

Global Markets Daily

Fed Surprises in Other Ways

The USD Decline Plays Out

True to our expectations, USD fell after the Fed left Fed Fund Target rate unchanged at 5.25-5.50% and the median policy rate projection for 2024 was unchanged at 4.6% (4.50-4.75%). That keeps the 75bps cuts (aka three cuts) guidance for 2024 intact (unchanged from Dec). While markets were laser focused on rate guidance for this year, the FOMC surprised by dropping rate cut projection from four to three for 2025. Longer-run rate is now seen at 2.6% vs. 2.5% seen in Dec. Along with the slight shift in the dots plot, growth projections were bumped up to 2.1% for 2024 from 1.4% and kept at 2.0% for 2025 and 2026, a tad higher than the previous 1.8% and 1.9% respectively. The dot plot was decidedly hawkish but Powell’s conference was less so as he insisted that the risk to policy is actually two-sided, QT run-off will begin fairly-soon, the committee remains data-dependent, and signs of weakness in the labour market could prompt the Fed to act. USD softened more considerably on his words. AUD led in gains amongst the DM and regional FX, completely reversing out its post RBA-decision losses and a tad more on robust labour report for Feb just released in Australia.

BoE To Stand Pat

Although there are signs that inflation in the UK is cooling, the BOE is likely to stand pat on their policy rate at today’s meeting in line with market expectations. The BOE could be looking for more data to be more comfortable about cutting rates. BOE Governor Bailey said he was less concerned about a wage price spiral as UK labour market showed signs of softening, however he maintained that UK remained “at or near full employment”.

Data/Events We Watch

Prelim. PMI prints are due from many developed markets today - JN, EZ, UK, US etc. CBC, BoE and SNB are also due to decide on policy settings. Markets, including ourselves, expect no action from any of them.

FX: Overnight Closing Levels/ % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0922	↑ 0.52	USD/SGD	1.3397	↓ -0.17
GBP/USD	1.2785	↑ 0.50	EUR/SGD	1.4633	↑ 0.35
AUD/USD	0.6586	↑ 0.83	JPY/SGD	0.8857	↓ -0.43
NZD/USD	0.6081	↑ 0.48	GBP/SGD	1.7128	↑ 0.33
USD/JPY	151.26	↑ 0.27	AUD/SGD	0.8823	↑ 0.65
EUR/JPY	165.21	↑ 0.79	NZD/SGD	0.8147	↑ 0.32
USD/CHF	0.8869	↓ -0.14	CHF/SGD	1.5106	↓ -0.04
USD/CAD	1.3492	↓ -0.55	CAD/SGD	0.9929	↑ 0.38
USD/MYR	4.7367	↓ -0.01	SGD/MYR	3.5227	↓ -0.11
USD/THB	35.992	↓ -0.18	SGD/IDR	11704.53	↓ -0.04
USD/IDR	15723	↑ 0.03	SGD/PHP	41.802	↑ 0.33
USD/PHP	56.139	↑ 0.40	SGD/CNY	5.3751	↑ 0.20

Implied USD/SGD Estimates at, 9.00am		
Upper Band Limit	Mid-Point	Lower Band Limit
1.3363	1.3635	1.3908

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G10: Events & Market Closure

Date	Ctry	Event
19 Mar	JP	Policy Decision
19 Mar	NZ	Policy Decision
20 Mar	JP	Market Closure
21 Mar	US	Policy Decision
21 Mar	UK	Policy Decision
21 Mar	SW	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
20 Mar	ID	Policy Decision
20 Mar	CH	1Y/5Y LPR

G10 Currencies

■ **DXY Index - *Capped*.** The DXY index slid overnight. The FOMC left the Fed Fund target rate at 5.25-5.50% as widely expected overnight. More noteworthy was the quarterly summary of economic projections (SEP) which raised longer-run rate slightly from 2.5% to 2.6% as well as the median policy rate for 2025 and 2026 by around 25bps to 3.9% and 3.1 % respectively (from 3.6% and 2.9%) whilst keeping the median policy rate projection steady for 2024 at 4.6%. That effectively keeps rate cut projections at three for 2024, reduces the number of cuts for 2025 from four cuts to three and the pace is maintained for 2026 (vs. Dec proj). Powell mentioned in his press conference that while it is hard to say if terminal rates will be higher, rates are unlikely to go back to low pre-pandemic era levels. That tweak higher on the longer-run rate was perhaps a reflection of that. **The market reaction was subdued.** The USD fell against most currencies but remained considerably elevated vs. the JPY. Gold rose +1.8% from Wed low. The market reactions have panned out largely in line with our expectations but the growth, inflation, longer-run rates upgrades could provide stronger underpinnings and potentially slow the USD decline. Looking forward, the USD could continue to remain supported on dips as the recent projections feed the narrative of US exceptionalism. The growth projections still paint a picture of a very gradual slowdown but upgrades suggest that risks of a no-landing scenario for the US seem to have increased. The longer-run rate was tweaked 0.1ppt higher and these robust economic projects suggest the Fed could remain slow-moving in terms of monetary policy easing. That could also mean that the decline in the USD would be more gradual and its pace largely depends on global growth outturns this year. UST 10y yield was hardly changed at the end of Powell's press conference. Afterall, growth projections were raised. The Fed is very much data-dependent with regards to policy path. A slower fall in UST yields could also mean a slower recovery in Asian currencies this year unless regional growth surprises to the upside. Next data that we want to monitor before the next Fed decision on 2 May is Feb PCE core deflator (29 Mar), Mar NFP (5 Apr), Mar CPI (10 Apr), Mar PCE Core deflator (26 Apr). Back on the daily DXY index chart, momentum indicators of the DXY index do not provide much directional cues. This pair just broke out of the rising wedge. Bearish extension could meet support at 102.98 before the next at 102.70 and 102.36. There could be more two-way trades in store for the DXY index within the 102.70-104.40 range in the near term. Data-wise this week, Thu has CA balance (4Q), Philly Fed business outlook (Mar), S&P Global PMI - mfg, services and composite (Mar P), leading index (Feb), existing home sales (Feb). Fri has Atlanta Fed Bostic speak.

■ **EURUSD - *Higher post-FOMC*.** EURUSD trades higher at 1.0932 levels this morning following the post-FOMC bout of USD weakness. Fed dot plot was unchanged for three cuts in 2024, while Powell indicated it would be appropriate to start rate cuts this year and added that the Fed could slow QT soon. Although the dot plot also forecast fewer (three, previously four) reductions in 2025, post-FOMC USD weakness ensued. We see two-way risks within a 1.0820 to 1.1000 range in the near-term. Disinflation is a necessary condition for ECB to cut rates, however it could also be insufficient in that the Governing Council is also looking at wage pressures to assess if domestic cost pressures are sustainably easing. Lagarde reinforced this view with her speech on Wed, laying out three tests that the ECB will apply to decide when to cut interest rates. First, data to confirm that wage growth is compatible with inflation reaching target sustainably by 2025. Second, whether corporate profit margins compress to allow inflation to come down without labour market pain. Lastly, productivity growth or whether the Eurozone could grow more rapidly even as inflation dissipates. The ECB held steady on their policy rates as widely expected and trimmed their growth and inflation forecasts. ECB officials have alluded to cuts being

considered soon, with Lagarde specifically mentioning Jun. However, they have also cautioned of the risks of cutting rates before the Fed. Recall that 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. Jan Construction Output came in at 0.8% YoY (prev: 2.8%) and 0.5% MoM (prev: 0.5%). Mar P Consumer Confidence was at -14.9 (exp: -15.0; prev: -15.5). Mar ZEW Survey Expectations improved to 33.5 (prev: 25.0). 4Q2023 Labour Costs rose 3.4% YoY (prev: 5.2%). Week ahead we have Jan ECB Current Account (Thu).

- **GBPUSD - Higher post-FOMC.** GBPUSD trades higher post-FOMC and was last seen at 1.2793 this morning, amid the bout of USD weakness. We believe GBP outperformance YTD can fade amid the various headwinds for the GBP. Feb headline CPI came in at 3.4% YoY (exp: 3.5%; prev: 4.0%) while core CPI was at 4.5% YoY (exp: 4.6%; prev: 5.1%). However, Services CPI was firmer than expectations at 6.1% YoY (exp: 6.0%; prev: 6.5%). GBP whipsawed on the data release amid mixed signals from PPI and RPI measures as well. Although there are signs that inflation in the UK is cooling, the BOE is likely to stand pat on their policy rate at today's meeting in line with market expectations. Similar to the ECB, the BOE could be looking for more data to be more comfortable about cutting rates. This was alluded to earlier with BOE Governor Bailey said he was less concerned about a wage price spiral as UK labour market showed signs of softening, however he maintained that UK remained "at or near full employment". YTD, the GBP is the best performer in the G10 space and a possible retracement could be on the cards amid headwinds such as political uncertainty, fiscal concerns and adjustments to central bank rate cut expectations. 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 in the lead up to the elections. Rishi Sunak ruled out a May election and this suggests elections could happen at the end of 2024, with Jan-25 the deadline. Sunak's Conservative Party currently trails the Labour Party by 20 percentage points in preliminary polls. Medium term, the UK economy remains under pressure amid Brexit-related structural issues, which should weigh on the GBP. Moreover, the abolishment of non-domiciled tax status risks encouraging capital flight from the UK. Ergo, while we think the USD should broadly weaken, the trajectory for GBP appreciation could be more gradual than other currencies. Supports are at 1.2750 and 1.2700. Resistance is at 1.2800 and 1.2850. Data for week ahead includes Feb Public Finances, PNSB, Mar P Mfg/Svcs/Composite PMIs, BOE Policy Decision (Thu), Mar GfK Consumer Confidence, Feb Retail Sales and Mar CBI Trends (Fri).

- **USDJPY - Pullback, expect downward moves.** USDJPY was last seen at 150.47 as the pair fell on a number of factors that include a Nikkei report regarding potential BOJ hikes and the Fed's median dot plots sticking to

three cuts. The latter had resulted in both a pullback in the DXY and the UST yields, which in turn led to the USDJPY coming down. Additionally, there was also a Nikkei report that pointed to the possibility of further rate hikes by the BOJ. The article had quoted a BOJ source for saying that “additional hikes are of course on the table” though it also highlighted a BOJ source for saying that an Oct hike would “keep us from coming off like we’re rushing to hike rates”. The article itself about various factors that could be supporting a hike which included a weak JPY, higher crude oil prices and a potential Trump victory. Our own house forecast sees that the BOJ would raise rates again by 25bps come Oct 2024. We have though felt that the move upward USDJPY recently was overdone and that market was reading literally too much into the BOJ’s words, assuming that the central bank was dovish to the extent of one and done with the exit from NIRP, YCC and ETF/JREITs purchases. Hence, we expect that USDJPY to retrace lower. Key support levels we watch include 150.00 and 146.60 (200-dma). Resistance is at 152.00 and 155.00. Meanwhile, economic data out this morning actually indicated more strength with Mar P composite PMI at 52.3 (Feb. 50.6), mfg at 48.2 (Feb. 47.2) and services at 54.9 (Feb. 52.9). Feb exports also beat expectations at 7.8% YoY (est. 5.1% YoY) which led to the trade deficit narrowing to -379.4bn yen (Jan. 1760.3bn yen). The data on its part is supportive for further tightening BOJ moves if they can keep holding up strongly. Remaining key data releases this week include Feb CPI (Fri).

- **AUDUSD - Rebound as Expected.** AUDUSD rebounded in line with our expectations. We had mentioned that if Fed retains guidance for rate cuts to be three for 2024, AUDUSD had a chance to rebound towards 0.6590 and then to 0.6670. That seems to be playing out now for the AUD, last seen around 0.6620, aided as well by the stellar labour report from home for Feb where the unemployment rate fell to 3.7% from 4.1%. Net employment change was a strong 116.5K addition in Feb vs. +15.3k in the prior month. 78.2K of which was full-time. With that, AUDUSD has reversed out its post RBA losses and is now near its high for the week. Support is now seen around 0.6560 before 0.6530. Week remaining has no more tier one data.
- **NZDUSD - Rising in Tandem.** NZDUSD rose and was last seen around 0.6090. We continue to watch to see if the range between 0.60-0.62 could be broken out. NZD bulls remains in a struggle to make further headway after PM Luxon warned that economic conditions are deteriorating ahead of the budget on 30 May. Interim resistance is seen around 0.6120/40 and then at 0.6210. Week ahead has Westpac consumer confidence for 1Q, current account bal (4Q) on Wed. GDP came in weaker than expected at -0.3%/y/y for 4Q vs. previous -0.6%. Sequentially, GDP shrank -0.1%q/q in 4Q vs. previous -0.3%. That could dampen NZD sentiment and keep the NZDUSD pairing under pressure.
- **USDCAD - Rising.** USDCAD slid pretty sharply and was last seen around 1.3470. Trend channel is being threatened at this point. We think pair will remain supported on dips. 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 1.3480. A break below the 1.3480-support would nullify the trend channel formation and bring focus towards the downside. Rebounds meet resistance at 1.3590.
- **USDCHF - Lower post-FOMC.** USDCHF trades lower at 0.8850 levels this morning following the post-FOMC bout of USD weakness. With two-sided interventions possible, we see if price action can continue to be centred around the 0.8800 pivot. Supports for the pair are seen at 0.8820 (200 dma) and 0.8740 (50, 100 dma). Resistances are at 0.8890 and 0.8950. 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. Some are suggesting that SNB should not play the waiting game with other central banks and cut on their own next week given that the risk to inflation in Switzerland is no longer to the upside. SNB could be more cautious given the potential impact on the CHF and we think that a stand pat is more likely. Data due this week includes SNB Decision and Money Supply (Thu).

Asia ex Japan Currencies

SGDNEER trades around +1.90% from the implied mid-point of 1.3635 with the top estimated at 1.3363 and the floor at 1.3908.

- **USDSGD - Lower post-FOMC.** USDSGD trades lower at 1.3376 levels this morning following the bout of post-FOMC USD weakness. 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 suggests 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 the 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 1.90% this morning on our model. Intervention risks are heightened if SGDNEER remains at elevated levels. 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 1.3400 and 1.34500. Supports are 1.3350 and 1.3300. No further SG data releases this week.
- **SGDMYR - Lower.** SGDMYR trades lower at around 3.5206 levels this morning as the MYR outperformed the SGD. Upside risks remain as the SGD remains more resilient against USD strength and inflation differentials are likely to continue to support the SGD. Resistance at 3.55 and 3.57 levels. Support is at 3.52 and 3.50.
- **USDMYR - Lower.** Pair was last seen at 4.7083 as it moved down in line with the DXY and UST yields given that the Fed continued to forecast three rate cuts this year based on its dot plots. Developments externally would keep being the main driver of the pair especially those related to the US and China. Back on the chart, resistance is at 4.7300 (50-dma) with the next level after that at 4.7500. Support is at 4.6765 (200-dma) and 4.6500. Momentum indicators meanwhile are looking stretched on the downside. Meanwhile, at a press briefing yesterday, BNM reiterated the MYR being undervalued, and that they would closely monitor trends of foreign currency holdings by Malaysian corporates, exporters and importers. Remaining key data releases this week include 15 Mar foreign reserves (Fri).
- **USDCNH - Softening, with Peers.** USDCNH slid overnight, albeit not as much as most other USDAsian peers, albeit still within the 7.19-7.22 range, last printed 7.2073. Part of the reason for USDCNH to come off gently is the fact that USDCNY has been within a tight grip of the central bank via

the daily central parity fix. While that limits the upside for the USDCNY, it also limits the potential for decline. As we write this morning, Deputy Governor Xuan Changneng said that there is room for RRR to fall and that monetary policy room is ample. He added that a fall in deposit rate will enable the monetary policy to become more independent. Vice FinMin Liao also mentioned this morning that fiscal policy would be used to benefit supply-side reform, tech advance, longer term growth. That could also mean that the excess capacity could also be exacerbated. USDCNY reference rate is fixed at 7.0942 vs. estimated median at 7.1810. That is still 868pips lower than the median estimate. For the USDCNH, support is seen at 7.1980 before 7.1770 and 7.16. Resistance is at 7.2320. Thu will see the release of CNY share of SWIFT Global payments.

- **1M USDKRW NDF - Lower post-FOMC.** 1M USDKRW NDF is better offered at 1324.54 this morning amid USD-Asia lower post-FOMC. Growth, inflation and a healthy labour market are likely to support the BOK holding rates at current levels. 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. 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 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 also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep-2024 is the earliest possible inclusion date. 20 days Exports/Imports came in at 11.2%/-6.3% YoY (prev: -7.8%/-19.2%). Data for the week ahead includes Feb PPI (Fri).
- **USDVND- Edging Higher.** This pair closed at 24784 yesterday, near the high not seen since Nov 2022. VND sentiment remains rather weak compared to regional peers, possibly due to some concerns of political stability after President Vo Van Thuong resigns after just one year in power. His resignation is accepted by the Party. This comes amid an anti-corruption campaign that is still ongoing and the most recent arrest was of the former head of Central Vietnam Quang Ngai province on allegations of corruption. Flow-wise, Vietnam saw a month-to-date equity outflow of \$135.8mn as of 20 Mar. Separately, the central bank is ordered to take urgent measures to stabilize gold market and to narrow the gap between domestic and world gold bar prices. SBV may have to conduct inspection of gold trading firms, stores and distribution agencies (BBG). Back on the USDVND daily chart, support at 24625 before 24550. Resistance at 24737 before 24880.
- **1M USDINR NDF - Steady.** 1M USDINR NDF remained relatively steady at 83.12, reflecting RBI's preference of leaning against the wind. Statistical bulletin showed that RBI bought a net of US\$1.95b in spot in Jan. Meanwhile net-outstanding forward book grew to US\$9.97b in Jan (prev: US\$2.18b). 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. However given their preference to lean against the wind, RBI should continue to build up FX reserves amid tailwinds for 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. Week ahead we have Mar P HSBC Mfg/Svcs/Composite (Thu).

- **1M USDIDR NDF - Lower, likely ranged until the first Fed cut is clearer.** Pair was last seen at 15683 as it fell in line with the DXY and UST yields as the Fed continues to forecast three rate cuts this year based on its dot plots. The pair we believe is likely to remain ranged traded around the 15500 - 15800 range until the first Fed cut becomes clearer. For now, the pair may move to the lower end of the range. There was a BI decision yesterday where they held at 6.00% in line with both ours and the market expectations. They continued to emphasize the importance of ensuring IDR stability and therefore, we believe this makes them unwilling to cut until the Fed moves. Governor Perry has said regarding the move that “this aims to uphold the stability of the rupiah exchange rate and implement preemptive measures to ensure inflation remains controlled within the target range of 2.5 percent \pm 1 percent for 2024”. Prabowo was also officially declared the winner of the Presidential election having garnered 58.6% of the vote although we also stay aware of any challenges by rivals regarding the result of the race. However, the President may have to face a fractured parliament that may require him to work across different political and party lines. Back on the chart, resistance is at 15800 and 16000. Support is at 15500 - 15800. There are no key data releases this week.
- **USDTHB - Lower.** USDTHB was last seen around 35.98 as it fell in line with the lower DXY and UST yields as the Fed continues to forecast three rate cuts this year based on its dot plots. New highs in gold prices also gave the THB support. The pair could move downwards near term. Resistance at 36.70 (23.6% Fibonacci retracement of the Dec-Feb rally) and 37.00. Support is at 35.40 (around 200-dma) with the next after that at 34.90 (fibonacci retracement of 61.8% from Dec low to Feb high). The House of Representatives would be debating the budget bill for a second day. The Deputy Finance Minister did mention that the government is forging ahead with the 500bn baht handout scheme and may still need to borrow to finance it. Key data releases this week include Feb car sales (18 - 24 Mar), 15 Mar gross international reserves and forward contracts (Fri).
- **1M USDPHP NDF - Lower, likely ranged.** The pair was last seen at around 55.95 as it fell back slightly in line with the lower DXY and UST yields as the Fed continues to forecast three rate cuts this year based on its dot plots. We believe the pair is likely to keep range trading around 55.00 - 56.50 as the upside is limited as the high BSP rates provide support and the Fed is done with hikes. The downside is limited as markets would still want more clarity on when the first Fed rate cut would occur. We do think that the pair could move to the lower end of the range near term. Resistance is at 56.00 (around the convergence of the 50 and 200-dma) and 56.50. Support is at 55.00 and 54.50. Meanwhile, BSP Governor Eli Remolona has said that they are still studying the timing when to lower the banks' RRR. There are no remaining key data releases this week.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.48	3.48	Unchanged
5YR MI 4/28	*3.61/58	3.58	-1
7YR MS 4/31	3.77	*3.78/75	Not traded
10YR MT 11/33	3.89	3.88	-1
15YR MX 6/38	*4.01/3.98	4.00	Unchanged
20YR MY 10/42	4.07	4.08	+1
30YR MZ 3/53	4.20	4.21	+1
IRS			
6-months	3.59	3.59	-
9-months	3.58	3.57	-1
1-year	3.59	3.59	-
3-year	3.56	3.56	-
5-year	3.65	3.67	+2
7-year	3.76	3.75	-1
10-year	3.89	3.88	-1

Source: Maybank

*Indicative levels

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- Onshore government bond market remained defensive with some selling pressure at the belly of the curve. Bids emerged towards late afternoon on the back of lower UST yields after a soft UK CPI. Overall, benchmark yields moved sideways. On Thursday will be the 30y GII 3/54 auction. WI was last seen at 4.35% bid side with no trades done.
- MYR IRS market was active and the curve flattened a tad as the 2y-5y tenors rose 1-2bp while 7y-10y rates eased about 1bp lower. Despite a pullback in UST yields overnight, onshore rates were supported by likely hedging interests ahead of the US FOMC outcome. Among IRS traded were 3y at 3.56% and 5y at 3.65-66%. 3M KLIBOR unchanged at 3.57%.
- PDS market was very active, mainly driven by GGs. LPPSA, Danainfra and PTPTN traded mixed in +/-2bp range. Prasarana 10/39 posted the largest amount of traded volume totaling MYR210m. AAA credits also had mixed performance of 1-4bp, such as Cagamas, Danum Capital and MAHB while power names saw better buying with yields 1-2bp lower, such as TNB and Sarawak Energy. Market was keen on duration. In primary space, Gamuda sold 5y and 7y IMTNs at 3.90% and 4.05% to raise a total of MYR500m.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.35	3.32	-3
5YR	3.06	3.04	-2
10YR	3.11	3.09	-2
15YR	3.10	3.07	-3
20YR	3.08	3.06	-2
30YR	3.02	3.00	-2

Source: MAS (Bid Yields)

- UST yields fell overnight and dipped lower in Asia afternoon session ahead of the Fed's rate decision and amid UK's lower inflation print. SGS tracked the firmer sentiment with yields across the curve down by 2-3bp for the day. Auction size for new 5y benchmark SGS 4/29 was announced at SGD2.8b. With the Fed widely expected to leave rates on hold, focus will be on its growth and inflation outlooks as well as any changes to the dot plot.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.44	6.42	(0.01)
2YR	6.41	6.39	(0.02)
5YR	6.54	6.53	(0.00)
10YR	6.65	6.65	0.00
15YR	6.87	6.86	(0.00)
20YR	6.92	6.92	(0.00)
30YR	6.93	6.93	(0.00)

* Source: Bloomberg, Maybank Indonesia

Analyst

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- As expected, most Indonesian government bonds, especially short tenors and benchmark series, gradually strengthened yesterday. Investors with “short term” investment orientation applied “buy on dip” strategy as both Bank Indonesia and the Federal Reserve are expected to keep unchanged their policy rates. The Fed indicated stronger economic activities on the latest its macroeconomic dot plot projections, but still same level (compared projection on Dec-23) of the latest projection of Fed’s policy rate for this year.
- We expect the positive trends on Indonesian bond market to continue after showing latest monetary decisions taken by both Bank Indonesia and the Fed. We expect the Fed to make preparation for slashing its policy rate since Jun-24 as the conditions of inflation came to nearly its target level at 2%, especially due to base year effect on the calculation result. The Fed seemed being patient to watch the latest development on the key macroeconomic indicators, especially on both consumers’ inflation side and the labour side. Then, Bank Indonesia is also still following the monetary measures by the Fed due to strong influences from the Fed’s monetary decision to Indonesian economy through transmissions of Rupiah’s movement due to hot money’s movements on Indonesian FX and financial markets.
- Actually, Bank Indonesia decided maintaining its BI Rate at 6.00% as the conditions of creeping up inflation, high volatility of Rupiah, solid economic growth, strong credit growth, and ample banking liquidity condition. According to Bank Indonesia, the volatile food inflation increased to 8.47% YoY in Feb-24 from 7.22% in the previous month, influenced by the impact of El-Nino, seasonal factors, and shifts in the planting season, which mainly occurred for rice and red chili commodities. The Rupiah exchange rate weakened against US\$ by 2.02% compared to the final level of Dec-23, although this was better than the Malaysian Ringgit, Korean Won, and Thai Baht which each weakened by 3.02%, 3.87%, and 5.39% for the same period. Indonesia’s economic growth remains strong. This development was driven by good domestic demand in household consumption and investment. Building investment was higher than forecast, supported by the continuation of National Strategic Projects in a number of regions and the development of private property as a positive impact of government incentives. BI estimates that economic growth in 2024 is predicted to be in the range of 4.7%-5.5%. In Feb-24, the banking credit grew high at 11.28% YoY, especially in the Agriculture, Mining,

Construction, Trade, Social Services and Business Services sectors. From the supply side, high credit growth is supported by maintained banking appetite which is supported by capital and liquidity availability. The availability of banking liquidity is reflected in the high Liquid Assets/Third Party Funds ratio of 27.41% in Feb-24.

- Yesterday, we also received the official results from Indonesian election with strong conclusion of further continuity on recent government era due to a Presidential election winner by Prabowo Subianto and Gibran Rakabuming Raka with majority of legislative members from the supporter government parties that successfully entering the Parliament, such as Golkar, Gerindra, Demokrat, and PAN.

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume	Last Done	Day High	Day Low
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	692	3.296	3.315	3.011
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	50	3.265	3.292	3.265
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	1	3.128	3.128	3.128
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	20	3.36	3.36	3.36
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	29	3.336	3.36	3.321
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	53	3.378	3.415	3.378
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	11	3.41	3.41	3.405
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	10	3.5	3.5	3.5
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	83	3.478	3.487	3.478
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	63	3.492	3.495	3.482
MGS 2/2023 3.519% 20.04.2028	3.519%	20-Apr-28	30	3.582	3.582	3.582
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	30	3.604	3.604	3.601
MGS 3/2022 4.504% 30.04.2029	4.504%	30-Apr-29	11	3.632	3.67	3.632
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	303	3.668	3.679	3.65
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	50	3.764	3.769	3.754
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	3.795	3.795	3.795
MGS 1/2022 3.582% 15.07.2032	3.582%	15-Jul-32	49	3.863	3.865	3.858
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	3	3.883	3.883	3.87
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	293	3.876	3.888	3.876
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	8	3.878	3.911	3.875
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	2	3.932	3.932	3.925
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	5	3.969	3.969	3.965
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	109	3.957	4.009	3.957
MGS 2/2022 4.696% 15.10.2042	4.696%	15-Oct-42	10	4.071	4.103	4.071
MGS 5/2018 4.921% 06.07.2048	4.921%	6-Jul-48	5	4.164	4.164	4.151
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	10	4.093	4.253	4.093
MGS 1/2023 4.457% 31.03.2053	4.457%	31-Mar-53	36	4.208	4.208	4.087
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	40	3.079	3.286	3.079
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	20	3.31	3.31	3.31
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	160	3.353	3.36	3.353
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	65	3.361	3.361	3.328

GII MURABAHAH	3/2019	3.726%	3.726%	31-Mar-26	17	3.427	3.427	3.427
31.03.2026								
GII MURABAHAH	3/2016	4.070%	4.070%	30-Sep-26	101	3.448	3.465	3.432
30.09.2026								
PROFIT-BASED GII	5/2012	15.06.2027	3.899%	15-Jun-27	1	3.485	3.485	3.485
GII MURABAHAH	1/2017	4.258%	4.258%	26-Jul-27	30	3.519	3.519	3.519
26.07.2027								
GII MURABAHAH	1/2020	3.422%	3.422%	30-Sep-27	180	3.504	3.513	3.498
30.09.2027								
GII MURABAHAH	1/2023	3.599%	3.599%	31-Jul-28	270	3.608	3.623	3.608
31.07.2028								
GII MURABAHAH	1/2019	4.130%	4.130%	9-Jul-29	170	3.679	3.679	3.677
09.07.2029								
GII MURABAHAH	3/2015	4.245%	4.245%	30-Sep-30	80	3.769	3.769	3.762
30.09.2030								
GII MURABAHAH	1/2022	4.193%	4.193%	7-Oct-32	72	3.849	3.86	3.849
07.10.2032								
GII MURABAHAH	5/2013	4.582%	4.582%	30-Aug-33	305	3.885	3.887	3.884
30.08.2033								
GII MURABAHAH	6/2019	4.119%	4.119%	30-Nov-34	60	3.888	3.911	3.888
30.11.2034								
GII MURABAHAH	6/2015	4.786%	4.786%	31-Oct-35	2	3.768	3.768	3.768
31.10.2035								
GII MURABAHAH	1/2021	3.447%	3.447%	15-Jul-36	1	3.942	3.942	3.942
15.07.2036								
SUSTAINABILITY GII	3/2022	4.662%	4.662%	31-Mar-38	61	3.982	3.982	3.844
31.03.2038								
GII MURABAHAH	2/2021	4.417%	4.417%	30-Sep-41	2	4.224	4.224	4.224
30.09.2041								
GII MURABAHAH	2/2023	4.291%	4.291%	14-Aug-43	20	4.132	4.136	4.003
14.08.2043								
GII MURABAHAH	5/2019	4.638%	4.638%	15-Nov-49	3	4.125	4.138	4.123
15.11.2049								
GII MURABAHAH	2/2022	5.357%	5.357%	15-May-52	10	4.298	4.298	4.298
15.05.2052								
Total					3,635			

Sources: BPAM

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
JAMB.KEDUA IMTN 4.300% 28.05.2025	GG	4.300%	28-May-25	1	3.402	3.411	3.402
TPSB IMTN 4.360% 19.11.2032 - Tranche No 4	GG	4.360%	19-Nov-32	10	3.919	3.92	3.919

DANAINFRA IMTN 4.900% 29.04.2033 - Tranche 3	GG	4.900%	29-Apr-33	10	3.909	3.91	3.909
PTPTN IMTN 13.03.2037	GG	4.950%	13-Mar-37	10	3.999	4.006	3.999
PTPTN IMTN 4.310% 27.03.2037	GG	4.310%	27-Mar-37	80	3.999	4.006	3.999
DANAINFRA IMTN 4.460% 18.08.2037 - Tranche No 124	GG	4.460%	18-Aug-37	50	4.009	4.011	4.009
PRASARANA SUKUK MURABAHAH 5.01% 14.09.2037 - S4	GG	5.010%	14-Sep-37	50	4.009	4.011	4.009
LPPSA IMTN 4.850% 29.10.2038 - Tranche No 25	GG	4.850%	29-Oct-38	300	4.009	4.015	4.009
PTPTN IMTN 4.800% 01.03.2039	GG	4.800%	1-Mar-39	5	4.021	4.021	4.021
PTPTN IMTN 4.110% 07.03.2039 (Series 15)	GG	4.110%	7-Mar-39	10	4.019	4.031	4.019
LPPSA IMTN 4.250% 06.07.2039 - Tranche No 77	GG	4.250%	6-Jul-39	60	4.021	4.025	4.02
PRASARANA IMTN 4.260% 11.10.2039 - Series 3	GG	4.260%	11-Oct-39	210	4.019	4.025	4.019
DANAINFRA IMTN 4.950% 06.04.2040 - Tranche No 35	GG	4.950%	6-Apr-40	50	4.029	4.029	4.029
DANAINFRA IMTN 5.290% 22.07.2044 - Tranche No 25	GG	5.290%	22-Jul-44	10	4.139	4.141	4.139
CAGAMAS MTN 2.970% 24.5.2024	AAA	2.970%	24-May-24	20	3.595	3.595	3.595
CAGAMAS IMTN 3.600% 18.10.2024	AAA	3.600%	18-Oct-24	10	3.65	3.668	3.65
CAGAMAS IMTN 3.550% 28.11.2024	AAA	3.550%	28-Nov-24	10	3.664	3.679	3.664
CAGAMAS IMTN 3.650% 03.03.2025	AAA	3.650%	3-Mar-25	10	3.626	3.626	3.626
DANUM IMTN 2.970% 13.05.2025 - Tranche 7	AAA (S)	2.970%	13-May-25	10	3.66	3.66	3.66
TOYOTA CAP MTN 1824D 25.7.2025 - MTN 7	AAA (S)	3.100%	25-Jul-25	10	3.787	3.791	3.787
SARAWAKHIDRO IMTN 4.43% 11.08.2026	AAA	4.430%	11-Aug-26	15	3.683	3.683	3.683
SEB IMTN 4.850% 19.01.2027	AAA	4.850%	19-Jan-27	40	3.665	3.673	3.665
MAHB IMTN 3.980% 27.04.2027	AAA	3.980%	27-Apr-27	20	3.717	3.734	3.717
DANGA IMTN 2.960% 25.01.2028 - Tranche 11	AAA (S)	2.960%	25-Jan-28	10	3.728	3.734	3.728
SPETCHEM IMTN 5.010% 27.07.2028 (Sr1 Tr4)	AAA (S)	5.010%	27-Jul-28	10	3.767	3.791	3.767
PSEP IMTN 5.220% 09.11.2029 (Tr2 Sr2)	AAA	5.220%	9-Nov-29	10	3.82	3.82	3.816
PLUS BERHAD IMTN 4.030% 10.01.2031 -Sukuk PLUS T33	AAA IS (S)	4.030%	10-Jan-31	2	3.881	3.884	3.881
PSEP IMTN 4.100% 19.03.2031	AAA	4.100%	19-Mar-31	10	3.964	3.967	3.964
SPETCHEM IMTN 5.110% 27.07.2032 (Sr1 Tr8)	AAA (S)	5.110%	27-Jul-32	10	3.989	3.992	3.989
TNBPGSB IMTN 4.580% 29.03.2033	AAA IS	4.580%	29-Mar-33	3	3.961	3.962	3.961
PASB IMTN 4.140% 07.02.2034 - Issue No. 48	AAA	4.140%	7-Feb-34	45	4.022	4.039	4.022
TNBPGSB IMTN 4.840% 27.03.2043	AAA IS	4.840%	27-Mar-43	5	4.169	4.169	4.169
YTL POWER MTN 3653D 24.8.2028	AA1	4.990%	24-Aug-28	1	4.199	4.486	4.199
RHBBANK IMTN 4.380% 17.11.2028	AA1	4.380%	17-Nov-28	20	3.821	3.821	3.818
PBB Tranche 1 Sub-Notes 4.27% 25.10.2033	AA1	4.270%	25-Oct-33	20	3.878	3.883	3.878
MAYBANK SUBORDINATED SUKUK 4.030% 31.01.2034	AA1	4.030%	31-Jan-34	10	3.917	3.922	3.917

KLK IMTN 4.550% 16.03.2037	AA1	4.550%	16-Mar-37	10	4.029	4.031	4.029
PTP IMTN 3.740% 18.06.2025	AA IS	3.740%	18-Jun-25	10	3.766	3.774	3.766
PTP IMTN 3.950% 18.06.2027	AA IS	3.950%	18-Jun-27	45	3.876	3.902	3.876
MAHB Perpetual Subordinated Sukuk 5.75% - Issue 1	AA2	5.750%	14-Dec-14	10	4.331	4.331	4.303
TBE IMTN 5.500% 14.03.2025 (Tranche 8)	AA3	5.500%	14-Mar-25	4	4.664	4.685	4.664
UEMS IMTN 5.150% 31.10.2025	AA- IS	5.150%	31-Oct-25	2	4	4.013	4
MYEG IMTN 5.800% 01.03.2027 - Series 8 Tranche 1	AA- IS	5.800%	1-Mar-27	1	4.822	5.371	4.822
GUAN CHONG IMTN 3.840% 03.12.2027	AA- IS	3.840%	3-Dec-27	20	4.287	4.302	4.287
SAJC IMTN 5.550% 26.01.2028 - Tranche 9	AA- IS	5.550%	26-Jan-28	25	4.212	4.22	4.206
MALAKOFF POW IMTN 5.950% 15.12.2028	AA- IS	5.950%	15-Dec-28	30	4.688	4.702	4.688
MALAKOFF POW IMTN 6.250% 17.12.2031	AA- IS	6.250%	17-Dec-31	10	4.889	4.901	4.889
JB COCOA IMTN 18.03.2027	A+ IS	5.900%	18-Mar-27	1	5.097	5.169	5.097
MNRB HLDGS IMTN (Series 2) 22.03.2034	A1	Pending	22-Mar-34	3	4.236	4.236	4.015
HLBB Perpetual Green Capital Securities 4.45% (T3)	A1	4.450%	30-Nov-17	1	3.931	4.344	3.931
HLFG Perpetual Capital Securities (Tranche 2)	A1	4.820%	30-Nov-17	6	4.765	4.765	4.765
DIALOG PERPETUAL SUKUK WAKALAH TRANCHE NO. 1	A1	4.150%	15-Nov-20	20	4.566	4.569	4.289
TROPICANA 7.000% PERPETUAL SUKUK MUSHARAKAH - T1	A- IS	7.000%	25-Sep-19	1	6.836	9.684	6.836
Total				1,355			

Sources: BPAM

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0981	152.36	0.6637	1.2854	7.2235	0.6124	166.3433	100.4343
R1	1.0951	151.81	0.6611	1.2820	7.2174	0.6102	165.7767	100.0287
Current	1.0935	150.40	0.6619	1.2796	7.2087	0.6093	164.4600	99.5500
S1	1.0864	150.72	0.6536	1.2718	7.2064	0.6042	164.2167	98.8507
S2	1.0807	150.18	0.6487	1.2650	7.2015	0.6004	163.2233	98.0783
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3470	4.7449	15759	56.3943	36.2827	1.4682	0.6589	3.5360
R1	1.3433	4.7408	15741	56.2667	36.1373	1.4658	0.6584	3.5294
Current	1.3374	4.7125	15664	55.9600	35.9650	1.4624	0.6547	3.5239
S1	1.3375	4.7333	15708	55.9177	35.9113	1.4589	0.6576	3.5190
S2	1.3354	4.7299	15693	55.6963	35.8307	1.4544	0.6573	3.5152

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

Equity Indices and Key Commodities

	Value	% Change
Dow	39,512.13	1.03
Nasdaq	16,369.41	1.25
Nikkei 225	40,003.60	0.66
FTSE	7,737.38	-0.01
Australia ASX 200	7,695.76	-0.10
Singapore Straits Times	3,177.48	0.12
Kuala Lumpur Composite	1,535.79	-0.59
Jakarta Composite	7,331.13	-0.08
Philippines Composite	6,856.77	0.12
Taiwan TAIEX	19,784.45	-0.37
Korea KOSPI	2,690.14	1.28
Shanghai Comp Index	3,079.69	0.55
Hong Kong Hang Seng	16,543.07	0.08
India Sensex	72,101.69	0.12
Nymex Crude Oil WTI	81.68	-2.14
Comex Gold	2,182.40	0.06
Reuters CRB Index	285.52	-0.47
MBB KL	9.57	-0.83

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	4.0564	Jan-24	Neutral
BNM O/N Policy Rate	3.00	9/5/2024	Neutral
BI 7-Day Reverse Repo Rate	6.00	24/4/2024	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	7/5/2024	Neutral
RBNZ Official Cash Rate	5.50	10/4/2024	Neutral
BOJ Rate	-0.10	A Field Not Applicable	Tightening
BoC O/N Rate	5.00	10/4/2024	Neutral

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