Macro | FX Research & Strategy

Global

Global Markets Daily

The USD, Sold

The Report We All Have Been Waiting For

US Apr CPI slowed to 0.3%m/m vs. prev. 0.4%. Core CPI (ex food and energy) also eased to 0.3% from previous 0.4% (the first deceleration in six months). Year-on-year momentum slowed a tad as well with headline CPI at 3.4% vs. 3.5% in Mar. Core CPI also decelerated to 3.6%y/y from previous 3.8%. On top of that, US retail sales (adv) was flat in Apr vs. +0.6% in mar. Ex auto and gas, retail sales actually slipped -0.1%m/m vs. previous +0.7%. The weaker inflation and retail sales prints were what the greenback needed to head lower and the DXY index was last seen around 104.10. Support at 104-figure will be watched next. UST 10y yield is now around 4.32%, around 17bps lower from where it started the week.

Stars Are Aligned for Risk-On?

China's growth trajectory has been one that markets have not been counting on for 2024. Yuan was given a boost yesterday by reports that China may potentially buy millions of unsold home according to sources cited by BBG. Right now, the State Council is seeking feedback from several provinces and government entities. This comes after the politburo meeting readout on 30 Apr which indicated that officials are looking for ways to reduce housing inventories. This coincides with the upcoming ultra-long term sovereign debt sales which we suspect could be used to finance such a massive endeavour. Key priority at this point would be to engineer a bottom for home prices. Stronger yuan provides additional tailwinds for regional FX but a sustained rally is unlikely yet.

Data/Events We Watch Today

We watch AU Apr labour report, Japan's 1Q GDP (-2.0%q/q ann.). JP industrial production, ECB Panetta, De Cos speak, US jobless claims, US housing starts, NY Fed services business activity (May), US industrial production. BSP is expected to keep overnight borrowing rate unchanged at 6.50%.

FX: Overnight Closing Levels/ % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0884	0.60	USD/SGD	1.3452	-0.49
GBP/USD	1.2685	0.74	EUR/SGD	1.4641	0.10
AUD/USD	0.6694	1.01	JPY/SGD	0.8685	0.50
NZD/USD	0.6122	1.34	GBP/SGD	1.7065	0.25
USD/JPY	154.88	-0.98	AUD/SGD	0.9004	0.51
EUR/JPY	168.58	-0.40	NZD/SGD	0.8236	0.84
USD/CHF	0.9022	-0.47	CHF/SGD	1.491	-0.02
USD/CAD	1.3602	-0.36	CAD/SGD	0.989	-0.13
USD/MYR	4.7063	-0.24	SGD/MYR	3.4886	0.07
USD/THB	36.342	-0.63	SGD/IDR	11883.23	-0.09
USD/IDR	16028	-0.45	SGD/PHP	42.6374	-0.23
USD/PHP	57.545	-0.51	SGD/CNY	5.3651	0.27

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3462	1.3737	1.4012

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G10: Events & Market Closure

Date	Ctry	Event
NIL	NIL	NIL

AXJ: Events & Market Closure

Date	Ctry	Event
15 May	HK	Market Closure
15 May	KR	Market Closure
15 May	CN	1Y MLF Decision
16 May	PH	Policy Decision

G10 Currencies

- **DXY Index - *USD Sold*.** DXY was last seen at 104.10, Rising wedge is broken out. US Apr CPI slowed to 0.3%m/m vs. prev. 0.4%. Core CPI (ex food and energy) also eased to 0.3% from previous 0.4% (the first deceleration in six months). Year-on-year momentum slowed a tad as well with headline CPI at 3.4% vs. 3.5% in Mar. Core CPI also decelerated to 3.6%y/y from previous 3.8%. On top of that, US retail sales (adv) was flat in Apr vs. +0.6% in mar. Ex auto and gas, retail sales actually slipped -0.1%m/m vs. previous +0.7%. The weaker inflation and retail sales prints were what the greenback needed to head lower and the DXY index was last seen around 104.10. Support at 104-figure will be watched next. UST 10y yield is now around 4.32%, around 18bps lower from where it started the week. Markets now expect around 50bps cut this year. Support for the DXY index is now seen at 104.00. Bias remains to the downside and a break of the 104-figure would open the way towards 103.20. Resistance is now at 104.80. Data out of the US this week includes Mar TIC Flows, May Philly Fed Outlook, Apr Industrial Production (Thu) and Apr Leading Index (Fri).

- **EURUSD - *Higher as US inflation moderates*.** EURUSD is higher at 1.0888 levels this morning against a backdrop of a weaker USD as US CPI moderated in line with expectations. It looks like the USD is continuing on its bumpy slide lower and inflation is the only thing in the way of a weaker USD. Disinflationary path in Eurozone remains intact, although prices could be a tad sticky. 1QA GDP showed Eurozone emerged from a technical recession supporting our narrative for an improvement to Eurozone growth. 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. Resistances for the pair at 1.0900 and 1.0950. Support is at 1.0850 and 1.0800. Medium term we do lean towards the pair going higher amid a bottoming of Eurozone economic growth and fading US exceptionalism. 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. 1QP GDP was in line with earlier estimates at 0.3% SA QoQ (exp: 0.3%; prev: 0.3%) and 0.4% SA YoY (exp: 0.4%; prev: 0.4%), 1QP Employment was at 1.0% YoY (prev: 1.2%), Mar Industrial Production was at 0.6% SA MoM (exp: 0.4%; prev: 1.0%) and-1.0%YoY (exp: -1.3%;prev: -6.3%). EC Economic Forecasts pencilled in 0.8% growth for 2024 and 1.4% growth in 2025 for the Euro area. Data this week includes and Apr F CPI Inflation (Fri).

- **GBPUSD - *Higher as US inflation moderates*.** GBPUSD is higher at 1.2694 levels this morning against a backdrop of a weaker USD as US CPI moderated in line with expectations. It looks like the USD is continuing on its bumpy slide lower and inflation is the only thing in the way of a weaker USD. BOE overall tilted dovish, with Deputy Governor Ramsden joining Dhingra in calling for cuts in a 7-2 vote to stand pat. As we suggested, BOE's guidance on rate cuts would be key, with risks tilted in favour of a more dovish BOE. From here, GBP could face some headwinds amid further room for dovish re-pricing for the BOE. However, as seen a broadly weaker USD would also provide some support. 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. The existence of inflationary pressures seems to be the key concern in determining rate cuts and once again the BOE may be stuck between a rock and a hard place if prices remain sticky and the labour market deteriorates. The downward revised inflation forecasts should indicate some comfort on this front. There is still further room for dovish repricing of the BOE path and this suggests GBP could be susceptible to further weakness as market pricing of central bank rate cuts recalibrate. Resistances are at 1.2700 and 1.2750 while supports are at 1.2650 and 1.2600.

- **USDCHF – *Lower as US inflation moderates*.** USDCHF trades lower at 0.8996 levels this morning against a backdrop of a weaker USD as US CPI moderated in line with expectations. It looks like the USD is continuing on its bumpy slide lower and inflation is the only thing in the way of a weaker USD. 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 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. Key downside risk for USDCHF pair would be safe-haven flows where in a risk off we would expect CHF to outperform USD, although there could well be a cap to the downside as USD also has some safe-haven appeal. Specifically, CHF had been better supported on the escalation of tensions between Iran and Israel. 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. There is evidence that SNB could be concerned about the strength of the CHF and would rather ease rates than intervene excessively and increase the size of their already large balance sheet. We see resistance at 0.9000 and 0.9050 and support at 0.8950 and 0.8900.

- **USDJPY - *Falls, cautious of upside risk still*.** The pair was last seen at 154.40 as it declined amid the release of a US CPI reading that was in line with expectations at 3.4% YoY and kept hopes alive possibly for a Fed cut in Sept and maybe even two for the year. US futures now see the possibility of an above 60% chance of two cuts by year end. However, we would still be cautious about the number as it only represents one data point after two months of above expectations reading and the path downwards for inflation is likely to still be bumpy, leading to more uncertainty and volatility for the FX space. Other US data similarly may also exhibit a less than clear pattern of a downward trend. Therefore, we remain cautious on the upside risk for the USDJPY near term and still do not rule out the pair moving upwards to test the 160.00 level. Meanwhile, economic data out from Japan this morning was anything but rosy with the 1Q P GDP annualized SA QoQ coming out worse than expected at -2.0% QoQ (est. -1.2% QoQ, 4Q 2023. 0.0% QoQ). In a concerning sense, private consumption continue to stay very weak as it decline at -0.7% QoQ (est. -0.2% QoQ, 4Q 2023. -0.4% QoQ) highlighting persistent weakness in the domestic Japanese economic demand. It remains to be seen whether demand domestically can actually pick-up especially following the strong Shunto wage negotiations. However, the GDP data also showed that business spending had fallen by -0.8% QoQ (est. -0.5% QoQ, 4Q 2023. 1.8% QoQ) whilst net exports also saw a decline at -0.3% QoQ (est. -0.3% QoQ, 4Q 2023. 0.2% QoQ). The corporate and external sector which had been the support for the Japanese economy are now showing weakness in the first reading of GDP although we wait and see if this still holds in subsequent revisions. There are concerns though that the JPY weakness is also weighing on domestic sentiment given the impact it can have on prices. As a whole, the economic data is highlighting the conundrum the BOJ is in if it was to hike. A weak JPY can feed into higher inflation and hurt sentiment, which would merit a hike but an increase in rates can risk further weighing on the domestic demand. We continue to stick to our belief that the BOJ would only raise rates by 25bps in Oct 2024 after getting more data on the effect the strong Shunto wage negotiation results has on the economy. Back on the chart, resistance is at 160.00 and 165.00. Support is at 152.00 and 150.00. Key data releases this week includes Apr P machine tool orders (Tues), Mar F IP (Thurs) and Mar capacity utilization (Thurs).

- **AUDUSD - *Break-Out*.** AUDUSD rose on the back of a combination of two factors 1) potential for China's real estate stabilization that could potentially improve medium-term outlook for Australia's base metals, and 2) US' softer inflation and retail sales report that bring rate cuts back into the picture for 2024. Last seen at 0.6690. At this level, we caution that the AUDUSD is entering stretched condition and could be susceptible to some near-term retracement. Support at 0.6640. Resistance at 0.6730. We continue to stay constructive on the AUD benefits from fading geopolitical fears, recent higher-than-expected AU inflation report and concomitant potential for AU-US policy divergence in the favour of the AUD as well as rather positive risk sentiment. China remains a question mark for the AUD as recent data continue to paint a picture of weak demand and the real estate is still unable to stabilize there. That said, we suspect that authorities are still trying their best to prevent demand from cratering further with the launch of the special central government bonds this Friday that could be a way to finance the plan to repurchase unsold homes. Key data releases this week include Apr labor data - AU added 38.5K employment on net in Apr. Unemployment rate rose to 4.1% from previous 3.9%. Participation rate rose to 6.7%.

- **NZDUSD - *Buy on Dips*.** NZDUSD last printed 0.6120, taken higher by the broader USD decline and some optimism in China. Markets continue to call the bluff on RBNZ. RBNZ had repeatedly guided for a rate cut only in 1Q 2025 but markets have priced in around 50bps cut this year. This could be the only central bank rate trajectory that still sees a notable gap between markets' expectations and central bank guidance. While RBNZ's change in rate guidance is a non-zero possibility, the central bank had said that the technical recession was largely within expectations and we bear in mind that inflation remains the only mandate for the central bank, unlike its peers. We thus are more bullish on the NZD as we think the markets are a tad too dovish in rates-pricing. We look for a break above the 0.6040-resistance at around 200-dma to open the way towards 0.6100 before 0.6165. Support at 0.5980.

- **AUDNZD -*Bearish Pullback Plays Out*.** This cross was last seen around 1.0920 as NZD continues to play catch up with the AUD. This cross is likely to remain on a slide towards the 1.09-figure (50-dma). Since 6 May, we had penciled in a call for AUDNZD to correct lower towards 1.0950 before 1.0866 (50-dma), especially if RBA sounds less hawkish than expected and if RBNZ continues to maintain its guidance for a rate cut to happen in 1Q 2025. That has played out to some extent given recent low of 1.0951.

- **USDCAD - *Prefer to Buy Dips, If Haven't Already*.** USDCAD was last seen around 1.3600 in consolidation. We expect CAD to remain on the backfoot vs. other non-USD currencies amid hints of easing from BoC's summary of deliberations for the decision on 10 Apr. While the six-member governing council mentioned the need for "further and sustained easing in core inflation", inflation momentum for the first two months of this year had been in the right direction for Canada and **next inflation data (apr) is due on 21 May.** We look for BoC to start its easing cycle in Jun. Data this week includes Mar International Securities Transactions (Fri).

- **Gold (XAU/USD) - *Ranged*.** Gold prices rose overnight and was last seen at 2390. Post-US CPI pullback in UST yields likely boosted the previous metal. We watch and see if earlier bullish momentum can gain traction, to break above the key 2431.52. Supports are at 2350 followed by 2280 support. Resistances at 2390 and 2430. We see two-way risks at this point.

Asia ex Japan Currencies

SGDNEER trades around +1.66% from the implied mid-point of 1.3658 with the top estimated at 1.3385 and the floor at 1.3931.

- **USDSGD – *Lower amid moderation in US CPI*.** USDSGD was lower at 1.3430 levels this morning against a backdrop of a weaker USD as US CPI moderated in line with expectations. It looks like the USD is continuing on its bumpy slide lower and inflation is the only thing in the way of a weaker USD. SGDNEER was at 1.66% above the mid-point of the policy band. Asian currencies have been under more pressure than their G10 counterparts have, and the SGD has not been an exception to this although its resilience is intact. MAS stood pat on its policy parameters as widely expected, continuing to emphasize that current policy settings remain appropriate for achieving medium term price stability. We think SGD and SGDNEER should remain supported by the positive appreciation stance (assumed 1.5% p.a.). 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 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. 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. Data this week includes Apr Electronics Exports and Non-oil Domestic Exports (Fri).

- **SGDMYR – *Below 3.50 handle*.** SGDMYR continues to trade below the 3.50 handle this morning at 3.4882 levels. SGD and MYR have been resilient against the USD. Some optimism could be building for the SG-Johor Special Economic Zone, although many details are not firm. Risks for the cross are two-way at this point. Support is at 3.48 followed by 3.45. Resistance at 3.50 and 3.52 levels.

- **USDMYR – *Gap down, outperformer*.** Pair was last seen lower at 4.6785 as the MYR continues to be among the region's best performers month to date. A softer DXY amid a US CPI come out in line with expectations looks to have helped guide the pair lower this morning. Coordinated efforts on the part of the government/BNM to encourage GLCs, GLICs and corporates to repatriate and convert to MYR are also helping to push the pair lower. Support by BNM for the MYR and a robust auction (RM3bn sales of 2044 bonds received a bid-to-cover ratio of 3.09 times, above the 2024 average cover of 2.54 times) look to also be providing support to the MYR. External events going forward though are still likely to be a major driver for the pair and we continue to keep a close eye on US data. We continue to watch if the pair can decisively hold below the 4.7000 level (around 100-dma) with the next level of supports after that at 4.6500 and 4.5800. Resistance is at 4.7500 and 4.8000. Key data releases this week include 1Q F GDP (Fri) and 1Q BoP CA balance (Fri).

- **USDCNH - *Two-way Trades Continue*.** USDCNH was last seen around 7.2140. China's growth trajectory has been one that markets have not been counting on for 2024. Yuan was given a boost yesterday by reports that China may potentially buy millions of unsold home according to sources cited by BBG. Right now, the State Council is seeking feedback from several provinces and government entities. This comes after the politburo meeting readout on 30 Apr indicated that officials are looking for ways to reduce housing inventories. This coincides with the upcoming ultra-long term sovereign debt sales which we suspect could be used to finance such a massive endeavor. Key priority at this point would be to engineer a bottom for home prices. Stronger yuan provides additional tailwinds for regional FX. **Two-way trades are likely to continue within 7.20-7.20 for the USDCNH.** Key data releases this week include Apr new/used home prices (Fri), Apr IP (Fri), Apr retail sales (Fri), Apr fixed assets (Fri), Apr property investment (Fri), Apr residential property sales (Fri), Apr surveyed jobless rate (Fri) and Apr FX net settlement – clients (Fri).

- **1M USDKRW NDF - *Lower amid moderation in US CPI*.** 1M USDKRW NDF is lower at 1347.16 levels this this morning, against a backdrop of a weaker USD as US CPI moderated in line with expectations. It looks like the USD is continuing on its bumpy slide lower and inflation is the only thing in the way of a weaker USD. BOK has had a tendency to hold for an extended period before pivoting to a cut. We see resistances at 1360 and 1380. 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. Data this week includes Mar Money Supply (Thu) and Apr Unemployment Rate (Fri).

- **1M USDINR NDF - *Steady*.** 1M USDINR NDF remained steady at 83.50 levels despite the broad USD weakness. 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. 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. Apr Imports/Exports/Trade Balance came in at 10.3%/1.1%/-US$19103m (exp -/-/-US$17300m; prev: -6.0%/-0.7%/-US$15598m). Data this week includes and 10 May FX Reserves (Fri).

- **1M USDIDR NDF - *Lower, cautious*.** Pair was last seen at 15929 as it broke below the crucial support level of 16000 although it remains to be seen whether it can decisively hold below that mark. We have always highlighted that US data is the key factor in allowing the pair to break below that mark and a US CPI reading in line with expectations looks to have supported that move below that level. Other US data similarly may also exhibit a less than clear pattern of a downward trend. On domestice economic data, trade data out yesterday showed that the trade balance stayed in surplus at $3.6bn (est. $3.1bn, Mar. $4.6bn) which is supportive of the IDR. Meanwhile, President-elect Prabowo has mentioned that he is "very confident of achieving 8%" GDP growth in the next two to three years and "determined to go beyond". Whilst the ambitious growth target can be a positive in its own right, it does also create concerns on the fiscal part as there could be greater government spending to achieve that goal. Prabowo had also said that Indonesia can be "more daring" with government spending so it can pursue priority programs and that the legal limit capping the budget deficit at 3% of GDP as "arbitrary". Overall, we continue to watch if the pair can hold decisively below 16000 and stay cautious especially as the path downwards for US inflation is likely to be bumpy and the domestic concerns. The next level of support is 15813 (100-dma) and 15680. Resistance is at 16236 and 16443. There are no remaining key data releases this week.

- **1M USDPHP NDF – *Lower, upside limited*.** The pair traded lower at 57.38 as it fell together with the decline in the DXY and UST yields as US CPI came out in line with expectations. Pair could remain trading around the 57.00 – 58.00 range near term. It could also stay below the 58.00 mark given that the BSP had hinted that to be a level to keep onshore spot below. Therefore, we see upside for the pair beyond the range as limited. BSP policy decision is due today and we expect them to stay on hold and keep a hawkish tone amid firm inflation, which continue to give support to the PHP. However, we do look out should they make any comments regarding the currency. Meanwhile, Mar OFWR was lower at 2.5% YoY (est. 2.9% YoY, Feb. 3.0% YoY) although this is just one data point reading and our in-house economist still expects annual 2024 growth to be at 3.0% YoY as global PMI is likely to still be in expansion territory this year. On a monthly basis too, the OFWR had actually expanded by 3.5% MoM. OFWR should therefore still a supportive factor for the PHP this year. Back on the chart, resistance is at 58.00 and 59.00. Support is at 57.00, 56.78 (around 50-dma) and 56.35 (around convergence of 100-dma and 200-dma). There are no remaining key data releases this week.

- **USDTHB – *Lower, double top playing out*, *cautious*.** Pair was last seen at 36.25 as the pair headed lower with a decline in the USD as the US CPI came out in line with expectations. Double top pattern is playing out at the moment although we stay cautious as the path downwards for US inflation and other US data is likely to be bumpy. Domestic pressures can also weigh on the THB. Deputy Finance Minister Paopoom Rojanasakul has said that Thailand monetary and fiscal policies should be synchronized to support the government objectives. There has been substantial pressure from the government on the BoT to ease rates and we continue to keep a close eye on this and the negative impact it can have on the currency. The Thai Finance Minister Pichai Chunhavajira would likely be meeting the BoT Governor Sethaput Suthiwartnarueput today and we look out if any developments should come out of it. Back on the chart, we watch if it can decisively hold below the support at 36.41 (50-dma) with the next level after that at 35.80 (around the 100-dma and 200-dma) and 35.41. Resistance is at 37.07 and 38.47 (around 2022 high). Meanwhile, Apr consumer confidence declined to 62.1 after a having been on an upward trend the last few months. However, this only represented one data point and we would not read too much into it reflecting any risk of a downward trend yet. Remaining key data releases this week include 10 May gross international reserves and forward contracts (Fri) and Apr car sales (18 – 24 May).

- **USDVND – *Elevated*.** USDVND was last seen around 25435, testing the resistance thereabouts (25460). The USDVND remains somewhat more elevated vs other USDAsians this morning. Concerns on political instability at home and how sustained the narrative of higher US rate for longer likely continue to weigh on VND. USDVND has come off from highs but moves are really modest compared to regional peers. Key support is seen around 25320 before the next at 25190. Resistance at 25460 before 25690. AT home, SBV plans ot auction 16,800 gold taels today. In separate news, local banks have raised their savings interest rates by 0.2-0.3ppt this month to attract deposits according to Vietnam News Agency.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.59	3.57	-2
5YR MO 8/29	3.73	3.70	-3
7YR MS 4/31	3.83	3.80	-3
10YR MT 11/33	3.90	3.88	-2
15YR MS 4/39	4.02	4.02	Unchg
20YR MY 10/42	4.16	4.14	-2
30YR MZ 3/53	4.26	4.24	-2
IRS			
6-months	3.62	3.62	-
9-months	3.62	3.61	-1
1-year	3.63	3.62	-1
3-year	3.66	3.64	-2
5-year	3.74	3.70	-4
7-year	3.85	3.80	-5
10-year	3.96	3.92	-4

Source: Maybank
**Indicative levels*

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- Local government bonds rallied as strong buying interest emerged with healthy price action at the front-end and belly part of curve. Market sentiment improved alongside stronger Ringgit with USDMYR spot coming below 4.70 and additional downshift in UST yields. This morning, MGS yields opened 2-4bp lower tracking the extension relief rally in UST following the in-line CPI print overnight.

- MYR IRS market tracked the UST move with a downward bias, dropping about 2-4bp across the curve. 2y IRS traded at 3.62%, 4y traded at 3.66% and 5y traded at 3.70%. 3m KLIBOR was flat at 3.59%.

- PDS market was decent trading activity with a total of MYR813m volumes reported. GGs took up largest portion: MYR100m Danainfra 10/32 traded around prior day's MTM and MYR100m of long-tenor Prasa 3/47 traded 2bp tighter. AAA was dominated by FI names, mostly 1-3bp in yields. CIMBI 3/31 and 3/34 was the outperformer, narrowing 3bps with MYR20m each being traded. Other notable trades was Maybank perpetual rated AA3 with MYR120m done at 4.01%.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	3.42	3.39	-3
5YR	3.28	3.23	-5
10YR	3.32	3.27	-5
15YR	3.34	3.30	-4
20YR	3.35	3.32	-3
30YR	3.36	3.33	-3

Source: MAS (Bid Yields)

- The strong rally in UST boosted SGD rates sentiment. SGS yields dropped 3-5bp across the curve yesterday and extended the fall this morning by another 4-7bp across the curve. 10y SGS has now rallied by close to 28bp from the cut-off level in auction just a few weeks ago. The SORA curve bull-flattened this morning with the long-end coming back below 3.00%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
3YR	6.92	6.84	(0.08)
4YR	6.94	6.92	(0.02)
5YR	6.98	6.96	(0.02)
7YR	7.02	7.00	(0.01)
10YR	7.03	6.98	(0.05)
12YR	7.06	7.04	(0.03)
16YR	7.06	7.05	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds rallied yesterday. The Indonesian bond market obtained positive effects of the global "risk on" investment environment, especially due to various moderating developments on the latest U.S. and major countries' economic data and no new issue by the Fed's policy members to be hawkish on incoming policy rates direction. On the domestic side, we saw a sustainability on the various economic development, especially in the form of robust trade surplus and slow growth on the national debt. We expect Indonesian bond market to sustain positive trends after receiving the positive news from latest weakening pressures on the U.S. inflation. Indonesian benchmark series, such as FR0101 and FR0100, and the short tenor series of government bond will be centre attraction for the investors.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0934	157.24	0.6743	1.2755	7.2585	0.6185	169.9533	104.4750
R1	1.0909	156.06	0.6719	1.2720	7.2382	0.6154	169.2667	104.0720
Current	1.0883	154.17	0.6680	1.2686	7.2158	0.6120	167.7800	102.9790
S1	1.0836	154.20	0.6646	1.2617	7.2016	0.6062	168.0267	103.2320
S2	1.0788	153.52	0.6597	1.2549	7.1853	0.6001	167.4733	102.7950

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3557	4.7170	16119	57.7750	36.7173	1.4674	0.6527	3.4953
R1	1.3504	4.7116	16074	57.6600	36.5297	1.4657	0.6521	3.4920
Current	1.3440	4.6880	15960	57.3930	36.2710	1.4627	0.6498	3.4884
S1	1.3421	4.7008	16005	57.4850	36.2427	1.4612	0.6507	3.4830
S2	1.3391	4.6954	15981	57.4250	36.1433	1.4584	0.6499	3.4773

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

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	22/5/2024	Neutral
BOT 1-Day Repo	2.50	12/6/2024	Neutral
BSP O/N Reverse Repo	6.50	16/5/2024	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	23/5/2024	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	22/5/2024	Neutral
BOJ Rate (Lower bound)	0.00	14/6/2024	Tightening
BoC O/N Rate	5.00	5/6/2024	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	39,908.00	0.88
Nasdaq	16,742.39	1.40
Nikkei 225	38,385.73	0.08
FTSE	8,445.80	0.21
Australia ASX 200	7,753.70	0.35
Singapore Straits Times	3,289.42	-0.72
Kuala Lumpur Composite	1,603.23	-0.17
Jakarta Composite	7,179.83	1.36
Philippines Composite	6,558.63	-0.75
Taiwan TAIEX	21,147.21	0.77
Korea KOSPI	2,730.34	0.11
Shanghai Comp Index	3,119.90	-0.82
Hong Kong Hang Seng	19,073.71	-0.22
India Sensex	72,987.03	-0.16
Nymex Crude Oil WTI	78.63	0.78
Comex Gold	2,394.90	1.48
Reuters CRB Index	289.97	0.90
MBB KL	9.88	0.00

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