Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Softer But Keep Watching Overall Data

ISM Mfg Softer, Continue Watching Overall US Data

US data out yesterday again showed some further softening in the economy as the May ISM manufacturing came out lower at 48.7 (est. 49.5, Apr. 49.2). Whilst the number can help to ease anxiety about US rates staying high for too long, the data at the same time also just highlights that the US manufacturing sector is not picking up again. High rates possibly could be weighing on the sector as funding for investments has become more expensive. The ISM prices paid also softened and so did new orders. However, it has been the services sector that has been going strong and supporting the US economy. This therefore means that watching services related data would be crucial and that the ISM services data on Wed would be key. This is not to rule out that jobs related data is also of utmost importance in showing that labor market strength is not adding further to inflation pressures. Apr JOLT job openings out later would be closely watched although we also note that it may not paint the full picture and markets may be wary about reacting to strongly to that data point. Factory orders later too may not necessarily be sufficient to move markets. The DXY index was last seen at 104.06 and it is touching the low end of its recent range of 104.00 – 105.00. A break lower would be dependent upon both how the services data and US Friday jobs data pans out this week. Even so, we would like to note that the momentum indicators do point to the DXY being stretched to the downside and the pair could risk rebounding higher even if it moves lower. Meanwhile, UST yields had pulled back in line with the overnight softer data although it is still testing the 4.40 support.

Positive China Reading

In China, there looks to be some further signs of recovery in the economy as the May Caixin PMI mfg continue to rise to 51.7 (est. 51.6, Apr. 51.4). The country's important manufacturing sector is continuing to show signs of improvement this year after a patchy 2023. There also appeared to be some positive developments on the property side as Bloomberg reported that homebuyer sentiment in Shanghai and Shenzhen could be better. The report mentioned that developers in both cities had seen strong sales recently and existing-home sales had recovered. Any further improvement in data releases can certainly help contribute to stabilization for the USDCNH although we are cognizant that the risk of heightened geopolitical tensions can guide the pair upwards.

Data/Events We Watch Today

We watch US Apr JOLTS job openings, US Apr factory orders, GE May unemployment data, UK May BRC sales like-for-like, MY May S&P Global PMI mfg and TH May S&P Global PMI mfg.

FX: Overnight Closing Levels/ % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0904	0.52	USD/SGD	1.3459	-0.39
GBP/USD	1.2808	0.52	EUR/SGD	1.4676	0.12
AUD/USD	0.6689	0.54	JPY/SGD	0.8623	0.40
NZD/USD	0.6193	0.81	GBP/SGD	1.7238	0.12
USD/JPY	156.08	-0.78	AUD/SGD	0.9004	0.17
EUR/JPY	170.19	-0.25	NZD/SGD	0.8335	0.40
USD/CHF	0.8957	-0.73	CHF/SGD	1.5026	0.33
USD/CAD	1.3627	-0.01	CAD/SGD	0.9877	-0.39
USD/MYR	4.7065	0.00	SGD/MYR	3.4816	0.00
USD/THB	36.787	0.00	SGD/IDR	12014.25	-0.04
USD/IDR	16230	-0.12	SGD/PHP	43.4108	0.30
USD/PHP	58.685	0.27	SGD/CNY	5.3782	0.41

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3428	1.3702	1.3976

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G10: Events & Market Closure

Date	Ctry	Event
3 Jun	NZ	Market Closure
5 Jun	CAD	Policy Decision
6 Jun	EC	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
3 Jun	MY	Market Closure
3 Jun	TH	Market Closure
6 Jun	KR	Market Closure

G10 Currencies

- **DXY Index – *Lower, Two-way Action Continues Within 104-105 Range*.** The DXY was last seen at 104.09 as it fell overnight together with the UST yields amid the softer US data. May ISM manufacturing had came out lower at 48.7 (est. 49.5, Apr. 49.2). Whilst the number can help to ease anxiety about US rates staying high for too long, the data at the same time also just points that the US manufacturing sector is not picking up again. High rates possibly could be weighing on the sector as funding for investments has become more expensive. The ISM prices paid also softened and so did new orders. However, it has been the services that has been going strong and supporting the US economy. This therefore means that watching services related data would be crucial and that the ISM services data on Wed would be key. This is not to rule out that jobs related data is also of utmost importance in showing that labor market strength is not adding further to inflation pressures. Apr JOLT job openings out later would be closely watched although we also note that it may not paint the full picture and markets may be wary about reacting to strongly to that data point. Factory orders later too may not necessarily be sufficient to move markets. Back on the chart, we note that the DXY is now testing the crucial 104.00 support although whether it can break lower would likely depend on how US services and jobs data this week pan out. Even so we would like to note that the momentum indicators do point to the DXY being stretched to the downside and the pair could risk rebounding higher even if it does move lower. After the 104.00 mark, the next level of support stands at 103.20. Resistance is at 105.00 and 105.80. Data-wise, Tue has JOLTS job opening (Apr), Factory orders (Apr). Wed has ADP employment change (May), ISM services (May). Thu has Challenger job cuts (May), Nonfarm productivity (1Q F), Unit labor costs (1Q F), Trade balance (Apr). Fri has Nonfarm payrolls (May), Unemployment rate (May), Average hourly earnings (May), Labor force participation rate (May), Underemployment rate (May).

- **EURUSD – *Higher*.** EURUSD was last seen higher at 1.0910 levels this morning as the USD broadly weakened. Watch at potential for bullish EUR price action with EURUSD (and DXY) at key levels. EC May CPI inflation was hotter than both consensus and previous readings at 2.6% YoY (exp: 2.5%; prev: 2.4%) for headline and 2.9% YoY for core (exp: 2.7%; prev: 2.7%). Our base case remains for ECB to cut rates later this week (market pricing ~95%), and successive rate cuts now look more unlikely with this print. Watch to see if break above 1.0900 can hold, which would invigorate EUR bulls. Next resistance at 1.1000 figure. Key support to watch is the 1.0800 figure (midpoint of 1.0790 200dma and 1.0810 100dma levels). The 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. Meanwhile, when it comes to ECB policy decisions, Lagarde continued to insist that cuts were still data dependent and importantly highlighted that ECB cuts are not Fed dependent. One cannot help but think that while this may be the case, the implications for the EUR and the Eurozone economy if the ECB does cut in advance of the Fed should be part of policymakers' ruminations. Lagarde suggested that Germany could have turned a corner after major negative shocks, which is supportive of our bottoming narrative. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with Jun ECB cuts almost fully priced in and BOE having further room to go. Watch 0.85 support on EURGBP as a key level that has held since 2022. May F Mfg PMI came in at 47.3 (exp: 47.4; prev: 47.4). Data this week includes May EC Svcs/Comp PMI, EC Apr PPI (Wed), Apr EC Retail Sales, **ECB Policy Decision (Thu),** 1Q EC GDP (Fri).

- **GBPUSD – *Higher, Watch Bearish Retracement*.** GBPUSD was last seen higher at 1.2809 levels in line with broader USD weakness. Watch for possible further bearish retracement from this point. 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 EC where prices resurged. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with Jun ECB cuts almost fully priced in and BOE having further room to go. Resistances are at 1.2850 and 1.2900, while supports are at 1.2800 and 1.2750. May UK Mfg PMI (Mon) came in at 51.2 (exp: 51.3; prev: 51.3). Data this week includes May Official Reserves Changes, May UK Svcs/Comp PMI (Thu), May Construction PMI, DMP 3M Output/1Y CPI Expectations (Fri).

- **USDCHF - *Lower*.** USDCHF trades lower at 0.8956 levels this morning, in line with broad USD weakness. CHF has 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". 1Q GDP rose 0.5% QoQ (exp: 0.3%; prev: 0.3%) and 0.6% YoY (exp: 0.7%; prev: 0.5%). Earlier upside surprise to Apr CPI inflation could jeopardize the rate cut narrative for Switzerland, although we think balance of risks remain tilted to the upside for the USDCHF beyond the near-term as CHF remains susceptible to weakening with SNB being the first among global central banks to cut. CPI print could also be a one-off surprise to the upside. SNB also raised reserve requirement for domestic banks from 2.5% to 4% which would in turn lower outlays for the central banks to banks from interest expenses on their deposits. Funding costs for CHF remain favourable for carry trades and with BOJ possibly on a tightening bias and SNB on an easing bias, further weakness could arise should CHF become the funding currency of choice. Looking at the chart, we see supports at 0.8900 and 0.8800, while resistances are at 0.9000 and 0.9100. May Mfg PMI was at 46.4 (exp: 44.0; prev: 41.4), while Services PMI was at 48.8 (prev: 55.6). Week ahead has May CPI (Wed), May Unemployment (Thu) and May FX Reserves (Fri).

- **USDJPY - *Steady, cautious of upside risk*.** The pair was last seen at 157.06 as it continued to trade around levels seen last Friday even as UST yields came off. Economic data was mixed this morning as 1Q capital spending actually slowed below estimates at 6.8% YoY (est. 11.0% YoY, 4Q 2023. 16.4% YoY) and 1Q company sales were also below expectations at 2.3% YoY (est. 2.4% YoY, 4Q 2023. 4.2% YoY although 1Q company profits came out strongly at 15.1% YoY (est. 8.3% YoY, 4Q 2023. 13.0% YoY). Data as a whole does not derail future BOJ hikes and we still see them raising rates by 25bps in Oct 2024. We continue to expect upside pressure on the USDJPY and do not rule it out moving closer towards the 160.00 limit. However, that should mark a near term limit as markets grow wary beyond that level of the BOJ intervening or tightening faster. Back on the chart, resistance is at 157.50 with the next level after that at 160.00 and 165.00. Support is at 152.00 and 150.00. Key data releases this week include May monetary base (Tues), Apr cash earnings (Wed), May F Jibun Bank PMI composite/services (Wed), May Tokyo avg office vacancies (Thurs), Apr household spending (Fri) and Apr P coincident/leading index (Fri).

- **AUDUSD - *Continue to Buy Dips*.** AUDUSD was last seen around 0.6677 levels, with gains a bit slower than other currencies. We had warned that markets positioning on the RBA is somewhat similar to the positioning on the Fed, rather stretched on the hawkish side. As such, the upside for the AUDUSD seems to be limited as well. That could slow the gains of the AUD in the interim. Regardless, this pair is likely to remain somewhat supported with moves to remain within 0.6560-0.6670 range. We watch to see if we hold above this range on the breakout, with 0.6700 the next key resistance.

We continue to stay constructive on the AUD as RBA remained most reluctant to cut rates amongst most peers and as such we see potential divergence for RBA-Fed policy in the favour of the AUD. Resilient base metal demand (iron ore, copper) amid electronics recovery and Ai drive could also bring terms of trade gains for the AUD. At home in news, the minimum wage growth is raised by 3.75% to A$915.90 a week from 1 Jul. That would be below the 5.75% increase last year. President of the Fair Work Commission Hatcher said that the Commission was mindful that it is not an appropriate time to increase wages by any amount significantly above the inflation rate as labour productivity is no higher than it was four years ago (BBG). This latest move is seen to support RBA's efforts to get inflation towards the 2-3% target.

- **NZDUSD - *Gains to Slow.*** NZDUSD was last seen around 0.6180 continuing to edge up as the greenback broadly weakened. NZD's climb could be more gradual now. 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 +3.3% on 21 May. The next auction is on 4th Jun. At home in news, FinMin Willis insisted that tax cuts are funded through savings, reprioritizations and some small revenue measures and as such, the overall fiscal package delivered on 30 May is actually disinflationary. Last week, the government announced tax cuts worth NZ14.7bn over four years and forecast bigger deficits, higher debt levels. This was a budget that is growth-supportive and perceived be less fiscally restraining. Key resistance remains at 0.6165. Support at 0.6106 before 0.6050 (200-dma). If break above 0.6040-0.6165 holds, the upside opens the way towards 0.6217-resistance. Stochastics and MACD suggest waning momentum.

- **USDCAD - *Focus to the downside*.** USDCAD was last seen around 1.3632. The pair's opening falls lower today. May manufacturing PMI of 49.3 was reported yesterday, falling below 49.4 in Apr, offset with a similar miss in ISM US Manufacturing PMI. Quarterly GDP reported last Fri was 1.7%, lower than BoC estimate of 2.8%, with higher household spending as its main contributor. Release of this lackluster data increased expectations of a rate cut on Wed. In spite of the weaker growth data, USDCAD was led lower by the broader USD decline. On the daily chart, support remains at 1.3620 before 1.3570. We look for BoC to cut this Wed as CPI continues to fall, wage growth moderates while jobless rate has been on a steady increase (last 6.1%). Rate cut is fairly priced at this point and there is a risk that BoC may want to sound cautious of consecutive rate cuts since the easing of wage growth is rather gradual, recent prelim. retail sales for Apr suggest that household spending is not as weak as what the 1Q data suggests. Week ahead has labour productivity and Composite and Services PMI on Wed and Employment Data on Fri.

- **Gold (XAU/USD) - *Buy on Dips*.** Gold recovered and was last seen around $2347/oz in line with broad USD weakness. We continue to expect ongoing geopolitical conflicts to continue to keep the precious metal supported on dips. We reckon the gold demand continued to be fueled by the geopolitical risks that is harder to capture in other asset class. 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. Break above the 2431.52-resistance opens the way towards 2510. On the other hand, if support at 2330 (50-dma) is broken, next one is seen at 2310 before 2277.

Asia ex Japan Currencies

SGDNEER trades around +1.74% from the implied mid-point of 1.3702 with the top estimated at 1.3428 and the floor at 1.3976.

- **USDSGD – *Lower*.** USDSGD was lower at 1.3463 levels this morning in line with the broad USD sell off. SGDNEER was at 1.74% 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 1.3300. May May Purchasing Managers Index was at 50.6 (prev: 50.5), Electronics Sector Index was at 51.1 (prev: 50.9). Key data release this week is May S&P Global PMI, Apr Retail Sales, COE Bidding (Wed), May FX Reserves (Fri).

- **SGDMYR – *Steady*.** Cross was relatively steady at 3.4859 levels. There could be some two-way action around the 3.48 handle. 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 4.6940 as it edged lower after onshore markets reopened today. The move downwards was in line with the decline in both the DXY and UST yields. We also note that the MYR has been fairly resilient compared to other currencies regionally. Inflows into bonds and equities could be helping to give the currency a lift. We also note that authorities coordinating conversions by GLCs/GLICs into local currency may also be supporting the currency. As a whole, external factors especially those related to the US and China remain the crucial drivers for the currency. 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 S&P Global PMI mfg (Tues).

- **USDCNH – *Two-way Trades*.** USDCNH was last seen around 7.2576 as it continued to trade around levels seen yesterday. USDCNY was fixed higher at 7.1083 vs. prev. 7.1086. Spread between onshore and offshore pairing narrowed to 112pips from previous 132pips. We cannot rule out a slow creep up for the USDCNH and USDCNY given unfriendly geopolitical environment where trade tensions are rising with the US and EU. However, this could be dampened by sporadic FX interventions rumoured to have occurred in offshore markets. Recent comments by PBoC Deputy Governor Tao Ling certainly helped support the yuan. She said in an interview with FT that the "central bank will improve the liquidity of yuan financial assets and enrich risk hedging tools". She also mentioned that "basic fx stability is needed for a powerful currency". Separately, the central bank also spoke about potentially selling local bonds "if necessary" if demand continues to surge. The PBoC's paper cited concerns that the 10y yield is relatively low (last at 2.32%) given that growth is expected to come in around 5% this year. The National Association of Financial Market Institutional Investors has reportedly checked if any bond sales have added to hidden debt pressures amongst local governments (BBG). As we have mentioned for USDCNH, next key resistance at 7.28. Support at 7.2360.

- **1M USDKRW NDF – *Lower*.** 1M USDKRW NDF was last seen lower at 1370.45 levels this morning in line with broader USD weakness. BOK has had a tendency to hold for an extended period before pivoting to a cut. 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. 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. May CPI was slightly softer than expected at 2.7% YoY (exp: 2.8%; prev: 2.8%). Core CPI was at 2.2% (exp: 2.2%; prev: 2.3%). BOK wants more comfort on path of CPI and cited further monitoring needed. Week ahead has May FX Reserves and 1QP GDP (Wed).

- **1M USDINR NDF - *Steady*.** 1M USDINR NDF remained steady at 83.18 levels. Pair should hold within a tight range of 83.00 to 84.00. Statistical bulletin showed that RBI bought a net of US$8.56b in spot in Feb (Jan: US$1.95b). Meanwhile net outstanding forward book remained largely stable at US$9.69b in Feb (Jan: US$9.97b). Spot purchases increasing is in line with RBI interventions increasing, or them having to lean more heavily against the wind, in the month of Feb, which was a month where the USD traded broadly weaker. RBI earlier stood pat and maintained its hawkish stance, voting 5-1 in favour of accommodation withdrawal. For now, RBI look likely to remain on hawkish hold. However, given their preference to lean against the wind, RBI should continue to build up FX reserves amid tailwinds for the INR. Separately, Lok Sabha (India's parliament) elections will conclude on 4 Jun and a BJP victory should be positive INR. The Modi administration has performed competently, however we expect RBI's leaning against the wind to temper significant gains to the INR. Our medium term INR view remains largely positive as we see growth and inflation dynamics remaining supportive for the INR although once again RBI leaning against the wind could cap gains. India has been an economic bright spark relative to the rest of the region, and we look to see if this can continue. Last Friday, 2024P Annual GDP estimate stood at 8.2% YoY (exp; 7.9%; prev: 7.6%). 1Q GDP was also strong at 7.8% YoY (exp: 7.0%; prev: 8.6%). May Mfg PMI printed at 57.5 (prev: 58.4). Week ahead includes May Svcs/Comp PMI (Wed), **RBI Policy Decision** and FX Reserves **(Fri).**

- **1M USDIDR NDF – *Lower, cautious*.** Pair was last seen at 16208 as it pulled back in line with the decline in the DXY and UST yields. It is though still trading close around the 16250 level and we stay cautious of upside risks to the pair. Even if the DXY can possibly come down further, the index is also facing possibility of bouncing back up again especially given how stretched it is to the downside. This can risk guiding the 1M USDIDR NDF moving higher. Additionally, beyond the external factors, domestic concerns can also weigh in especially in relation to the fiscal position given Prabowo's aggressive economic goals. A weaker external position with the 1Q CA deficit at -0.6% of GDP does not help the currency either. Meanwhile, economic data wise, May CPI data was mixed as headline cooled below expectations to 2.84% (est. 2.97% YoY, Apr. 3.00% YoY) but the core was higher at 1.93% YoY (est. 1.85% YoY, Apr. 1.82% YoY). Lower food prices guided the decline in the former whilst a tick up in clothing and personal care pushed up the latter. With the readings still firmly within BI target of 1.5% - 3.5%, they do not exactly put pressure on BI to ease. Instead, our in-house economists are cautious of the risk of an additional hike if the IDR depreciation persists. For now, their base case is for BI to maintain rates at the 20 Jun meeting. Back on the chart, resistance is at 16250 with the next level after that at 16500. Support is at 16000, 15891 (100-dma) and 15683. Remaining key data release this week include May foreign reserves (Fri).

- **1M USDPHP NDF – *Higher, upside risk, cautious*.** The pair was last seen at 58.70 as it climbed higher even as the DXY and UST yields declined. The BSP's perceived dovish tilt has been weighing on the PHP. Comments from Governor Remolona also did not help as he said that the BSP is less hawkish than before. He commented that they would let the market determine the exchange rate and that it was a story not of a weak peso but a strong USD. He also said they are not intervening every day and only intervene when FX market is under stress. Interestingly, he did appear like he did not wish to appear too dovish as he mentioned 150bps of rate cut in 2 year is too aggressive. We continue to stay cautious on the pair, being wary of upside risks as US data may still more time to cool and the Fed in the near term may keep a hawkish tone. In the coming, we are crucially keeping an eye on the May CPI data out on Wed and what implications it can have on the BSP's rate path. Back on the chart, resistance is at 59.00 and 59.56. Support is at 57.00, and 56.50 (between 100-dma and 200-dma). Key data releases due this week include May CPI (Wed), Apr unemployment rate (Thurs) and May foreign reserves (Fri).

- **USDTHB – *Lower, upside risk, cautious*.** Pair was last seen at 36.62 as it fell back in line with the decline in the DXY and UST yields. Onshore markets are back today after a public holiday. External and domestic developments continue to weigh on the THB. The former relates to the US data only gradually cooling and the Fed likely to keep a hawkish tone at least in the near term. A few favorable data points too may not be enough to convince the Fed shift stance. Rather, it is about the trend of how data evolves. Domestically, there are political concerns related to the courts cases of both PM Srettha Thavisin and former PM Thaksin Shinawatra. At the same time, pressure on the BoT to ease does not look like it has dissipated just yet. Fin Min Pichai Chunhavajira had said that the BoT's inflation target needs a review although the BoT has come out to say that the target is "appropriate". Also, the digital cash handout and its impact it can have on the fiscal position, weighs on sentiment towards the THB. Meanwhile, economic data out this morning shows that the May S&P Global PMI mfg went back into expansion territory at 50.3 (Apr. 48.6), which at least reflected some improvement in the Thai economy. Back on the chart, resistance is at 37.07 and 38.47 (around 2022 high). Support is at 36.60 (50-dma) with the next level after that at 36.09 (100-dma) and 35.41. Remaining key data release due this week include May business sentiment index (Tues), May CPI (Fri), 31 May gross international reserves/forward contracts and May consumer confidence (7 – 13 Jun).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.58	-	-
5YR MO 8/29	3.70	-	-
7YR MS 4/31	3.85	-	-
10YR MT 11/33	3.90	-	-
15YR MS 4/39	4.00	-	-
20YR MX 5/44	4.13	-	-
30YR MZ 3/53	4.20	-	-
IRS			
6-months	3.61	-	-
9-months	3.61	-	-
1-year	3.61	-	-
3-year	3.62	-	-
5-year	3.71	-	-
7-year	3.81	-	-
10-year	3.93	-	-

Source: Maybank
**Indicative levels*

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- Malaysia markets closed for public holiday.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.42	3.39	-3
5YR	3.34	3.29	-5
10YR	3.36	3.32	-4
15YR	3.34	3.30	-4
20YR	3.29	3.25	-4
30YR	3.18	3.14	-4

Source: MAS (Bid Yields)

- USTs were mostly steady during Asian hours ahead of some data release. 10y UST yield has declined from its recent peak, in the range of 4.47-50% for the day. SGS traded firmer with yields lower by 3-5bps across the curve. After Asian market close, UST yields slide following softer construction- and manufacturing-related data.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.65	6.65	(0.00)
3YR	6.79	6.81	0.02
5YR	6.89	6.86	(0.02)
8YR	6.86	6.83	(0.03)
9YR	6.91	6.89	(0.02)
12YR	6.98	6.98	0.00
16YR	6.98	6.99	0.01

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened yesterday. The market players kept maintaining their flow to Indonesian bond market after seeing recent solid domestic manufacturing expansion, slowing paces of Indonesian inflation, and lessening global pressures, especially regarding to higher probability for the Fed to begin cutting its policy rate since Sep-24 due to the latest disappointed result on the U.S. economic growth in 1Q24 and stable slow pace of U.S. PCE inflation. Furthermore, we expect Indonesian bond market to keep maintaining its rally trend, driven by the conditions of sustaining dropping pressures on the global FX and financial markets environment due to a weakening result on the result of U.S. ISM PMI Manufacturing index during May-24. A contraction mode on the U.S. ISM PMI Manufacturing index at 48.7 in May-24 can be one signal of economic toward recession if there is no immediate loosening policy by both fiscal and monetary side.

- Today, the government is scheduled to hold its Sukuk auction. The government will offer seven series of Sukuk, such as PNS 02122024 (reopening), SPNS 03032025 (new issuance), PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening), and PBS038 (reopening), with Rp10 trillion of indicative target. We expect investors' enthusiasm to participate this auction to be strong, driven by relative conducive condition on the domestic side. Investors' incoming bids are expected to reach at least Rp27.8 trillion with most investors to give their bids to PBS032 and PBS030.

- Yesterday, Indonesia Statistic Agency (Badan Pusat Statistik/BPS) informed that the country recorded a deflation by 0.03% MoM in Apr-24. The country's annual inflation also slowed from 3.00% YoY in Apr-24 to be 2.84% YoY in May-24. Since January until May this year, Indonesia recorded relative modest inflation by 1.16% Ytd. A relative modest on the headline inflation is also inline with 1.24% YoY (0.11% MoM) of the core inflation. A monthly deflation in May-24 is driven by normalization tariff/cost of transportation and the purebred chicken after the peak season on the Ied Holiday and an abundant supply of raw foods, especially rice, during the Great Harvest Season. Indonesian monthly deflation in May-24 is also contributed by a stable policy decision by the government on the domestic energy prices during the periods of strong global US$ and the oil prices above US$81/barrel. Going forward, we believe Indonesian inflation to keep being modest on this month until the end of year. Recent imported inflation pressures indicated to be slowing this month as Rupiah's depreciation pressures is being limited and the Brent Oil prices dropped to be below US$78/barrel as of today. We expect Indonesian inflation to reach below 2.99% this year with very adequate rooms for Bank Indonesia to begin loosening again its policy rate, especially since there is a strong signal for the policy rate cut by the Federal Reserve. We believe both current FX and financial markets being conducive for the emerging markets, such as Indonesia, although still being prone to be corrected due to high volatility by the investors to give direct responses for the macroeconomic data results.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0956	158.02	0.6734	1.2884	7.2688	0.6232	171.4367	105.0967
R1	1.0930	157.05	0.6712	1.2846	7.2602	0.6213	170.8133	104.7473
Current	1.0908	156.38	0.6684	1.2809	7.2565	0.6188	170.5800	104.5230
S1	1.0853	155.53	0.6650	1.2732	7.2471	0.6154	169.6433	104.0273
S2	1.0802	154.98	0.6610	1.2656	7.2426	0.6114	169.0967	103.6567

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3544	N/A	16285	58.8603	37.0797	1.4707	N/A	N/A
R1	1.3501	N/A	16257	58.7727	36.9333	1.4691	N/A	N/A
Current	1.3464	4.6955	16204	58.6700	36.5950	1.4687	0.6481	N/A
S1	1.3437	N/A	16204	58.5087	36.6173	1.4645	N/A	N/A
S2	1.3416	N/A	16178.6667	58.3323	36.4477	1.4615	N/A	N/A

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

Equity Indices and Key Commodities

	Value	% Change
Dow	38,571.03	-0.30
Nasdaq	16,828.67	0.56
Nikkei 225	38,923.03	1.13
FTSE	8,262.75	-0.15
Australia ASX 200	7,761.03	0.77
Singapore Straits Times	3,348.87	0.37
Kuala Lumpur Composite	1,596.68	-0.47
Jakarta Composite	7,036.19	0.94
Philippines Composite	6,470.74	0.59
Taiwan TAIEX	21,536.76	1.71
Korea KOSPI	2,682.52	1.74
Shanghai Comp Index	3,078.49	-0.27
Hong Kong Hang Seng	18,403.04	1.79
India Sensex	76,468.78	3.39
Nymex Crude Oil WTI	74.22	-3.60
Comex Gold	2,369.30	1.00
Reuters CRB Index	289.09	-0.37
MBB KL	9.93	0.30

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	12/6/2024	Neutral
BSP O/N Reverse Repo	6.50	27/6/2024	Neutral
CBC Discount Rate	2.00	13/6/2024	Neutral
HKMA Base Rate	5.75	-	Neutral
PBOC 1Y Loan Prime Rate	3.45	-	Easing
RBI Repo Rate	6.50	7/6/2024	Neutral
BOK Base Rate	3.50	11/7/2024	Neutral
Fed Funds Target Rate	5.50	13/6/2024	Neutral
ECB Deposit Facility Rate	4.00	6/6/2024	Neutral
BOE Official Bank Rate	5.25	20/6/2024	Neutral
RBA Cash Rate Target	4.35	18/6/2024	Neutral
RBNZ Official Cash Rate	5.50	10/7/2024	Neutral
BOJ Rate (Lower bound)	0.00	14/6/2024	Tightening
BoC O/N Rate	5.00	5/6/2024	Neutral

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