. It is very unlikely that the RBI deviates from their preference for keeping the INR stable. Statistical bulletin showed that RBI bought a net of US$13.25b in spot in Mar (Feb: US$8.56b). Meanwhile net outstanding forward book grew to US$23.60b in Mar (Feb: US$9.69b). Both spot and forward purchases increasing indicate sthat RBI intervened more heavily in Mar, where interestingly USD traded weaker in the earlier part of the month but climbed to finish the month higher. The RBI kept rates on hold today 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). Our view for 2024 is that the RBI will keep rates on hold (or at least while the Fed remains on hold) while most other global central banks are more at risk of cutting. Growth has been healthy in India, is likely to continue to flourish and inflation is also within target, so the RBI is in no hurry to slash rates to be more growth supportive. India has been an economic bright spark relative to the rest of the region, and we look to see if this can continue. Data includes Jun P Mfg/Svcs/Comp PMIs and 14 Jun Foreign Exchange Reserves (Fri).

- **1M USDIDR NDF – *Lower, Cautious*.** Pair was last seen lower at 16394 as it pulled back with the DXY trading lower today compared to the highs of yesterday. Domestic (fiscal concerns related to Prabowo's ambitious economic plans) and external developments (US and European developments) continue to weigh on sentiment for the pair. We do note that Prabowo's adviser Thomas Djiwandono, who leads fiscal discussions between Prabowo's economic team and the outgoing government's finance ministry, told Reuters that Prabowo had not set any target for debt levels and would adhere to legal limits on fiscal metrics. Onshore market is back today and we closely watch how spot performs after the holiday period. We believe that the pair could stay below 16500 near term. It may trade around 16400 – 16500 in the close future. BI has its rate decision due on Thurs and our economist believes that it would be a hold although there is a risk of a hike depending if there is further weakness of the IDR. Back on the chart, resistance is at 16500 and 16773. Support is at 16250, followed by 16000. Remaining key data releases this week include May trade data (Wed) and BI Policy Decision (Thu).

- **1M USDPHP NDF - *Steady, Cautious of Upside Risks*.** The pair was last seen at 58.67 as it was little changed from yesterday's level. Pair continues to be under upside pressure given concerns about the perceived dovishness of the central bank and DXY strength. Regarding the former, Finance Secretary Ralph Recto has said that the central bank would most probably lower rates after the Fed's own policy easing although BSP Governor Remolona has hinted at an easing in Aug. Monetary Board member Diokno has also been dovish sounding saying that BSP has space to cut rates at least twice this year as he also called the PHP "robust". Fed still staying hawkish and uncertainty regarding Europe are giving support to the DXY at this point too. We continue to see upside risks due to both these idiosyncratic and external factors. Back on the chart, resistance is at 59.00 and 59.56. Support is at 57.00, and 56.70 (between 100-dma and 200-dma). Key data releases this week include may BoP Overall (Wed).

- **USDTHB - *Lower, Cautious of Upside Risks*.** Pair was last seen lower at 36.66 amid the DXY coming off its highs yesterday and some reassuring words from the BOT. Regarding the latter, BOT Governor Sethaput Suthiwartnarueput said in a Bloomberg interview that any push to raise the inflation target may unanchor expectations and result in quickening price gains. The central bank has been facing pressure from the government to raise the inflation target range, which currently stands at 1% - 3%. The Governor further added that "the current inflation target range is appropriate for the circumstances and it has worked well". We continue to stay cognizant of risk related to BOT easing pressure. On other matters, the criminal court has granted bail to former PM Thaksin as he faces trial for royal insult under the lese majeste law. The next hearing for the case would be on 19 Aug. Meanwhile, the constitutional court will be reviewing Srettha's case on this appointment of Pichit Chuenban on 10 Jul. The constitutional court also set 3 Jul as the date it would hear the case on the disbandment of Move Forward over its pledge to amend the lese majeste law. We also keep a close eye on the outcome of these cases and the impact they can have on the domestic political situation. External factors related to US developments and the path of Fed rates we note would also be a major factor in the THB trajectory. USDTHB in recent times have encountered quite some resistance at 37.00 and it looks like stronger forces such as cut or a further deterioration in the domestic situation may be needed to bring it above it decisively. Back on the chart, we watch if it can decisively hold below the support at 36.70 (50-dma) with the next level after that at 36.27 (100-dma) and 35.41. Resistance is at 37.07 and 38.47 (around 2022 high). Key data releases this week include May car sales (19 – 24 Jun) and 14 Jun gross international reserves/forward contracts (Fri).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.54	3.55	+1
5YR MO 8/29	3.65	3.66	+1
7YR MS 4/31	3.79	3.81	+2
10YR MT 11/33	3.86	3.88	+2
15YR MS 4/39	*4.03/99	*4.03/3.99	Not traded
20YR MX 5/44	4.12	4.13	+1
30YR MZ 3/53	4.22	*4.24/20	Not traded
IRS			
6-months	3.59	3.61	+2
9-months	3.61	3.60	-1
1-year	3.60	3.58	-2
3-year	3.59	3.58	-1
5-year	3.63	3.64	+1
7-year	3.74	3.75	+1
10-year	3.85	3.86	+1

Source: Maybank
**Indicative levels*

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- Domestic government bond market opened quietly after the long weekend with minimal trading activity due to the lack of flows. The bond market displayed a defensive stance, in line with higher DM yields overnight, as the local curve increased by 1-2bps amid very low liquidity.

- The MYR IRS market reversed last Friday's move, closing about 1bp higher in the 5y-10y range, with a slightly steeper curve and low trading volume following the long weekend. General sentiment mirrored the rebound in UST yields. The 2y and 5y IRS traded at 3.56-57% and 3.64%. 3M KLIBOR unchanged at 3.59%.

- A moderate session for PDS market. No GG names were traded. Spreads for AAA names, specifically Cagamas and PLUS long-tenor bonds, narrowed by 1-2bps. Maybank 8/31 and UOB 8/30 outperformed in the AA1/AA+ category, with spreads narrowing significantly and MYR40m and MYR20m traded respectively. In contrast, AA2 CIMB 9/29 sold off with a 3bp increase in yield and MYR60m traded.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.33	3.37	+4
5YR	3.17	3.20	+3
10YR	3.17	3.19	+2
15YR	3.19	3.21	+2
20YR	3.14	3.16	+2
30YR	3.06	3.09	+3

Source: MAS (Bid Yields)

- Uncertainties in EU politics led to a brief risk-off sentiment before DM bond yields began rising overnight, probably somewhat driven by Fed officials' latest comments and some de-risking ahead of a midweek holiday in the US. Tracking the UST, SGS yields climbed 2-4bp higher across the curve, led by the 2y benchmark which rose 4bp to 3.37%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.70	6.83	0.14
2YR	6.66	6.77	0.11
5YR	6.92	7.10	0.18
7YR	6.97	7.13	0.16
10YR	6.99	7.20	0.21
20YR	7.07	7.20	0.13
30YR	7.07	7.16	0.09

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds weakened until the last trading days of last week. Rupiah also surprisingly weakened against US$ by significantly on the last trading day of previous week, driven by the investors' negative responses on the last rating downgrade on Indonesian equity market to "the underweight" by Morgan Stanley due to an emerging local fiscal issues for swelling the incoming budget deficit by 2bps of GDP every year to accommodate the populist program of the children free lunch by the next government. Moreover, we also saw an unfavorable on the global investment climate after the latest Fed's monetary decision to keep refraining its immediate policy rate cut. On its latest dot plot economic projection, the Fed also seemed shifting its intention to cut its policy rate by aggressively to the next year.

- According to Bloomberg, USDIDR rose by 1.33% WoW from 16,196 on 07 Jun-24 to 16,412 on 14 Jun-24. The yield of 10Y Indonesian government bonds increased from 6.90% on 07 Jun-24 to be 7.20% on 14 Jun-24. It occurred as the yield of U.S. 10Y government bond dropped from 4.43% on 07 Jun-24 to be 4.22% on 14 Jun-24. However, we expect a significant drop on both Indonesian Rupiah and financial markets to be temporary due to an unclear confirmation on the latest issues of incoming swelling fiscal deficit ratio. Indonesian economic condition is still running on solid progress so far amidst recent high interest rate environment for supporting business expansion. USDIDR and the yield of 10Y Indonesian government bonds should come back to below 16,340 and 7%, respectively, this week. Foreign investors recorded net selling position by US$87.84 million during 01-14 Jun-24. The foreign investors also reduced its ownership on Indonesian government bonds from Rp806.97 trillion on 31 May-24 to be Rp804.79 trillion on 12 Jun-24.

- With the USDIDR position it should return to levels below 16,340 this week. Yield 10Y Indonesian government bonds should also return to levels below 7% this week. However, we see that the USDIDR position will still be around 16,000 and the yield on 10Y Indonesian government bonds is above 6.83% until there is a clear signal from the Fed to immediately reduce monetary interest. Regarding the impact on inflation due to the continued weakening of the Rupiah above 16,000, however, with the Brent oil price averaging below US$ 85/barrel, it can make a minor contribution to headline inflation, not a second round effect from the inflation conditions as long as food is available and stocks of subsidized fuel oil at stable prices will remain maintained until the end of the year. Inflation is expected to remain under 3% at the end of this year. We hope that Bank Indonesia will not rush to respond by immediately raising the BI Rate in order to maintain a conducive business and economic climate in the real sector.

- Today, Indonesia Statistic Agency (BPS) is scheduled to announce its latest result on international trading activities. We estimate that Indonesia is likely to record a trade balance surplus of US$2.98 billion in May-24 amidst the prices of Indonesia's main export commodities, such as coal and palm oil, which remain stable. Apart from that, the positive impact of downstream mineral export commodities also supports Indonesia's trade performance to continue to generate a trade balance surplus. Exports are predicted to still grow 1.99% YoY in May-24, while imports are projected to fall 9.66% YoY in May-24.

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	3	3.247	3.247	3.247
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	3	3.233	3.233	3.162
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	104	3.27	3.292	3.245
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	170	3.311	3.326	3.285
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	100	3.429	3.43	3.297
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	71	3.438	3.451	3.438
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	17	3.465	3.465	3.442
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	4	3.542	3.542	3.542
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	899	3.552	3.552	3.538
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	46	3.568	3.615	3.555
MGS 2/2023 3.519% 20.04.2028	3.519%	20-Apr-28	15	3.614	3.645	3.605
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	135	3.611	3.651	3.58
MGS 3/2008 5.248% 15.09.2028	5.248%	15-Sep-28	3	3.666	3.666	3.666
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	205	3.654	3.663	3.652
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	25	3.773	3.773	3.69
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	364	3.803	3.813	3.798
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	5	3.823	3.823	3.823
MGS 1/2022 3.582% 15.07.2032	3.582%	15-Jul-32	19	3.851	3.862	3.83
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	33	3.877	3.879	3.87
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	75	3.883	3.887	3.853
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	32	3.87	3.895	3.87
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	6	3.939	3.97	3.939
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	16	4.011	4.031	4.002
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	6	4.014	4.021	4.013
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	4	4.088	4.088	4.073
MGS 2/2022 4.696% 15.10.2042	4.696%	15-Oct-42	12	4.135	4.135	4.08
MGS 2/2024 4.180% 16.05.2044	4.180%	16-May-44	14	4.128	4.139	4.121
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	1	4.209	4.209	4.196
MGS 5/2018 4.921% 06.07.2048	4.921%	6-Jul-48	21	4.218	4.223	4.215
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	62	4.222	4.231	4.09
MGS 1/2023 4.457% 31.03.2053	4.457%	31-Mar-53	4	4.192	4.23	4.192
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	5	3.254	3.254	3.254
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	4	3.341	3.341	3.341
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	14	3.323	3.362	3.323
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	14	3.432	3.464	3.432
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	152	3.474	3.483	3.474
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	5	3.55	3.584	3.55
GII MURABAHAH 1/2023 3.599% 31.07.2028	3.599%	31-Jul-28	4	3.664	3.681	3.664
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	7	3.642	3.642	3.642
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	11	3.766	3.766	3.756
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	2	3.76	3.76	3.76
GII MURABAHAH 2/2024 3.804% 08.10.2031	3.804%	8-Oct-31	5	3.819	3.819	3.819
GII MURABAHAH 1/2022 4.193% 07.10.2032	4.193%	7-Oct-32	60	3.855	3.855	3.855
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	30	3.884	3.884	3.878
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	10	3.938	3.938	3.938

GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	5	3.978	3.978	3.972
GII MURABAHAH 5/2017 4.755% 04.08.2037	4.755%	4-Aug-37	20	4.004	4.004	4.004
SUSTAINABILITY GII 3/2022 4.662% 31.03.2038	4.662%	31-Mar-38	1	4.005	4.005	4.005
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	2	4.016	4.016	4.016
GII MURABAHAH 2/2021 4.417% 30.09.2041	4.417%	30-Sep-41	6	4.095	4.095	4.076
GII MURABAHAH 2/2023 4.291% 14.08.2043	4.291%	14-Aug-43	12	4.127	4.127	3.997
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	1	4.239	4.239	4.097
GII MURABAHAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	2	4.325	4.325	4.121
GII MURABAHAH 2/2022 5.357% 15.05.2052	5.357%	15-May-52	30	4.266	4.268	4.266
GII MURABAHAH 1/2024 4.280% 23.03.2054	4.280%	23-Mar-54	1	4.25	4.25	4.232
Total			**2,878**			

Sources: BPAM

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
CAGAMAS ASEAN GREEN MTN 3.670% 30.9.2024	AAA	3.670%	30-Sep-24	20	3.496	3.496	3.496
TOYOTA CAP MTN 1827D 29.8.2028-MTN12	AAA (S)	4.350%	29-Aug-28	3	3.898	3.903	3.898
TOYOTA CAP MTN 1888D 26.12.2028 - MTN 14	AAA (S)	4.500%	26-Dec-28	18	3.927	3.932	3.927
BSN IMTN 3.900% 12.02.2029	AAA	3.900%	12-Feb-29	10	3.897	3.899	3.897
TOYOTA CAP IMTN 4.280% 22.03.2029 - IMTN 10	AAA (S)	4.280%	22-Mar-29	10	3.947	3.952	3.947
AIR SELANGOR IMTN T6S1 SRI SUKUK KAS 11.10.2030	AAA	4.400%	11-Oct-30	60	3.965	3.981	3.965
CIMBI IMTN 4.130% 27.03.2034 - Series 3 Tranche 4	AAA IS	4.130%	27-Mar-34	20	4.008	4.011	4.008
PLUS BERHAD IMTN 4.821% 12.01.2035 -Sukuk PLUS T26	AAA IS (S)	4.821%	12-Jan-35	30	4.02	4.02	4.02
DANUM IMTN 3.420% 21.02.2035 - Tranche 5	AAA (S)	3.420%	21-Feb-35	10	4.009	4.009	4.009
PLUS BERHAD IMTN 4.891% 11.01.2036 -Sukuk PLUS T27	AAA IS (S)	4.891%	11-Jan-36	60	4.04	4.04	4.04
PLUS BERHAD IMTN 5.630% 11.01.2036 -Sukuk PLUS T14	AAA IS (S)	5.630%	11-Jan-36	35	4.04	4.04	4.04
PLUS BERHAD IMTN 5.750% 12.01.2037 -Sukuk PLUS T15	AAA IS (S)	5.750%	12-Jan-37	5	4.061	4.061	4.061
UEM OLIVE IMTN 4.300% 06.12.2028 - S1T1	AA1 (S)	4.300%	6-Dec-28	9	4.128	4.132	4.128
UOBM MTN 3.00% 02.8.2030	AA1	3.000%	2-Aug-30	20	3.785	3.804	3.785
MAYBANK IMTN 3.410% 05.08.2031	AA1	3.410%	5-Aug-31	40	3.807	3.817	3.807
MAYBANK SUBORDINATED SUKUK 4.030% 31.01.2034	AA1	4.030%	31-Jan-34	1	3.931	3.931	3.931
HLBANK 4.050% 09.06.2034 (Tranche 5)	AA1	4.050%	9-Jun-34	7	3.987	3.987	3.987
PONSB IMTN 4.960% 28.12.2028 - Series 1 Tranche 2	AA2 (S)	4.960%	28-Dec-28	20	3.856	3.861	3.856
3SP IMTN Tranche 11 4.890% 06.04.2029	AA2	4.890%	6-Apr-29	3	4.186	4.19	4.186
CIMB 4.880% 13.09.2029 - Tranche 4	AA	4.880%	13-Sep-29	60	3.781	3.781	3.694
OSK RATED IMTN 4.490% 13.09.2030 (Series 004)	AA IS	4.490%	13-Sep-30	10	4.017	4.022	4.017
OSK RATED IMTN 4.520% 30.04.2031 (Series 003)	AA IS	4.520%	30-Apr-31	20	4.038	4.043	4.038
AISL 4.100% 09.05.2031	AA2	4.100%	9-May-31	20	4.029	4.032	4.029
OSK RATED IMTN 4.590% 15.09.2033 (Series 005)	AA IS	4.590%	15-Sep-33	10	4.117	4.121	4.117
HLA Sub Notes 28.12.2028 (Tranche 2B)	AA3	3.700%	28-Dec-28	10	4.317	4.322	4.317
AEON CREDIT SENIOR SUKUK (S5T1) 4.260% 20.04.2029	AA3	4.260%	20-Apr-29	5	3.952	3.952	3.952
QSPS Green SRI Sukuk 5.760% 05.04.2030 - T23	AA- IS	5.760%	5-Apr-30	2	4.189	4.192	4.189
JEP IMTN 5.790% 04.06.2030 - Tranche 19	AA- IS	5.790%	4-Jun-30	5	4.221	4.221	4.221
JEP IMTN 5.820% 04.12.2030 - Tranche 20	AA- IS	5.820%	4-Dec-30	10	4.243	4.252	4.243
QSPS Green SRI Sukuk 5.880% 06.10.2031 - T26	AA- IS	5.880%	6-Oct-31	1	4.267	4.27	4.267
MNRB HLDGS IMTN (Series 2) 22.03.2034	A1	4.460%	22-Mar-34	20	4.117	4.122	4.117
ALLIANCEB MTN 4383D 27.10.2032	A2	3.800%	27-Oct-32	1	4.3	4.3	4.3
YHB IMTN 02.11.2122	A3	7.500%	2-Nov-22	5	6.498	6.498	6.498

Total	**561**

Sources: BPAM

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0788	158.58	0.6695	1.2752	7.2805	0.6181	170.4133	105.8057
R1	1.0764	158.22	0.6676	1.2730	7.2758	0.6162	169.9767	105.4403
Current	1.0738	157.84	0.6664	1.2705	7.2724	0.6139	169.4800	105.1880
S1	1.0713	157.51	0.6619	1.2678	7.2678	0.6111	169.0367	104.3663
S2	1.0686	157.16	0.6581	1.2648	7.2645	0.6079	168.5333	103.6577

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3560	4.7260	#VALUE!	58.7577	36.9800	1.4556	0.6510	3.5006
R1	1.3535	4.7197	#VALUE!	58.6913	36.9050	1.4532	0.6504	3.4909
Current	1.3512	4.7120	16412	58.6000	36.6970	1.4509	0.6501	3.4875
S1	1.3495	4.7080	#VALUE!	58.5843	36.7000	1.4493	0.6491	3.4754
S2	1.3480	4.7026	#VALUE!	58.5437	36.5700	1.4478	0.6484	3.4696

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

Equity Indices and Key Commodities

	Value	% Change
Dow	38,778.10	0.49
Nasdaq	17,857.02	0.95
Nikkei 225	38,482.11	1.00
FTSE	8,191.29	0.60
Australia ASX 200	7,778.08	1.01
Singapore Straits Times	3,301.78	0.13
Kuala Lumpur Composite	1,606.13	-0.07
Jakarta Composite	6,734.83	-1.42
Philippines Composite	6,368.80	-0.23
Taiwan TAIEX	22,757.43	1.16
Korea KOSPI	2,763.92	0.72
Shanghai Comp Index	3,030.25	0.48
Hong Kong Hang Seng	17,915.55	-0.11
India Sensex	77,301.14	0.40
Nymex Crude Oil WTI	81.57	1.54
Comex Gold	2,346.90	0.77
Reuters CRB Index	293.07	-0.33
MBB KL	9.93	-0.10

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	20/6/2024	Neutral
BOT 1-Day Repo	2.50	21/8/2024	Neutral
BSP O/N Reverse Repo	6.50	27/6/2024	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	20/6/2024	Neutral
RBA Cash Rate Target	4.35	6/8/2024	Neutral
RBNZ Official Cash Rate	5.50	10/7/2024	Neutral
BOJ Rate (Lower bound)	0.00	31/7/2024	Tightening
BoC O/N Rate	4.75	24/7/2024	Neutral

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Malaysia

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Thailand

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