

Global Markets Daily

Central Banks Ahead : Dovish Risks for BOE

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It was a rather muted overnight session with US markets closed for the Juneteenth holiday. However, we were not without interesting developments as UK inflation surprised to the downside and confirmed the disinflationary trend in the UK ahead of tonight's BOE decision. Sole point of contention remains that services inflation was slightly higher than expected at 5.7%, which could concern BOE policymakers. The BOE is widely expected to stand pat (2% chance of a cut). We think that the meeting is much more live than the market is pricing, although chances are in favour of BOE standing pat, and risks are tilted for the BOE to sound more dovish than the market expects. Inflation is coming off in the UK, even for services, and this is something that the BOE had earlier recognized with a downgrade to their inflation forecasts. In contrast, ECB cut rates even as EC inflation resurged and inflation forecasts were revised upwards. As such, we think that there is a possible play to buy EURGBP on this to play on a convergence between market pricing for BOE-ECB rate cuts. If EURGBP can break the 0.85 level (previous key support turned resistance), further upside should ensue. BI is also likely to stand pat today, although risks of a hike could be heightened with recent IDR weakness. Meanwhile, SNB is expected to cut (-67%) and any hawkish slant/rhetoric could drive further outperformance in the CHF.

NZ Economy Rebounds from Recession

The NZ economy rebounded in 1Q24 from a 4Q23 recession with growth coming in at 0.3% YoY (exp: 0.2%; prev: -0.2%) and 0.2% SA QoQ (exp: 0.1%; prev: -0.1%). NZD could not hold on to gains even as the economy returned to growth. RBNZ Chief Economist Paul Conway made a speech yesterday and apart from noting that services inflation is higher in New Zealand compared to other developed nations (Australia, Eurozone, US) with data as of 1Q 2024, he also mentioned that "emerging spare capacity in the economy will feed through into lower domestically generated inflation". Weakness in services index as well as pricing intentions and wages outlook suggest that the pass through could be happening soon. We continue to remain less bullish on the NZD vs the AUD.

Data/Events We Watch Today

We watch 1Q NZ GDP, BI, BOE and SNB Policy Decisions today.

FX: Overnight Closing Levels/ % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0744	↑ 0.04	USD/SGD	1.3507	↓ -0.01
GBP/USD	1.272	↑ 0.09	EUR/SGD	1.4512	↑ 0.02
AUD/USD	0.6673	↑ 0.26	JPY/SGD	0.8543	↓ -0.18
NZD/USD	0.6133	↓ -0.18	GBP/SGD	1.7182	↑ 0.08
USD/JPY	158.09	↑ 0.15	AUD/SGD	0.9013	↑ 0.23
EUR/JPY	169.85	↑ 0.18	NZD/SGD	0.8283	↓ -0.20
USD/CHF	0.8842	→ 0.00	CHF/SGD	1.5273	↓ -0.04
USD/CAD	1.3707	↓ -0.08	CAD/SGD	0.9855	↑ 0.07
USD/MYR	4.7065	↓ -0.14	SGD/MYR	3.4842	↑ 0.09
USD/THB	36.677	↓ -0.42	SGD/IDR	12117.73	↑ 0.01
USD/IDR	16365	↓ -0.21	SGD/PHP	43.5095	↑ 0.49
USD/PHP	58.764	↑ 0.24	SGD/CNY	5.3727	↑ 0.05

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit Mid-Point Lower Band Limit

1.3484

1.3760

1.4035

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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 - *Little Moved on Juneteenth.*** DXY hovered around 105.20 for much of Wed in the absence of tier one data and as bonds and equity markets were closed for Juneteenth. 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 considerable slack shows up in the labour reports for the US. However, before that happens, the DXY index continue to remain somewhat supported on dips due to two reasons 1) Fed officials' wait and see attitude as they seek comfort from benign inflation prints before voting for cuts, 2) EUR could remain under relative pressure due to the uncertainty surrounding the French snap elections. On a charts, stochastics are turning lower in overbought terrain. The 105.80-resistance remains intact and we look for two-way trades within the 104.50-105.80 range in the near-term. Interim support at 105.10. Data releases for the week remaining include the weekly initial jobless claims, housing starts, building permits for May and Philly Fed Business outlook (Jun) due today. Fri has prelim. Jun mfg, services PMI and existing home sale.
- **EURUSD - *Watch 1.07 support, political overhang remains.*** EURUSD edged up to 1.0747 levels this morning. Political overhang lingers, although it 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. Data this week includes ECB Economic Bulletin, Jun P Consumer Confidence (Thu), Jun P Mfg/Svcs/Comp PMIs (Fri).
- **GBPUSD - *Slightly higher.*** GBPUSD was last seen slightly higher at 1.2717 levels this morning after a muted overnight session. Tonight's 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. UK inflation surprised to the downside and confirmed the disinflationary trend in the UK ahead of tonight's BOE decision. 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 1.2750 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 BOE Policy Decision (Thu), Jun Consumer Confidence, May Retail Sales, May Public Sector Finances/Borrowing, Jun P Mfg/Svcs/Comp PMIs (Fri).

- **USDCHF - Steady.** USDCHF was steady at 0.8839 levels this morning ahead of the SNB decision today. SNB is expected to cut (~67%) and any hawkish slant/rhetoric could drive further outperformance in the CHF. CHF had outperformed 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 as much as previously expected. Nevertheless, funding 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 - Steady, Upside pressure, Near - Term Limit at 160.00.** The pair was last seen at 157.93 as it continued to trade around levels seen yesterday. It did end yesterday above the 158.00 mark before coming back down just slightly below it this morning. There was limited developments to drive the pair overnight with the US off on Juneteenth holiday. For today, we watched how Europe developments pan out in particular with regards to the BOE decision and its impact it would have on the GBP, DXY and in turn the JPY. We continue to see upside pressure for the USDJPY, believing it would move closer to the 160.00 level. However, that level could mark a near term limit as beyond that point, 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). 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 hovered around 0.6670, one of the outperformers for the past week. This pair has been lifted by RBA's hawkish stance. Even though Governor Bullock clarified that the case for a rate hike has not increased, there are increasing speculation of a rate hike in Aug as the central bank becomes more concerned with inflation. Core inflation had surprisingly sped up to 4.1%/y in Apr vs. 4.0% in Mar, veering further away from target mandate of 2-3%. In addition, the labour market continues to remain rather tight with strong employment gains observed in May. Apart from the hawkish RBA, AUDUSD also benefitted from copper gains yesterday. Spot copper traded at a premium to future-dated contracts in New York, a sign of supply shortage. Inventories at Comex were reportedly at a 15-year low. This was quite a contrast to Shanghai and London where spot contract trades at discount to futures amid growing concerns on near-term demand. Nonetheless, the 3M copper futures on the London Metal Exchange rose overnight, finding foothold at the \$9500/mt level (50% Fibonacci retracement of the Feb-May rally). The pullback in the copper and iron prices in Jun likely kept the AUDUSD from breaking above the 0.67-figure. For the AUDUSD, we look for two-way trades within the 0.6570-0.6700 range. As of 19 Jun, we penciled in a trade idea 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. On the data calendar, we watch the prelim. Jun PMIs due on Fri.

- **NZDUSD - Sideways.** NZDUSD traded sideways and was last seen around 0.6130 this morning. RBNZ Chief Economist Paul Conway made a speech yesterday and apart from noting that services inflation is higher in New Zealand compared to other developed nations (Australia, Eurozone, US) with data as of 1Q 2024, he also mentioned that "emerging spare capacity in the economy will feed through into lower domestically generated inflation". Weakness in services index as well as pricing intentions and wages outlook suggest that the pass through could be happening soon. We thus continue to remain less bullish on the NZD vs. the AUD. 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 1.3712. The pair continues to hug the lower bound of the rising trend channel. BoC's Governing Council released its account of deliberations yesterday, emphasizing that "monetary policy easing would likely be gradual given that inflation is forecast to ease toward the target gradually". We will continue to monitor data closely as BoC affirms it is reasonable to expect further cuts should inflation ease to target and they continue to "remain focused on four key indicators of underlying inflationary pressures". OIS suggest 70bps 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 44bps for 2024 (after a 25bps cut) while Fed is now expected to cut 47bps this year. BoC reaffirmed that they have not reached the limit of rate divergence from the Fed. Support at 1.3700 (50-dma). Resistance at around 1.3800. Week ahead has retail sales and raw material product prices on Fri.
- **Gold (XAU/USD) - Sideways.** Gold edged higher to levels around \$2336 this morning. Support at 2277 remains intact and the previous metal could continue to remain in sideways trades within 2277-2344 in the near-term. Break-out to the upside to open the way towards next resistance at 2391. 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 +1.79% from the implied mid-point of 1.3760 with the top estimated at 1.3484 and the floor at 1.4035.

- **USDSGD - Steady, resilient.** USDSGD was steady at 1.3513 levels this morning, while the SGDNEER edged higher to 1.79% 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 3.4869 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 - Steady.** Pair was last seen at 4.7107 this morning as it continued to trade around levels seen yesterday. There were limited external developments overnight with the US on holiday. We believe it may continue to trade around its recent range of 4.6800 - 4.7200 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 - LPR Unchanged, Government Bond Trading in Consideration.** USDCNH sprung higher to levels around 7.2840 this morning after PBoC fixed the USDCNY reference rate to be the highest since Nov at 7.1192 vs. previous 7.1159. Break of the 7.28-figure to open the way towards 7.30. 1Y LPR was kept stable at 3.45% and 5Y at 3.95%. We suspect yuan's stability and concomitant impact on capital outflows could be a reason for the PBoC's reluctance to cut rates. At home, Finance News reported that the central bank could use a short-term interest rate as its main policy rate and reduce the importance of medium-term lending facility rate as a policy benchmark. It is also appropriate to narrow the interest rate corridor in order to provide clearer signals on its interest rate target to the market. PBoC is advised to weaken the relationship between the LPR and MLF. The financing costs of the real economy is deemed more important for economic growth vs. the MLF rate. Whether LPR can decrease depends on whether the funding cost of banks can decline and the deposit costs should also be taken into consideration. On a related note, PBoC is mulling over government bond trading. There had been warnings from the central bank may sell bonds if demand continues to rise. Yesterday, news broke that PBoC could be expanding its policy toolbox by including the trading of government bonds (both selling and buying). That is said to potentially allow better control of liquidity and potentially ensure that the bond market can come to better balance amid the hot demand seen in the recent weeks. That said, it stops short of

considering QE as monetary policy tool. Governor Pan Gongsheng clarified that it is a liquidity management tool and it is not equivalent to QE. Bond trading will be gradual, issuance pace, maturity structure and custody mechanism for treasuries will need to be optimized (BBG).

- **1M USDKRW NDF - Higher.** 1M USDKRW NDF was higher to 1382.28 levels this morning as KRW underperforms, likely as CNY was fixed weaker. 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 - Steady.** INR was steady today to 83.50 on reported inflows to Indian assets. Governor Das reiterated RBI's preference to build on its FX reserves war chest at an event on 18 Jun. 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 that 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 USIDR NDF - Steady, Cautious.** Pair was last seen lower at 16395 as it continued to trade at levels seen yesterday as we build up to the BI policy decision due later today. Our in-house economist believes that BI would keep rates on hold at 6.25% today although he did note that the IDR recent bout of weakness has increased the probability of a surprise 25bps hike. We do not believe a hold would contribute to further weakness for the IDR although a hike could guide some gains. External factors related to the Fed's rate path and European developments look to continue to drive the pair. Domestically, concerns about Prabowo's fiscal plans appear would be a factor affecting sentiments. However, we believe the pair can meet some upside limit at around 16500 in the very near term as markets have already priced quite a substantial amount of their concerns regarding the domestic conditions as it is. Externally, the DXY can still climb higher although it is likely to be more limited. Back on the chart, resistance is at 16500 and 16773. Support is at 16250, followed by 16000. Meanwhile, May

trade data out yesterday showed the country still maintained a trade surplus at \$2.93bn (est. \$2.96bn, Apr. \$2.72bn), which is a positive for the currency as exports growth picked-up to 2.86% YoY (est. -0.10% YoY, Apr. 1.72% YoY) whilst imports decline at -8.83% YoY (est. -9.90% YoY, Apr. 10.09% YoY). The country is likely to maintain a trade surplus this year, which can give the currency support. Remaining key data releases this week include BI Policy Decision (Thu).

- **1M USDPHP NDF - *Steady, Cautious of Upside Risks***. The pair was last seen at 58.77 as it continued to trade around levels seen yesterday. Pair remains under pressure given the perceived dovishness of the BSP. 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 sounding dovish 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. Meanwhile, on the political front, Vice President Sara Duterte has quit from the government of President Marcos, highlighting signs of rift within the administration. We continue to keep a close eye on the domestic political developments. Back on the chart, resistance is at 59.00 and 59.56. Support is at 57.00, and 56.80 (between 100-dma and 200-dma). Meanwhile, May BoP overall data came out in surplus at \$2.00bn (Apr. \$-0.64bn), which would be some positive for the currency. There are no remaining key data releases this week.

- **USDTHB - *Steady, Resistance at 37.00***. Pair was last seen lower at 36.67 as it continued to trade around levels seen yesterday given the limited developments yesterday with the US on holiday. We stay cognizant of the domestic pressure for the currency as the BOT continues to be under pressure from the government to ease rates. Earlier in the week, the BOT Governor Sethaput Suthiwartnarueput had said that "the current inflation target range is appropriate for the circumstances and it has worked well" even amid a government push to adjust it. He also appeared to oppose the ~\$14bn cash handout as he said there no need to stimulate demand across the board with private consumptions forecasted to expand by about 4% this year after a 7% record growth last year. PM Srettha is also asking parliament to approve his fiscal budget with a 3.75tn baht deficit for the fiscal year starting 1 Oct with the parliament to deliberate on it in a special three-day session through Friday and we keep an eye on this development. We also closely monitor the political situation and court cases related to former PM Thaksin Shinawatra, PM Srettha and Move Forward. The criminal court has granted bail to former PM Thaksin as he faces trial for royal insult under the lese majeste law. The next hearing for the case would be on 19 Aug. The constitutional court meanwhile will 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. 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. We therefore see that level as potential near term limit. Back on the chart, we watch if it can decisively hold below the support at 36.71 (50-dma) with the next level after that at 36.29 (100-dma) and 35.41. Resistance is at 37.00 and 38.47 (around 2022 high). Key data releases this week include May car sales (20 - 24 Jun) and 14 Jun gross international reserves/forward contracts (Fri).

- **USDVND - *Hugging the Top Bound.*** USDVND continues to hug the top bound of the trading band. USDVND was last seen at 25452 while the top of the trading band remains at 25467 as of the fix this morning at 24255. Equities outflows had been rather persistent with -US\$57.9mn of outflow recorded for 19 Jun, taking the mtd outflow to a net -380.7mn and ytd at USD-1493.7mn. So that could be weighing on the VND. 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 18 Jun 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 25470. In news from home, Vietnam News Agency reported that credit growth rose 3.79% as of 14 Jun vs. the end of 2023. This is well below the 5% target set for 1H 2024. Full year target is set at 15%.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.55	3.53	-2
5YR MO 8/29	3.66	3.63	-3
7YR MS 4/31	3.81	3.78	-3
10YR MT 11/33	3.88	3.87	-1
15YR MS 4/39	*4.03/3.99	*4.01/00	Not traded
20YR MX 5/44	4.13	*4.14/11	Not traded
30YR MZ 3/53	*4.24/20	*4.23/21	Not traded
IRS			
6-months	3.61	3.59	-2
9-months	3.60	3.58	-2
1-year	3.58	3.56	-2
3-year	3.58	3.55	-3
5-year	3.64	3.60	-4
7-year	3.75	3.71	-4
10-year	3.86	3.82	-4

Source: Maybank

*Indicative levels

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- Local government bond market opened stronger, with buying flows notable from the front end up to the belly of the curve, where most trades occurred, while the back end remained range-bound and lackluster. Although liquidity improved, it remains somewhat soft. MGS yield curve bull steepened, easing by 1-3bps up to the belly. The 30y GII reopening auction was announced at a total size of MYR5b (MYR3b auction and MYR2b private placement). The WI was last quoted at 4.30-4.23% levels with no trades.
- The MYR IRS curve shifted 2-4bps lower in a flattening move, tracking the decline in US rates. Trades include the 2y IRS at 3.55%, 4y at 3.585% and 5y in the range of 3.59-61%. 3M KLIBOR remain unchanged at 3.59%.
- The onshore PDS market had an active session. In the GG space, only Turus Pesawat 2/28 was traded, with a yield increase of 1bp. AAA-rated bonds were in higher demand, particularly BMPB 6/31 and TNB 8/32, resulting in a 2-3bps spread narrowing. The AA2-rated Press Metal traded 2bps lower for MYR10m. AA SP Setia 6/26 and Malayan Cement 6/28 saw a 1bp spread tightening. Single-A bonds mostly saw trades in small amounts. In primary space, Prasarana sold 10y and 15y GGs at 3.97% and 4.06% respectively, raising a total of MYR1b.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.37	3.34	-3
5YR	3.20	3.16	-4
10YR	3.19	3.15	-4
15YR	3.21	3.18	-3
20YR	3.16	3.13	-3
30YR	3.09	3.07	-2

Source: MAS (Bid Yields)

- A soft US retail sales report sent markets rallying overnight as positive risk sentiment prevailed. SGS yields declined 2-4bp lower from previous close, tracking the UST yields direction, with the benchmark 10y SGS yield down 4bps to 3.15%. Thursday will see the announcement of 5y SGS 8/28 reopening.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.83	6.78	(0.05)
2YR	6.77	6.84	0.07
5YR	7.10	7.02	(0.08)
7YR	7.13	7.09	(0.04)
10YR	7.20	7.14	(0.06)
20YR	7.20	7.15	(0.05)
30YR	7.16	7.15	(0.01)

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* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds strengthened on the early working day (19 Jun-24) after the long weekend holiday. The condition of global financial markets are conducive enough amidst recent silent releases of the major economic data, especially from the U.S.. The global VIX index is still below 12.8 since Monday of this week until today. The yield of U.S. 10Y government bonds also remained at below 4.30% on the last seven days until today. The position of Dollar Index DXY was also still below 105.4 during this week. That condition gave a room for the emerging markets' currencies, such as Rupiah, to strengthen against US\$. However, we still foresee a limited room of appreciation on both Indonesian government bonds and the Rupiah against US\$ amidst recent increasing imported inflation pressures, from both movements of the Brent oil prices at above US\$84/barrel and the USDIDR at above 16,200. Hence, we believe those aforementioned condition to keep preventing a drop on the yield of 10Y Indonesian government bonds to below 7%. A creeping up of the pressures of imported inflation, from both movements of USDIDR and the Brent oil prices are expected to keep maintaining Bank Indonesia for applying its BI Rate at 6.25% on its monetary policy meeting today.
- On the domestic side, Indonesia successfully maintained its trade surplus trends until May-24. The biggest country on the Southeast Asia booked higher monthly trade surplus from US\$2.72 billion in Apr-24 to be US\$2.93 billion in May-24. Indonesian exports grew by 2.86% YoY to US\$22.33 billion in May-24, driven by higher productivities from both sides of the oil&gas exports and the non oil&gas exports. The gas exports increased significantly by 13.49% YoY to US\$828.3 million in May-24, thanks to a relative smooth flow of productivity on new onshore/offshore gas sources. On the non oil&gas exports side, Indonesia had a strong reliance to the performances of the iron steel industry, the mineral ash, the gold jewelleryes, the nickel manufacturing, and the various chemical products. Current rally on the gold prices gave a positive impact on Indonesian exports' performance. Meanwhile, we also appreciated to the persistence of government's strong spirit to develop the downstream industry for the mineral products, especially nickel. On the other side, the performances of Indonesian coal and palm oil products performed a gradual drop against the performance on the same month of last year. We also saw an emergence of stronger contributions by the United States on the absorption of Indonesian non oil&gas exports' products. Indonesia sent higher of the non oil&gas exports to the United States from US\$2.05 billion in May-23 to be US\$2.18 billion in May-24.
- On the imports side, we saw a gradual annual/monthly drop of Indonesian imported oil&gas products due to the end of seasonal season of led holiday. Indonesian imports dropped by 8.83% YoY to US\$19.40

billion in May-24. Going forward, we expect Indonesia to keep maintaining its positive trade surplus during strong government's spirit to develop domestic downstream industry by realizing smelter manufacturing for mineral products, along with solid economic performances by the United States with a gradual revival from Chinese economy. We believe Indonesian current account deficit ratio to GDP to be 0.53% this year. We also a limited impacts to the new supply of US\$ on the domestic side from the realization of the natural resources of exports proceeds (DHE natural resources exports) due to incoming negative position of the country's current account balance.

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	200	3.256	3.256	3.256
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	341	3.262	3.262	3.169
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	50	3.27	3.292	3.218
MGS 3/2005 4.837% 15.07.2025	4.837%	15-Jul-25	10	3.295	3.295	3.295
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	484	3.297	3.315	3.276
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	7	3.434	3.434	3.434
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	8	3.43	3.43	3.43
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	90	3.48	3.48	3.443
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	20	3.523	3.523	3.523
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	113	3.534	3.547	3.527
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	128	3.546	3.568	3.546
MGS 2/2023 3.519% 20.04.2028	3.519%	20-Apr-28	65	3.629	3.629	3.603
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	143	3.639	3.639	3.6
MGS 3/2022 4.504% 30.04.2029	4.504%	30-Apr-29	1	3.665	3.665	3.665
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	274	3.646	3.657	3.633
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	447	3.781	3.807	3.781
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	31	3.807	3.815	3.807
MGS 1/2022 3.582% 15.07.2032	3.582%	15-Jul-32	34	3.839	3.87	3.792
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	10	3.864	3.864	3.864
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	165	3.86	3.875	3.86
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	10	3.87	3.87	3.87
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	10	3.952	3.952	3.952
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	1	4	4	4
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	45	4.012	4.016	4.01
MGS 2/2022 4.696% 15.10.2042	4.696%	15-Oct-42	39	4.124	4.124	4.09
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	40	4.202	4.202	4.19
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	47	4.224	4.224	4.065
MGS 1/2023 4.457% 31.03.2053	4.457%	31-Mar-53	2	4.222	4.224	4.222
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	130	3.228	3.228	3.228
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	200	3.251	3.251	3.251
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	20	3.313	3.313	3.313
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	10	3.449	3.449	3.449
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	380	3.465	3.465	3.455
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	89	3.535	3.538	3.525
GII MURABAHAH 1/2023 3.599% 31.07.2028	3.599%	31-Jul-28	190	3.619	3.664	3.619
GII MURABAHAH 9/2013 06.12.2028	4.943%	6-Dec-28	80	3.668	3.668	3.668
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	9-Jul-29	70	3.666	3.666	3.653
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	210	3.75	3.754	3.747
GII MURABAHAH 2/2024 3.804% 08.10.2031	3.804%	8-Oct-31	20	3.787	3.788	3.787
GII MURABAHAH 1/2022 4.193% 07.10.2032	4.193%	7-Oct-32	24	3.852	3.859	3.852
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	30	3.874	3.874	3.874
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	110	3.871	3.877	3.865
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	6	3.956	3.956	3.956
SUSTAINABILITY GII 3/2022 4.662% 31.03.2038	4.662%	31-Mar-38	5	3.991	3.991	3.991
GII MURABAHAH 2/2019 4.467%	4.467%	15-Sep-39	1	4.009	4.009	4.009

15.09.2039						
GII MURABAH 2/2023 4.291%						
14.08.2043	4.291%	14-Aug-43	264	4.123	4.127	4.123
GII MURABAH 2/2022 5.357%						
15.05.2052	5.357%	15-May-52	22	4.266	4.27	4.266
Total			4,675			

Sources: BPAM

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
TPSB IMTN 4.160% 04.02.2028 - Tranche No 7	GG	4.160%	4-Feb-28	10	3.698	3.704	3.698
ALR IMTN TRANCHE 1 11.10.2024	AAA IS	4.280%	11-Oct-24	20	3.468	3.502	3.468
ALR IMTN TRANCHE 4 13.10.2027	AAA IS	4.770%	13-Oct-27	20	3.783	3.783	3.767
MERCEDES MTN 1460D 24.3.2028	AAA (S)	3.910%	24-Mar-28	80	3.868	3.874	3.868
PASB IMTN 3.750% 28.04.2028 - Issue No. 30	AAA	3.750%	28-Apr-28	10	3.904	3.904	3.904
PASB IMTN 3.730% 02.06.2028 - Issue No. 31	AAA	3.730%	2-Jun-28	30	3.903	3.903	3.903
SPETCHEM IMTN 5.010% 27.07.2028 (Sr1 Tr4)	AAA (S)	5.010%	27-Jul-28	10	3.808	3.813	3.808
BPMB IMTN 3.950% 25.10.2028	AAA IS	3.950%	25-Oct-28	10	3.851	3.863	3.851
CAGAMAS IMTN 4.200% 31.10.2028	AAA	4.200%	31-Oct-28	10	3.825	3.83	3.825
TENAGA IMTN 3.920% 24.11.2028	AAA	3.920%	24-Nov-28	5	3.818	3.818	3.818
TOYOTA CAP IMTN 4.280% 22.03.2029 - IMTN 10	AAA (S)	4.280%	22-Mar-29	10	3.95	3.952	3.95
DANUM IMTN 4.680% 29.06.2029 - Tranche 14	AAA (S)	4.680%	29-Jun-29	5	3.851	3.851	3.851
PASB IMTN 4.560% 31.01.2030 - Issue No. 43	AAA	4.560%	31-Jan-30	5	3.966	3.966	3.966
PASB IMTN 4.180% 25.02.2030 - Issue No. 37	AAA	4.180%	25-Feb-30	5	3.965	3.965	3.965
SEB IMTN 4.190% 04.07.2030 (Tranche 20)	AAA	4.190%	4-Jul-30	30	3.898	3.902	3.898
TENAGA IMTN 2.900% 12.08.2030	AAA	2.900%	12-Aug-30	20	3.87	3.873	3.87
BPMB IMTN 4.050% 06.06.2031	AAA IS	4.050%	6-Jun-31	30	3.957	3.962	3.957
PLUS BERHAD IMTN 4.680% 12.01.2032 -Sukuk PLUS T23	AAA IS (S)	4.680%	12-Jan-32	10	3.868	3.922	3.868
TENAGA IMTN 03.08.2032	AAA	4.950%	3-Aug-32	100	3.93	3.932	3.93
TENAGA IMTN 29.08.2033	AAA	4.780%	29-Aug-33	30	3.949	3.99	3.949
PASB IMTN 4.140% 07.02.2034 - Issue No. 48	AAA	4.140%	7-Feb-34	10	4	4	4
SMJ IMTN 26.10.2038 (SERIES 1 TRANCHE 4)	AAA	4.670%	26-Oct-38	5	4.184	4.184	4.184
SABAHDEV MTN 1096D 04.3.2025 - Tranche 3 Series 1	AA1	4.500%	4-Mar-25	10	4.054	4.068	4.054
GENM CAPITAL MTN 3651D 22.8.2025	AA1 (S)	4.900%	22-Aug-25	1	4.276	4.452	4.276
SABAHDEV MTN 1096D 03.8.2026 - Issue No. 213	AA1	5.100%	3-Aug-26	20	4.216	4.223	4.216
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	1	4.482	5.161	4.482
GENM CAPITAL MTN 2922D 31.5.2032	AA1 (S)	5.070%	31-May-32	1	4.916	4.916	4.916
S P SETIA IMTN 4.300% 23.06.2026	AA IS	4.300%	23-Jun-26	10	3.824	3.834	3.824
KIMANIS IMTN 5.300% 07.08.2026 - Tranche No. 11	AA IS	5.300%	7-Aug-26	10	3.767	3.774	3.767
PTP IMTN 3.950% 18.06.2027	AA IS	3.950%	18-Jun-27	20	3.896	3.903	3.896
PRESS METAL IMTN 4.690% 07.12.2027	AA2	4.690%	7-Dec-27	10	3.929	3.932	3.929
PRESS METAL IMTN 4.300% 17.10.2029	AA2	4.300%	17-Oct-29	10	3.967	3.973	3.967
MTT IMTN 5.210% 28.08.2026 - Series 1 Tranche 2	AA3	5.210%	28-Aug-26	5	4.834	4.834	4.834
KESTURI IMTN 4.75% 02.12.2026 - IMTN 8	AA- IS	4.750%	2-Dec-26	10	4.198	4.202	4.198
PENANGPORT IMTN 4.300% 24.12.2026 - Tranche No 1	AA- IS	4.300%	24-Dec-26	10	3.865	3.89	3.865
MALAYAN CEMENT IMTN 5.050% 26.06.2028	AA3	5.050%	26-Jun-28	10	4.038	4.043	4.038
EWCB IMTN 4.900% 10.08.2028	AA- IS (CG)	4.900%	10-Aug-28	10	3.958	3.963	3.958
TROPICANA IMTN 5.650% 30.06.2025 - SEC. SUKUK T2S2	A IS	5.650%	30-Jun-25	2	6.59	6.59	6.59
TROPICANA IMTN 5.650% 08.10.2025 - SEC. SUKUK T4S2	A IS	5.650%	8-Oct-25	1	5.032	5.032	5.032
Total				606			

Sources: BPAM

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0769	158.45	0.6691	1.2760	7.2890	0.6154	170.3833	105.8057
R1	1.0756	158.27	0.6682	1.2740	7.2851	0.6143	170.1167	105.6473
Current	1.0747	158.01	0.6675	1.2718	7.2793	0.6135	169.8100	105.4610
S1	1.0728	157.76	0.6659	1.2700	7.2736	0.6125	169.3567	105.1843
S2	1.0713	157.43	0.6645	1.2680	7.2660	0.6118	168.8633	104.8797
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3531	4.7142	16434	58.8827	36.7737	1.4542	0.6496	3.4917
R1	1.3519	4.7103	16400	58.8233	36.7253	1.4527	0.6491	3.4880
Current	1.3506	4.7125	16370	58.7920	36.6610	1.4515	0.6487	3.4894
S1	1.3498	4.7043	16338	58.6423	36.6383	1.4492	0.6482	3.4820
S2	1.3489	4.7022	16310	58.5207	36.5997	1.4472	0.6479	3.4797

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

Equity Indices and Key Commodities

	Value	% Change
Dow	38,834.86	0.15
Nasdaq	17,862.23	0.03
Nikkei 225	38,570.76	0.23
FTSE	8,205.11	0.17
Australia ASX 200	7,769.72	-0.11
Singapore Straits Times	3,304.00	0.07
Kuala Lumpur Composite	1,599.79	-0.39
Jakarta Composite	6,726.92	-0.12
Philippines Composite	6,366.03	-0.04
Taiwan TAIEX	23,209.54	1.99
Korea KOSPI	2,797.33	1.21
Shanghai Comp Index	3,018.05	-0.40
Hong Kong Hang Seng	18,430.39	2.87
India Sensex	77,337.59	0.05
Nymex Crude Oil WTI	81.57	1.54
Comex Gold	2,346.90	0.77
Reuters CRB Index	295.68	0.89
MBB KL	9.94	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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