

# Global Markets Daily

## Not Far From Rate Cuts

### Fed and ECB Dovish Lean

Both the Fed and ECB leaned a tad dovish yesterday. Powell told the Senate that the Fed was “not far” from being confident to cut rates. Separately, the ECB stood pat as expected and trimmed both its inflation and growth forecasts. Lagarde indicated that the ECB might ease in Jun given the lower revised inflation outlook. In particular, the ECB saw inflation reaching the 2% target in 2025 (versus just above target in 2025 previously). Stock indices in both US and Europe forged fresh all-time highs while gold (+0.48%) continued its rally. The USD sold off (DXY: -0.48%, 102.823) and USTs rallied (2Y: -5bps, 10Y: -2bps). Note that EURUSD gained (+0.45%) even as the ECB hinted at rate cuts. This reinforces our assertion that the EUR could strengthen even amid ECB rate cuts, which we think can happen as long as (i) Fed cuts alongside or earlier than ECB or (ii) Eurozone growth prospects improve. Next key event for currencies will be US NFP tonight and we watch out for signs of fading US exceptionalism that should support our thesis for USD strength to fade gradually into 2024. We do however caution that the road to a weaker USD could be bumpy, and a bumper NFP print could provide some support for the USD.

### BNM Holds Policy Rate Steady as Expected

As widely expected, Bank Negara Malaysia kept the OPR steady at 3.00% for the 5<sup>th</sup> consecutive MPC meeting. Our economist sees green shoots of growth pick up, tame inflation and some stabilisation and improvement in USDMYR following recent “coordinated communications and actions” by BNM and MOF. Our economist maintains the house view of OPR at 3.00% for 2024. USDMYR looks to have further stabilized and trades at 4.6860 levels this morning. There is a double top pattern in USDMYR and this should be supportive of further downward moves in the pair. We maintain our 1Q2024 forecast for USDMYR at 4.7000 levels.

### Data/Events We Watch

We watch AU Jan trade balance, EC 4QF GDP, US Feb NFP and Avg Hourly Earnings.

| FX: Overnight Closing Levels/ % Change |            |         |          |            |         |
|--|------------|---------|----------|------------|---------|
| Majors                                 | Prev Close | % Chg   | Asian FX | Prev Close | % Chg   |
| EUR/USD                                | 1.0948     | ↑ 0.45  | USD/SGD  | 1.3332     | ↓ -0.42 |
| GBP/USD                                | 1.2809     | ↑ 0.61  | EUR/SGD  | 1.4596     | ↑ 0.03  |
| AUD/USD                                | 0.662      | ↑ 0.85  | JPY/SGD  | 0.9005     | ↑ 0.50  |
| NZD/USD                                | 0.6174     | ↑ 0.73  | GBP/SGD  | 1.7075     | ↑ 0.17  |
| USD/JPY                                | 148.05     | ↓ -0.89 | AUD/SGD  | 0.8826     | ↑ 0.42  |
| EUR/JPY                                | 162.08     | ↓ -0.45 | NZD/SGD  | 0.8231     | ↑ 0.30  |
| USD/CHF                                | 0.8777     | ↓ -0.50 | CHF/SGD  | 1.5191     | ↑ 0.09  |
| USD/CAD                                | 1.3459     | ↓ -0.41 | CAD/SGD  | 0.9906     | ↓ -0.02 |
| USD/MYR                                | 4.7052     | ↓ -0.57 | SGD/MYR  | 3.5223     | ↓ -0.19 |
| USD/THB                                | 35.577     | ↓ -0.32 | SGD/IDR  | 11714      | ↑ 0.02  |
| USD/IDR                                | 15653      | ↓ -0.30 | SGD/PHP  | 41.7848    | ↑ 0.30  |
| USD/PHP                                | 55.84      | ↓ -0.07 | SGD/CNY  | 5.3944     | ↑ 0.31  |

Implied USD/SGD Estimates at, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3360           | 1.3632    | 1.3905           |

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### G10: Events & Market Closure

| Date  | Ctry | Event               |
|-------|------|---------------------|
| 6 Mar | CA   | BOC Policy Decision |
| 6 Mar | UK   | Budget 2024         |
| 7 Mar | EC   | ECB Policy Decision |

### AXJ: Events & Market Closure

| Date  | Ctry | Event               |
|-------|------|---------------------|
| 5 Mar | CN   | NPC (Start)         |
| 7 Mar | MY   | BNM Policy Decision |

## G10 Currencies

- **DXY Index - “Not far” from Confidence Needed to Cut Rates.** The DXY index as well as the front end of the UST curve extended their slides after Powell told the Senate Banking Committee that the Fed “is not far” from getting that confidence (that inflation is moving sustainably at 2%) to normalize monetary policy. The 2y yield fell on his dovish words, resulting in a bull-steepening of the curve. The DXY index collapsed towards the 102.70-support. Momentum has become more bearish. Break of the 102.70-support could open the way towards the next support at 102.15. Datawise, Feb NFP due tonight is closely watched, with the average hourly earnings the first next cue on timing of Fed’s first cut. Consensus expects a slowdown to 4.3%/y from previous 4.5%. Any downside surprise could once again spur more bets on a rate cut within 2Q. Right now, Fed Fund futures imply 67% of a rate cut in June, slightly higher than what was seen earlier this week.
- **EURUSD - Upside move in line with USD sell-off.** EURUSD trades stronger at 1.0948 this morning in line with the broader sell-off in the USD. The ECB held steady on their policy rates as widely expected and trimmed their growth and inflation forecasts. Lagarde hinted at the possibility of Jun rate cuts given that the ECB now sees inflation coming back to target soon. EURUSD rallied even as the ECB tilted a bit more dovish and our view remains that the EUR may not suffer as much as the ECB cuts rates as long as (i) the Fed cuts rates before or alongside the ECB, or (ii) Eurozone growth prospects pick up. We see two-way risks for this pair amid recalibration of central bank rate cut expectations. While ECB cuts could be supportive of growth, cutting rates too early could harm the Eurozone more if inflation spirals out of control. Central bankers have continued to allude to this dynamic and ECB pushback against rate cuts should be EUR supportive. Medium-term, we remain cautiously optimistic on the EUR on possible bottoming of growth. In line with this, ECB Bank lending survey showed that EZ credit demand could be bottoming out after falling for more than a year in the face of rising interest rates. We see resistance for the pair at 1.0950 and 1.1000, while support is at 1.0890 and 1.0820. ECB’s latest assessment of the Eurozone economic situation is in line with our view of a global soft-landing, which should guide a gradual weakening of the USD. If EZ growth does improve, ECB rate cuts may have a limited negative impact on the EUR. 4Q Final GDP print later today should give some hints on the economic situation. Data wise, Eurozone has 4Q EC GDP and Employment (Fri).
- **GBPUSD - Upside move in line with USD sell-off.** GBPUSD is higher at 1.2809 levels in line with the broad USD sell-off. We do see two-way risks for this pair amid recalibration of central bank rate cut expectations. Deputy Governor Ramsden earlier indicated that some signals about inflation persistence in the UK remained elevated. These comments come on the back of a warning from BOE Dhingra of the risks of a hard landing from tight monetary policy. Hunt’s budget was lacking expected cuts to income tax. However, nation insurance was cut by 2 percentage points and non-domiciled tax status was abolished. This was a longstanding ambition of the opposition Labour party. Various other measures aimed at tackling rising cost of living were also unveiled, and the budget is largely viewed as one that aims to give the Conservative party a better chance of retaining control of Downing street ahead of elections. Opposition leader Starmer has already called the Conservatives out for failing to deliver promised incomes tax cuts. Fiscal space could be reduced as BOE QE losses add up, which could leave UK taxpayers with a hefty bill with BOE’s losses indemnified by a government guarantee. Since Oct 2022, about £38b

has been transferred to the BOE. Political risks have emerged in the UK and could weigh on the GBP as preliminary polls show Labour displacing the incumbent Conservatives at the upcoming elections. Medium term, the UK economy comes under increasing pressure from elevated price pressures, high interest rates and other problematic structural issues that arose because of Brexit, which should weigh on the GBP. Ergo, while we think the USD should broadly weaken, the trajectory for GBP appreciation could be more gradual than other currencies. Supports are at 1.2800 and 1.2750. Resistance is at 1.2850 1.2900. Feb DMP 1Y CPI Expectations were at 3.3% YoY (exp: 3.0%; prev: 3.4%), while Feb 3M Output Price expectations were at 4.3% (prev: 4.3%). No further data releases for the UK as S&P/KPMG/REC UK Jobs Report is now to be released on 11 Mar.

- **USDJPY - *Sliding Along with the UST Yields.*** Pair was last seen around the 148-handle, declining in line with the overnight fall in UST yields as well as rising expectations of a rate cut within Mar. JPY strength was exacerbated after the Japanese Trade Union Confederation (aka Rengo) said that its affiliated unions demanded a wage hike of 5.85% at Shunto, the highest hike in 30 years. BoJ Board member Junko Nakagawa noted while strong wage hikes this year or last year alone would not mean that the goal of sustainable inflation, the certainty of attaining the bank's goal is gradually rising (BBG). Governor Ueda said the same to the parliamentary committee meeting on Thu and he pledged that the central bank will continue to buy government bonds even if it ends its control over the yield curve. He also said that the BoJ will consider whether it should continue ultraloose monetary policy once confidence is gained on achieving sustainable 2% inflation. OIS is now seeing an around 80% chance of a Mar move. Back on the USDJPY chart, support is seen at 148.00 (50-dma). Next support is seen at 146.80 (38.2% Fibonacci retracement of the Dec-Feb rally). Resistance at 149.40. Key data releases this week include Jan household spending (Fri) and Jan BoP CA/trade balance (Fri).
- **AUDUSD - *Break-Out.*** AUDUSD rallied overnight, lifted by the slide in UST yields and positive risk sentiment after Powell told the Senate Banking Committee that the confidence of getting inflation back to target for a rate cut may not be too far away. In addition, there were also earlier hints from China PBoC Pan Gongsheng about more RRR cuts that could be more supportive of the Chinese economy. Back on the AUDUSD, spot is seen at 0.6570. With this move, there is a break-out of the 0.6450-0.6600-range. Next resistance is seen at 0.6660. The convergence of the 50,100,200-dma around the 0.6580-level forms an area of support for this pair. There could be further bullish extension.
- **NZDUSD - *Supported.*** NZDUSD was taken higher by the positive risk sentiment, broader USD decline overnight and was last seen around 0.6170. We continue to remain constructive on the NZD as RBNZ warned that the current policy rate could be held for as long as it needs to bring inflation back to 2%. RBNZ's single inflation mandate probably gives the central bank a lot more credibility in this regard and we can expect the NZD to maintain a carry advantage over its peers for a longer while this year. Prefer to continue to buy on dips. Next resistance at 0.6210/30. Support at 0.6110 (100-dma), before 0.6080 (200-dma).
- **USDCAD - *Finding Support?*** USDCAD slumped overnight 1.3460 on broader USD decline and better risk appetite. In addition, BoC had been hawkish the day before and that probably adds to CAD's strength. Eyes are on US NFP and Canada's labour market report tonight. Any

divergence could keep the USDCAD support on dip. We continue to look for BoC to be one of the earliest to embark on an easing cycle. Back on the USDCAD daily chart, we see potential for USDCAD to form a rising trend channel. Support is seen at 1.3450. Next support at 1.3400. A break below the 1.3450-support would nullify the trend channel formation and bring focus towards the downside. Rebounds meet resistance at 1.3530 (100-dma).

- **USDCHF - Downward move in line with broader USD weakness.** USDCHF trades lower at 0.8773 levels amid broader USD weakness. We think price action could remain around the 0.88 pivot. Supports for the pair are seen at 0.8750 (100dma) and 0.8700 figure. Resistances are at 0.8800 figure, 0.8825 (200dma) and 0.8890. SNB declared in Dec that interventions would now no longer just be one-sided i.e. SNB could look to build reserves after a period of supporting CHF strength. This is in line with inflation coming off and not having to be as vigilant against imported inflation as a result. Swiss reserves have seen an uptick since this announcement, although an argument could also be made that SNB may not look to actively weaken the CHF and the uptick could be due to other factors such as valuation effects. We think that medium-term, the CHF is likely to trade in line with other currencies and gradually appreciate against the USD although we remain cautious SNB could moderate pace of appreciation. Feb Unemployment Rate was at 2.4% (exp: 2.4%; prev: 2.4%) and Foreign Currency Reserves at CHF677.6b (prev: 662.2b). The increase in reserves suggest that some foreign currency buying to moderate pace of CHF appreciation could have occurred.

## Asia ex Japan Currencies

SGDNEER trades around +2.20% from the implied mid-point of 1.3632 with the top estimated at 1.3360 and the floor at 1.3905.

- **USDSGD - Selling off in line with broader USD move.** USDSGD trades lower at 1.3331 levels this morning as some fresh volatility is injected into currencies. We think relatively positive SG data in terms of growth and exports are likely to underpin SGD strength on both a bilateral and trade-weighted basis. As widely expected MAS stood pat on policy settings and signalled that the current stance remained appropriate for the medium term. Notably changing language from “sufficiently tight” to “appropriate”, perhaps suggesting further tightening could be possible. If inflation prints or surprises consistently to the upside we would not rule out further tightening or at the very least MAS holding policy restrictive for longer than expected. MAS’ Chief Economist Edward Robinson also said in a recent speech that his assessment is that the cyclical neutral path of the S\$NEER (what would in interest rate regimes be denoted as  $R^*$ ) would be some positive rate of appreciation. In the same speech, Robinson also suggests that an exchange rate regime is also different from an interest rate regime in that attainment of the inflation target in the latter is likely to induce a reduction in interest rates. For an exchange rate regime like Singapore’s the cyclical neutral path being at some positive rate of appreciation would allow exchange rate to follow a trend-stationary path in line with changing relative resources costs and relative productivity differentials as it converges to a natural steady state level. In other words, MAS may not be able to ease as easily as an interest rate regime would be even if inflation targets have been met. SGDNEER is at 2.20% this morning on our model, with SGDNEER strength on the uptick again. Trade-weighted outperformance has largely been due to the SGD rallying more (or selling off less), against the basket constituents, in bouts of USD weakness (or strength). This is in line with our expectations and observations for SGDNEER. 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. Our expectation is for MAS to stand pat at the next decision (Apr 2024). Resistances are at 1.3350 and 1.3400. Supports are 1.3300 and 1.3250. Our economists maintain the GDP forecast at 2.2% in 2024 and 2.1% in 2025 and expect the longer-term schemes in the budget to improve productivity and raise social inclusivity, boosting long-term growth. SG Feb Foreign Reserves were broadly unchanged at US\$357.35b (prev: US\$357.79b). Also watching changes to MAS swap book or transfers to government (RMGS issuances, falls in government deposits) for a guess at intervention amounts. Increases to the size of the swap book or transfers to the government would lead to a drawdown in foreign reserves.
- **SGDMYR - Higher.** Cross trades lower at around 3.5184 levels this morning as MYR advances. Inflation differentials are likely to continue to support the SGD although the latest SG inflation print surprised to the downside. Resistance at 3.52 and 3.55 levels. Support is at 3.50 and 3.48.
- **USDMYR - Lower in line with broader USD movement.** Pair was last seen at 4.6912 moving lower in line with broader USD weakness. Malaysia’s economic fundamentals remain relatively healthy and stress on the MYR could be easing with the recent downtrend in USDMYR. Resistance is at 4.7000 and 4.7500. Support is at 4.6700 (and 4.6500). There is a BNM policy meeting this week today where we expect them to stay on hold, which would also be in line with the



market expectations. 29 Feb foreign reserves edged down to US\$114.3b (prev: US\$115.4b)

- **USDCNH - Flat lines Within the Tight Grip of PBoC.** USDCNH slipped in tandem with the rest of regional peers, albeit still within recent range of 7.19-7.22, last printed 7.2005. Pair touched an intra-day high of 7.2176 after PBoC Governor Pan's spoke about more room for further RRR cut. Thereafter, pair eased back to levels around 7.2080 by early Asia morning along with the broader USD decline. Should the US NFP turn out lower than expected today with weaker wage growth, there could be a slight chance of a break of the 50-dma at 7.1970. Risks are tilted to the downside for the USD but we expect CNH to appreciate slower than the rest of the regional peers which should translate to trade-weighted weakness. Next support at 7.1770 before 7.16. Resistance at 7.2320.
- **1M USDKRW NDF - Lower in line with USD move.** 1M USDKRW NDF trades lower at 1323.34 levels. Feb CPI inflation printed at 3.1% YoY (exp: 3.0%; prev: 2.8%) and Feb core inflation was at 2.5% YoY (exp: 2.5%; prev: 2.5%). 2023 P GDP showed economy grew at +1.4% YoY (exp: 1.4%; prev: 1.4%). 4Q2023 P GDP showed 2.2% YoY growth in the last quarter (exp: 2.2%; prev: 2.2%) and 0.6% QoQ growth (exp: 0.6%; prev: 0.6%). Growth and inflation outcomes are likely to support the BOK holding rates at current levels. Reports suggest that South Korea could lift a ban on short selling as early as in Jun. BOK held rates as expected and warned against confidence that inflation could be stabilizing just yet near price targets. The BOK hold even after a sharper than expected slowdown in Jan inflation shows that they are not in a hurry to cut rates. We think BOK is likely to take cue to cut from the Fed and other major central banks. Given the considerable uncertainty around the inflation outlook, they may start to cut in the later half of 2024. Past episodes have also shown that BOK has had a tendency to hold for an extended period before pivoting to a cut. BOK minutes showed that members saw project finance related risks in property markets having a limited impact on the wider financial system. Chances of a credit event were assessed to be low, although members recognized that monitoring could be bolstered given market concerns. Potential for upside in KRW should chip cycle turn into an upturn or if chip demand is buoyed by AI-driven demand. We see resistances at 1325 and 1340. Supports are at 1300 and 1275. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle, which could buoy the KRW. Growth has also been improving and we look to see if the export recovery can develop into a broader trend that is positive for the region. 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. Jan BOP Goods Balance was at US\$4240.4m (prev: US\$8037.4m) while Current Account Balance was at US\$3045.7b (prev: US\$7414.6b).
- **1M USDINR NDF - Steady.** 1M USDINR NDF remained relatively steady at 82.81, reflecting RBI's preference of leaning against the wind. RBI earlier stood pat and maintained its hawkish stance, voting 5-1 in favour of accommodation withdrawal. It seems likely that the RBI will only ease after the Fed. For now, they look likely to remain on hawkish hold. Of late, INR has seen a bit of a boost from global fund buying and an improvement to the trade deficit. We note however RBI's preference to lean against the wind and steady the INR. As such, RBI should continue to build up FX reserves amid tailwinds for the INR. An interesting observation is that INR has been relatively stable in many recent episodes of big currency moves such as the post-NFP USD rout the DXY declined 1.1% while USDINR NDF was just barely 0.2%

lower. Similarly, post Oct US CPI print, DXY weakened by about 1.5% while USDINR NDF was about 0.3% weaker. Lastly post Dec FOMC, DXY was about 0.93% weaker while USDINR NDF only fell about 0.14%. As such, we think that USDINR is a rather tricky pair to express a USD view, such as our recommendation to sell USD on rally. This is likely due in part to RBI's penchant to lean against the wind to reduce volatility in 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. HSBC India PMI Composite was at 60.6 in Feb (prev: 61.5) and Services PMI at 60.6 (prev: 62.0).

- **1M USDIDR NDF - Lower, likely to stay ranged.** Pair was last seen lower at 15647 levels. We think pair can continue to trade within our expected range of 15600 - 15800. Resistance is at 15800 and 16000. Support is at 15600 and 15400. Meanwhile, Prabowo who has claimed victory in last month's President election has said that he would focus on expanding the tax base and upholding fiscal discipline. He also mentioned that he would target growth of 8% in the coming five years. Key data releases this week include Feb foreign reserves (Thurs).
- **USDTHB - Pullback finding Support.** USDTHB was last seen at 35.50, sliding in tandem with regional and major currencies. Higher gold prices look to be giving the THB support in addition to US yields coming off and the DXY holding steady. This pair may be finding support at the area of support marked by the 50,100,200-dma around 35.30-35.50. Resistance is at 36.70 (23.6% Fibonacci retracement of the Dec-Feb rally) before the next at 35.90. Key data releases this week include Feb consumer confidence (7 Mar - 13 Mar) and 1 Mar foreign reserves (Fri).
- **1M USDPHP NDF - Testing Key Support.** The pair was last seen at around 55.80 as it fell in line with lower UST yields and regional currency pairs. This pair needs to test the trend line support around 55.80. Break there could open the way towards next support around 55.50. Further declines could ensue should US NFP tonight turn out to be weaker than expected (200K). Resistance at 56.50 and 57.00.
- **USDVND - Rising.** This pair has been rising, bucking the broader bearish retracement of the USD. Last at around 24700. USD demand seem to be rising and one of the reasons is attributed to the rising premium between domestic gold prices and international prices that is spurring gold imports. Domestic gold prices rose to a record of VND81.25mn per tael and there a spread of roughly VND19mn per tael (1.33oz). We watch to see if recent drop in US rates will bring about any relief for the VND. There is another more fundamentally troubling issue on the horizon for the VND - large foreign MNCs said they may freeze new investment plans in the absence of subsidies help offset the cost of a new top-up tax according to sources cited by Reuters. This came after Vietnam introduced the 15% global minimum tax on large MNCs. Back on the USDVND chart, next resistance is seen at 24740. Support at 24595.

## Malaysia Fixed Income

### Rates Indicators

### Analysts

| MGS           | Previous Bus. Day | Yesterday's Close | Change (bps) |
|---------------|-------------------|-------------------|--------------|
| 3YR ML 5/27   | 3.46              | 3.46              | Unchanged    |
| 5YR MI 4/28   | 3.56              | 3.55              | -1           |
| 7YR MS 4/31   | 3.76              | 3.75              | -1           |
| 10YR MT 11/33 | 3.84              | 3.84              | Unchanged    |
| 15YR MX 6/38  | 3.97              | 3.97              | Unchanged    |
| 20YR MY 10/42 | 4.07              | 4.06              | -1           |
| 30YR MZ 3/53  | 4.18              | 4.19              | +1           |
| IRS           |                   |                   |              |
| 6-months      | 3.60              | 3.60              | -            |
| 9-months      | 3.58              | 3.58              | -            |
| 1-year        | 3.59              | 3.59              | -            |
| 3-year        | 3.56              | 3.55              | -1           |
| 5-year        | 3.64              | 3.64              | -            |
| 7-year        | 3.76              | 3.76              | -            |
| 10-year       | 3.89              | 3.89              | -            |

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Source: Maybank

\*Indicative levels

- Ringgit government bond market largely traded sideways ahead of BNM MPC meeting. The MPC decision turned out as widely expected with the OPR kept unchanged at 3.0%. Of note was a statement that “Ringgit is undervalued vs economic fundamentals and growth prospects” in the MPS. The Ringgit strengthened while bond market remained muted post-MPC other than some demand on short tenors and yields closed little changed.
- MYR IRS opened lower tracking the overnight move in UST yields. But trading interest was tepid given MPC day. Only 1y and 5y IRS got dealt at 3.59% and 3.645% respectively. The IRS curve reverted to mostly unchanged on the day, while 3M KLIBOR edged 1bp higher to 3.57%.
- In corporate bonds market, GG Danainfra long end spreads tightened 1-2bp. AAAs were mixed with Danum Capital 7/29 and ALR 10/30 trading 1-2bp lower, Sarawak Energy 7/33 higher by 1bp, and Bakun Hydro 8/31 at MTM level for MYR20m. AA3/AA-space was dominated by power-related names, specifically Jimah East Power and Southern Power Gen with both trading range bound. In single-A space, HLFG perp stood out with marked changes in spread, though only MYR7m was exchanged.



## Singapore Fixed Income

### Rates Indicators

| SGS  | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR  | 3.24              | 3.25              | +1           |
| 5YR  | 2.99              | 2.98              | -1           |
| 10YR | 3.04              | 3.02              | -2           |
| 15YR | 3.04              | 3.01              | -3           |
| 20YR | 3.02              | 3.00              | -2           |
| 30YR | 2.98              | 2.96              | -2           |

Source: MAS (Bid Yields)

- UST yields eased further overnight on the back of Powell's statement that rate cut would be appropriate at some point this year and coupled with a soft ADP print. SGS also saw the positive momentum with yields largely declining 1-3bp lower for the day. 15y benchmark SGS outperformed again, its yield down another 3bp to 3.01%.

## Indonesia Fixed Income

### Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Latest Day's Close | Change |
|-----------------|-------------------|--------------------|--------|
| 1YR             | 6.48              | 6.47               | (0.01) |
| 2YR             | 6.30              | 6.29               | (0.01) |
| 5YR             | 6.50              | 6.51               | 0.01   |
| 10YR            | 6.64              | 6.64               | (0.01) |
| 15YR            | 6.83              | 6.81               | (0.01) |
| 20YR            | 6.88              | 6.88               | 0.00   |
| 30YR            | 6.91              | 6.92               | 0.01   |

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\* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds sustained their rally trends as the global investment was conducive enough yesterday. Today, we also saw a global conducive situation, especially after the Fed's Governor Jerome Powell gave a statement about certainty for incoming policy rate cut on this year. However, a rally on Indonesian government bonds will be limited due to investors' tendencies to apply "sell on rally" strategy before long weekend holiday next week.
- We foresee Indonesia to be main investment destination for global investors as the Fed realizes its policy rate cut. Indonesian government bonds offer an attractive yields for investors on the developed countries. The biggest country in Southeast Asian also consistently performs solid economic growth in recent years.
- Indonesia economic growth is expected to slightly increase from 5.05% in 2023 to be 5.11% in 2024, mostly driven by domestic activities as weak global economic recovery progress doesn't support exports to grow aggressive. 2024 is a political year with two elections are scheduled on 14 Feb-24 for both Presidential and Legislative and 27 Nov-24 for Regional Leaders. Those events will support the domestic economic activities to keep buoyant, especially through the political campaign activities. This year, we expect the domestic economic activities to continue running without receiving obstacles from any pandemic of diseases. The government is also ready to support the consumers' purchasing capacity with various incentives and social safety net programs for the poor people. The prices of the commodities strategic will be maintained by the government to keep a stability of inflation within Bank Indonesia's target at  $2.5\% \pm 1\%$ . A manageable inflation movement will create a big chance for Bank Indonesia to cut its policy, although the decision for slashing the policy rate also depends to the Federal Reserve's policy rate results. A lower BI Rate will create more conducive environment for the investment activities.
- Given that a Presidential election is only one round, it will give more certainty for Indonesian economy, especially for investment activities from both domestic and foreigners. The government is also ready to spend larger budget for creating multiplier effects for local economic activities. The budget for infrastructure, education, and social safety net programs will be provided with higher amounts. On the other side, Indonesian exports will receive base year effect calculation, hence the growth from international trade activities to be positive this year. However, the exports activities will remain sluggish due to weak global demand,

especially from China, and relative low of Indonesia mainstay commodities prices. The government keep continuing its downstream program, not only for the mining sector, but also prevailing for other sectors for realizing more value added from the export activities.

## MYR Bonds Trades Details

| MGS & GII                                   | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|---|--------|---------------|----------------|-----------|----------|---------|
| MGS 3/2019 3.478% 14.06.2024                | 3.478% | 14-Jun-24     | 115            | 3.413     | 3.413    | 3.199   |
| MGS 1/2014 4.181% 15.07.2024                | 4.181% | 15-Jul-24     | 3              | 3.107     | 3.107    | 3.107   |
| MGS 2/2017 4.059% 30.09.2024                | 4.059% | 30-Sep-24     | 1              | 3.238     | 3.238    | 3.238   |
| MGS 1/2018 3.882% 14.03.2025                | 3.882% | 14-Mar-25     | 124            | 3.316     | 3.331    | 3.297   |
| MGS 1/2015 3.955% 15.09.2025                | 3.955% | 15-Sep-25     | 219            | 3.319     | 3.347    | 3.319   |
| MGS 3/2011 4.392% 15.04.2026                | 4.392% | 15-Apr-26     | 1              | 3.389     | 3.389    | 3.389   |
| MGS 1/2019 3.906% 15.07.2026                | 3.906% | 15-Jul-26     | 9              | 3.404     | 3.404    | 3.392   |
| MGS 3/2016 3.900% 30.11.2026                | 3.900% | 30-Nov-26     | 4              | 3.429     | 3.44     | 3.421   |
| MGS 3/2007 3.502% 31.05.2027                | 3.502% | 31-May-27     | 61             | 3.461     | 3.461    | 3.451   |
| MGS 4/2017 3.899% 16.11.2027                | 3.899% | 16-Nov-27     | 79             | 3.466     | 3.504    | 3.463   |
| MGS 2/2023 3.519% 20.04.2028                | 3.519% | 20-Apr-28     | 11             | 3.553     | 3.553    | 3.548   |
| MGS 5/2013 3.733% 15.06.2028                | 3.733% | 15-Jun-28     | 39             | 3.564     | 3.574    | 3.564   |
| MGS 3/2008 5.248% 15.09.2028                | 5.248% | 15-Sep-28     | 1              | 3.597     | 3.597    | 3.597   |
| MGS 3/2022 4.504% 30.04.2029                | 4.504% | 30-Apr-29     | 20             | 3.627     | 3.627    | 3.605   |
| MGS 2/2019 3.885% 15.08.2029                | 3.885% | 15-Aug-29     | 113            | 3.638     | 3.638    | 3.619   |
| MGS 3/2010 4.498% 15.04.2030                | 4.498% | 15-Apr-30     | 47             | 3.719     | 3.758    | 3.719   |
| MGS 2/2020 2.632% 15.04.2031                | 2.632% | 15-Apr-31     | 117            | 3.765     | 3.768    | 3.747   |
| MGS 4/2011 4.232% 30.06.2031                | 4.232% | 30-Jun-31     | 12             | 3.774     | 3.781    | 3.774   |
| MGS 1/2022 3.582% 15.07.2032                | 3.582% | 15-Jul-32     | 28             | 3.847     | 3.847    | 3.843   |
| MGS 4/2013 3.844% 15.04.2033                | 3.844% | 15-Apr-33     | 1              | 3.854     | 3.854    | 3.854   |
| MGS 3/2018 4.642% 07.11.2033                | 4.642% | 7-Nov-33      | 231            | 3.841     | 3.842    | 3.834   |
| MGS 4/2019 3.828% 05.07.2034                | 3.828% | 5-Jul-34      | 14             | 3.833     | 3.869    | 3.833   |
| MGS 4/2015 4.254% 31.05.2035                | 4.254% | 31-May-35     | 3              | 3.904     | 3.904    | 3.872   |
| MGS 3/2017 4.762% 07.04.2037                | 4.762% | 7-Apr-37      | 4              | 3.96      | 3.962    | 3.96    |
| MGS 4/2018 4.893% 08.06.2038                | 4.893% | 8-Jun-38      | 134            | 3.965     | 3.97     | 3.949   |
| MGS 5/2019 3.757% 22.05.2040                | 3.757% | 22-May-40     | 72             | 4.01      | 4.01     | 3.986   |
| MGS 2/2022 4.696% 15.10.2042                | 4.696% | 15-Oct-42     | 100            | 4.056     | 4.067    | 4.056   |
| MGS 7/2013 4.935% 30.09.2043                | 4.935% | 30-Sep-43     | 1              | 4.103     | 4.106    | 4.103   |
| MGS 2/2016 4.736% 15.03.2046                | 4.736% | 15-Mar-46     | 4              | 4.14      | 4.19     | 4.14    |
| MGS 5/2018 4.921% 06.07.2048                | 4.921% | 6-Jul-48      | 21             | 4.152     | 4.159    | 4.136   |
| MGS 1/2020 4.065% 15.06.2050                | 4.065% | 15-Jun-50     | 17             | 4.146     | 4.191    | 4.087   |
| MGS 1/2023 4.457% 31.03.2053                | 4.457% | 31-Mar-53     | 8              | 4.194     | 4.194    | 4.081   |
| GII MURABAHAH 1/2018 4.128% 15.08.2025      | 4.128% | 15-Aug-25     | 86             | 3.351     | 3.351    | 3.338   |
| GII MURABAHAH 4/2015 3.990% 15.10.2025      | 3.990% | 15-Oct-25     | 50             | 3.32      | 3.32     | 3.32    |
| GII MURABAHAH 3/2016 4.070% 30.09.2026      | 4.070% | 30-Sep-26     | 120            | 3.426     | 3.439    | 3.426   |
| PROFIT-BASED GII 5/2012 15.06.2027          | 3.899% | 15-Jun-27     | 1              | 3.466     | 3.466    | 3.466   |
| GII MURABAHAH 1/2017 4.258% 26.07.2027      | 4.258% | 26-Jul-27     | 30             | 3.494     | 3.494    | 3.494   |
| GII MURABAHAH 1/2023 3.599% 31.07.2028      | 3.599% | 31-Jul-28     | 160            | 3.579     | 3.581    | 3.579   |
| GII MURABAHAH 1/2019 4.130% 09.07.2029      | 4.130% | 9-Jul-29      | 20             | 3.63      | 3.63     | 3.63    |
| GII MURABAHAH 3/2015 4.245% 30.09.2030      | 4.245% | 30-Sep-30     | 60             | 3.754     | 3.754    | 3.75    |
| GII MURABAHAH 1/2022 4.193% 07.10.2032      | 4.193% | 7-Oct-32      | 40             | 3.848     | 3.848    | 3.848   |
| GII MURABAHAH 5/2013 4.582% 30.08.2033      | 4.582% | 30-Aug-33     | 110            | 3.838     | 3.838    | 3.833   |
| GII MURABAHAH 5/2017 4.755% 04.08.2037      | 4.755% | 4-Aug-37      | 1              | 4.046     | 4.046    | 4.046   |
| SUSTAINABILITY GII 3/2022 4.662% 31.03.2038 | 4.662% | 31-Mar-38     | 5              | 3.974     | 3.974    | 3.974   |
| GII MURABAHAH 2/2019 4.467% 15.09.2039      | 4.467% | 15-Sep-39     | 60             | 3.971     | 3.971    | 3.971   |
| GII MURABAHAH 5/2019 4.638%                 | 4.638% | 15-Nov-49     | 9              | 4.276     | 4.276    | 4.276   |

15.11.2049

**Total****2,366***Sources: BPAM*

| PDS   | Rating    | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|---|-----------|--------|---------------|----------------|-----------|----------|---------|
| DANAINFRA IMTN 4.820% 12.11.2030 - Tranche No 39  | GG        | 4.820% | 12-Nov-30     | 20             | 3.798     | 3.798    | 3.798   |
| PRASARANA IMTN 4.380% 12.03.2031 - Tranche 4      | GG        | 4.380% | 12-Mar-31     | 60             | 3.814     | 3.822    | 3.809   |
| DANAINFRA IMTN 3.860% 13.06.2031 - Tranche 28     | GG        | 3.860% | 13-Jun-31     | 30             | 3.829     | 3.829    | 3.829   |
| DANAINFRA IMTN 4.930% 24.07.2034 - Tranche No 23  | GG        | 4.930% | 24-Jul-34     | 100            | 3.898     | 3.9      | 3.898   |
| DANAINFRA IMTN 4.790% 27.11.2034 - Tranche No 28  | GG        | 4.790% | 27-Nov-34     | 10             | 3.899     | 3.901    | 3.899   |
| TOYOTA CAP MTN 1827D 27.2.2025 - MTN 6            | AAA (S)   | 3.600% | 27-Feb-25     | 5              | 3.78      | 3.78     | 3.78    |
| AIR SELANGOR IMTN T1 S2 2.890% 23.12.2025         | AAA       | 2.890% | 23-Dec-25     | 40             | 3.712     | 3.712    | 3.712   |
| DANUM IMTN 4.680% 29.06.2029 - Tranche 14         | AAA (S)   | 4.680% | 29-Jun-29     | 20             | 3.844     | 3.869    | 3.844   |
| PSEP IMTN 5.220% 09.11.2029 (Tr2 Sr2)             | AAA       | 5.220% | 9-Nov-29      | 20             | 3.859     | 3.872    | 3.859   |
| ALR IMTN TRANCHE 7 11.10.2030                     | AAA IS    | 5.090% | 11-Oct-30     | 10             | 3.888     | 3.893    | 3.888   |
| SARAWAKHIDRO IMTN 4.67% 11.08.2031                | AAA       | 4.670% | 11-Aug-31     | 20             | 3.968     | 3.968    | 3.968   |
| SEB IMTN 4.270% 04.07.2033 (Tranche 21)           | AAA       | 4.270% | 4-Jul-33      | 20             | 3.998     | 4.01     | 3.998   |
| MYEG IMTN 5.800% 01.03.2027 - Series 8 Tranche 1  | AA- IS    | 5.800% | 1-Mar-27      | 8              | 5.438     | 5.799    | 5.419   |
| JEP IMTN 5.590% 04.06.2027 - Tranche 13           | AA- IS    | 5.590% | 4-Jun-27      | 20             | 4.227     | 4.233    | 4.227   |
| QSPS Green SRI Sukuk 5.560% 06.10.2027 - T18      | AA- IS    | 5.560% | 6-Oct-27      | 10             | 4.097     | 4.112    | 4.097   |
| JEP IMTN 5.620% 03.12.2027 - Tranche 14           | AA- IS    | 5.620% | 3-Dec-27      | 10             | 4.265     | 4.273    | 4.265   |
| AEON CREDIT SENIOR SUKUK (S3T1) 4.430% 04.09.2028 | AA3       | 4.430% | 4-Sep-28      | 10             | 4.048     | 4.053    | 4.048   |
| JEP IMTN 5.680% 04.12.2028 - Tranche 16           | AA- IS    | 5.680% | 4-Dec-28      | 10             | 4.326     | 4.333    | 4.326   |
| SPG IMTN 5.410% 29.04.2033                        | AA- IS    | 5.410% | 29-Apr-33     | 10             | 4.247     | 4.252    | 4.247   |
| WCT IMTN 6.100% 11.03.2026                        | A+ IS     | 6.100% | 11-Mar-26     | 50             | 6.01      | 6.01     | 6.01    |
| HLFG Perpetual Capital Securities (Tranche 2)     | A1        | 4.820% | 30-Nov-17     | 7              | 4.768     | 15.211   | 4.768   |
| TG EXCELLENCE SUKUK WAKALAH (TRANCHE 1)           | A IS (CG) | 3.950% | 27-Feb-20     | 1              | 6.524     | 6.524    | 6.524   |
| DRB-HICOM 6.750% Perpetual Sukuk - Tranche 8      | A- IS     | 6.750% | 28-Dec-14     | 1              | 5.253     | 5.253    | 5.253   |
| TROPICANA 6.600% PERPETUAL SUKUK MUSHARAKAH - T2  | A- IS     | 6.600% | 25-Sep-19     | 1              | 10.506    | 12.595   | 10.506  |
| TROPICANA 7.000% PERPETUAL SUKUK MUSHARAKAH - T1  | A- IS     | 7.000% | 25-Sep-19     | 1              | 8.336     | 8.432    | 8.336   |
| <b>Total</b>                                      |           |        |               | <b>493</b>     |           |          |         |

*Sources: BPAM*

## Foreign Exchange: Daily Levels

|                | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY  | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2             | 1.1003  | 150.13  | 0.6666  | 1.2869  | 7.2174  | 0.6209  | 164.1200 | 98.4833 |
| R1             | 1.0975  | 149.09  | 0.6643  | 1.2839  | 7.2089  | 0.6191  | 163.1000 | 98.2467 |
| <b>Current</b> | 1.0952  | 147.73  | 0.6626  | 1.2816  | 7.1992  | 0.6180  | 161.8000 | 97.8750 |
| S1             | 1.0894  | 147.30  | 0.6579  | 1.2751  | 7.1959  | 0.6141  | 160.8100 | 97.6047 |
| S2             | 1.0841  | 146.55  | 0.6538  | 1.2693  | 7.1914  | 0.6109  | 159.5400 | 97.1993 |
|                | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR  | SGD/MYR |
| R2             | 1.3411  | 4.7289  | 15708   | 55.9533 | 35.7150 | 1.4651  | 0.6566   | 3.5461  |
| R1             | 1.3372  | 4.7171  | 15680   | 55.8967 | 35.6460 | 1.4624  | 0.6554   | 3.5342  |
| <b>Current</b> | 1.3326  | 4.6850  | 15659   | 55.8500 | 35.5350 | 1.4595  | 0.6546   | 3.5162  |
| S1             | 1.3312  | 4.6948  | 15630   | 55.7687 | 35.5170 | 1.4543  | 0.6527   | 3.5118  |
| S2             | 1.3291  | 4.6843  | 15608   | 55.6973 | 35.4570 | 1.4489  | 0.6512   | 3.5013  |

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

## Equity Indices and Key Commodities

|                         | Value     | % Change |
|-------------------------|-----------|----------|
| Dow                     | 38,791.35 | 0.34     |
| Nasdaq                  | 16,273.38 | 1.51     |
| Nikkei 225              | 39,598.71 | -0.23    |
| FTSE                    | 7,692.46  | 0.17     |
| Australia ASX 200       | 7,763.71  | 0.39     |
| Singapore Straits Times | 3,133.78  | -0.08    |
| Kuala Lumpur Composite  | 1,535.83  | 0.28     |
| Jakarta Composite       | 7,373.96  | 0.60     |
| Philippines Composite   | 6,837.34  | -0.60    |
| Taiwan TAIEX            | 19,693.52 | 1.00     |
| Korea KOSPI             | 2,647.62  | 0.23     |
| Shanghai Comp Index     | 3,027.40  | -0.41    |
| Hong Kong Hang Seng     | 16,229.78 | -0.27    |
| India Sensex            | 74,085.99 | 0.55     |
| Nymex Crude Oil WTI     | 78.93     | -0.25    |
| Comex Gold              | 2,165.20  | 0.32     |
| Reuters CRB Index       | 279.09    | 0.35     |
| MBB KL                  | 9.70      | 0.62     |

## Policy Rates

| Rates                      | Current (%) | Upcoming CB Meeting | MBB Expectation |
|----------------------------|-------------|---------------------|-----------------|
| MAS SGD 3-Month SIBOR      | 4.0563      | Jan-24              | Neutral         |
| BNM O/N Policy Rate        | 3.00        | 9/5/2024            | Neutral         |
| BI 7-Day Reverse Repo Rate | 6.00        | 20/3/2024           | Neutral         |
| BOT 1-Day Repo             | 2.50        | 10/4/2024           | Neutral         |
| BSP O/N Reverse Repo       | 6.50        | 4/4/2024            | Neutral         |
| CBC Discount Rate          | 1.88        | 21/3/2024           | Neutral         |
| HKMA Base Rate             | 5.75        | -                   | Neutral         |
| PBOC 1Y Loan Prime Rate    | 3.45        | -                   | Easing          |
| RBI Repo Rate              | 6.50        | 5/4/2024            | Neutral         |
| BOK Base Rate              | 3.50        | 12/4/2024           | Neutral         |
| Fed Funds Target Rate      | 5.50        | 21/3/2024           | Neutral         |
| ECB Deposit Facility Rate  | 4.00        | 11/4/2024           | Neutral         |
| BOE Official Bank Rate     | 5.25        | 21/3/2024           | Neutral         |
| RBA Cash Rate Target       | 4.35        | 19/3/2024           | Neutral         |
| RBNZ Official Cash Rate    | 5.50        | 10/4/2024           | Neutral         |
| BOJ Rate                   | -0.10       | 19/3/2024           | Tightening      |
| BoC O/N Rate               | 5.00        | 10/4/2024           | Neutral         |



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