

Global Markets Daily

Guilty

Guilty

Republican Presidential nominee Donald Trump was found guilty of all 34 counts of falsifying records to hide an extramarital affair. This gives him the dubious distinction of being the first former President and Republican Presidential nominee to be a convicted felon. While Biden will no doubt remind voters about this black mark on his opponent, this conviction could rally Trump supporters. Sentencing where he could face as much as four years in prison is due on 11 Jul, and this conviction will not stop Trump from running for President, or from serving as President from prison. Trump will not be able to pardon himself if elected President, since this is a state and not a federal conviction. Trump has three further criminal cases pending. Stocks fell as the second 1Q US GDP growth was revised lower. Bonds rallied (10Y: -7bps) while the USD was weaker against its peers (DXY: -0.41%). Eyes will be on the all-important US core PCE deflator out tonight.

Tokyo Inflation In Line

Tokyo CPI was in line with expectations in May, with headline at 2.2% (exp: 2.2%; prev: 1.8%), ex-food at 1.9% (exp: 1.9%; prev: 1.6%) and ex-food and energy at 1.7% (exp: 1.8%; prev: 1.8%). This reading suggests that Japan's national core inflation could climb closer to 3% in May. Signs that wage growth could be driving services inflation (BOJ's virtuous cycle of rising wages and prices), could provide a favourable backdrop for further BOJ hikes. We see the BOJ hiking by 25bps in Oct. USDJPY has been edging lower since yesterday, largely due to falling US yields, although we still caution of upside risks for the pair. USDJPY had earlier been trading gradually higher as US yields rose and with some signs of market being tentative as previous intervention levels were approached. Upside risks will still exist as long as the JPY remains the global funding currency of choice. JPY bears could be nervous this morning as the pair remains close to previous intervention levels and as Finance Minister Suzuki commented once again that excessive FX moves are undesirable.

Data/Events We Watch Today

We watch May CH PMI, May EZ CPI and Apr US PCE Core Deflator.

| FX: Overnight Closing Levels/ % Change | | | | | |
|--|------------|---------|----------|------------|---------|
| Majors | Prev Close | % Chg | Asian FX | Prev Close | % Chg |
| EUR/USD | 1.0832 | ↑ 0.29 | USD/SGD | 1.3501 | ↓ -0.16 |
| GBP/USD | 1.2732 | ↑ 0.24 | EUR/SGD | 1.4624 | ↑ 0.13 |
| AUD/USD | 0.6633 | ↑ 0.35 | JPY/SGD | 0.8609 | ↑ 0.38 |
| NZD/USD | 0.6115 | → 0.00 | GBP/SGD | 1.719 | ↑ 0.09 |
| USD/JPY | 156.82 | ↓ -0.52 | AUD/SGD | 0.8956 | ↑ 0.19 |
| EUR/JPY | 169.86 | ↓ -0.25 | NZD/SGD | 0.8255 | ↓ -0.16 |
| USD/CHF | 0.9033 | ↓ -1.08 | CHF/SGD | 1.4945 | ↑ 0.93 |
| USD/CAD | 1.3681 | ↓ -0.27 | CAD/SGD | 0.9869 | ↑ 0.12 |
| USD/MYR | 4.7045 | → 0.00 | SGD/MYR | 3.4815 | ↓ -0.13 |
| USD/THB | 36.802 | ↑ 0.15 | SGD/IDR | 12036.49 | ↑ 0.47 |
| USD/IDR | 16260 | ↑ 0.62 | SGD/PHP | 43.3693 | ↑ 0.07 |
| USD/PHP | 58.65 | ↑ 0.37 | SGD/CNY | 5.3589 | ↓ -0.04 |

Implied USD/SGD Estimates at, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3463 | 1.3737 | 1.4012 |

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G10: Events & Market Closure

| Date | Ctry | Event |
|--------|------|----------------|
| 27 May | UK | Market Closure |
| 27 May | US | Market Closure |

AXJ: Events & Market Closure

| Date | Ctry | Event |
|------|------|-------|
| NIL | NIL | NIL |

G10 Currencies

- **DXY Index - Inflation on Watch Tonight, Sell on Rallies.** Treasury yields softened overnight, dragged by the downgrade in 1Q GDP to 1.3%q/q from previous 1.6%. The revision was mainly due to softer personal consumption (+2.2% vs. prev. 2.5%). That would be a faster deceleration to 2.2% from previous 3.3%. UST 10y yield fell from a high of 4.9975% (Wed) to 4.92% as we write this morning. The DXY index has come back down in tandem, snug within the 104-105 range, last seen at 104.78. This tight range has been kept intact in spite of the recent fear of term premia. Fed speaks were mixed overnight with Fed Logan's comments that "policy may not be as restrictive as believed". However, she also expected inflation to head towards 2%, albeit potentially at a slower pace and with some uncertainty. In contrast, Fed Williams saw "ample evidence" that policy settings are restrictive. PCE core deflator remains the main event, due tonight. Consensus looks for a deceleration to 0.2%m/m vs. previous 0.3%. Headline is expected to steady at 2.8%y/y. With regards to the Apr inflation data release, the balance of risks could be skewed to the upside for the greenback as the Fed had preferred to look for a few more "good" data for better confidence to start easing. So another "good" data would not nearly move the needle for the Fed to ease sooner for now. However, any upside surprise to this release would certainly lift the USD. We continue to see this as an opportunity to sell on rally as US exceptionalism could continue to fade with Eurozone activity picking up and rates likely to be capped. While officials like Fed Kashkari mentioned about rate hike, he also said that the odds are not high. With Fed Fund Futures already pricing less than two hikes for 2024, room for upside for both UST yields and USD could be limited as a result. We continue to look for the DXY index to remain consolidative with 105-figure still a resistance before the next at 105.80. Support at 104.40 before 104.00 and then at 103.20. Two-way risk seen for this index. Data-wise, Fri has personal income, spending and **PCE core deflator (Apr)**.
- **EURUSD - Higher.** EURUSD was last seen higher at 1.0830 levels this morning as the USD broadly weakened. Key resistance is seen around 1.0900. A break above this figure could invigorate EUR bulls and current levels present two-way risks with a resumption of the earlier bearish retracement possible. Key support to watch is the 1.0800 figure (midpoint of 1.0790 200dma and 1.0810 100dma levels). The USD decline remains a bumpy one but if we focus on the Eurozone, recent PMI data from US and EC is evidence that suggests both Eurozone growth bottoming and US exceptionalism fading narratives, which we consider to be important medium term drivers, continue to be at play. Meanwhile, when it comes to ECB policy decisions, Lagarde continued to insist that cuts were still data dependent and importantly highlighted that ECB cuts are not Fed dependent. One cannot help but think that while this may be the case, the implications for the EUR and the Eurozone economy if the ECB does cut in advance of the Fed should be part of policymakers' ruminations. Lagarde suggested that Germany could have turned a corner after major negative shocks, which is supportive of our bottoming narrative. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with Jun ECB cuts almost fully priced in and BOE having further room to go. Watch 0.85 support on EURGBP as a key level that has held since 2022. European yields rose to multi-month highs after May German CPI inflation rose by 2.8% YoY (exp: 2.7%; prev: 2.4%) more than expected. This inflation report is similar to the UK's last week, which trimmed market expectations for a Jun BOE cut. Odds of a Jun ECB cut have fallen to 88% (prev: 93%) after yesterday's German inflation print. Data this week includes May EC Consumer/Services/Industrial/Consumer Confidence indices, Apr EC Unemployment Rate (Thu), and May EC CPI inflation (Fri).

- **GBPUSD - Higher, Watch Bearish Retracement.** GBPUSD was last seen higher at 1.2725 levels in line with broader USD weakness. Watch for possible further bearish retracement from this point. Cable moved higher earlier on firmer than expected UK inflation, and market has pared back on the chances of a BOE rate cut, with odds of a Jun cut falling from some 55% last week to about 6% today. However, we expect the Jun BOE meeting to be live given their earlier dovish tilt and downward revisions in inflation forecasts. This single print could be very much transitory and market appears to be pricing in a far too hawkish BOE now. We think buying EURGBP on dips would be a great way to express a view of further dovishness in the BOE with Jun ECB cuts almost fully priced in and BOE having further room to go. Resistances are at 1.2750 and 1.2800, while supports are at 1.2700 and 1.2650. Data this week includes May Lloyds Business Barometer, Nationwide House Price Indices and Apr Money Supply (Fri).
- **USDCHF - Lower.** USDCHF trades lower at 0.9029 levels this morning. CHF has outperformed after Governor Jordan's comments that a weaker CHF is the most likely source of higher Swiss inflation and that the neutral rate has "increased somewhat, or might rise over the coming years". 1Q GDP rose 0.5% QoQ (exp: 0.3%; prev: 0.3%) and 0.6% YoY (exp: 0.7%; prev: 0.5%). Earlier upside surprise to Apr CPI inflation could jeopardize the rate cut narrative for Switzerland, although we think balance of risks remain tilted to the upside for the USDCHF beyond the near-term as CHF remains susceptible to weakening with SNB being the first among global central banks to cut. CPI print could also be a one-off surprise to the upside. SNB also raised reserve requirement for domestic banks from 2.5% to 4% which would in turn lower outlays for the central banks to banks from interest expenses on their deposits. Funding costs for CHF remain favourable for carry trades and with BOJ possibly on a tightening bias and SNB on an easing bias, further weakness could arise should CHF become the funding currency of choice. Looking at the chart, we see supports at 0.9000 and 0.8900, while resistances are at 0.9088 (50dma) and 0.9200. Week ahead has Apr Retail Sales (Fri).
- **USDJPY - Lower, cautious of upside risk.** The pair was last seen at 156.64 as it fell back. The pair had initially declined yesterday after it had crossed above the 157.52 level. Markets may have been just taking profit after hitting that mark. However, more modest US data, guiding UST yields lower, looks to have also supported the move lower for the pair. May Headline Tokyo CPI was higher at 2.2% YoY (est. 2.2% YoY, Apr. 1.8% YoY) although the core core number was actually lower at 1.7% YoY (est. 1.8% YoY, Apr. 1.8% YoY). The number underlyingly looks mixed although it does not exactly derail any BOJ potential tightening. USDJPY was initially higher after the reading but came back down again. Meanwhile, Apr retail sales were stronger at 2.4% YoY (est. 1.7% YoY, Mar. 1.1% YoY) whilst Apr P IP contraction was slower at -1.0% YoY (est. -1.1% YoY, Mar. -6.2% YoY), which at least do not hurt the possibility of further BOJ tightening. We continue to believe that upward pressure would persist on the pair and see the possibility that it could move closer to test the 160.00 mark. However, we also see that that level could be a near term limit as markets would be increasingly more concerned about the risk of intervention beyond that level. Back on the chart, resistance is at 157.50 with the next level after that at 160.00 and 165.00. Support is at 152.00 and 150.00. Remaining key data releases this week include Apr housing starts (Fri).
- **AUDUSD - Continue to Buy Dips.** AUDUSD was last seen around 0.6630, gaining on the back of the broad USD softness overnight. We had warned that markets positioning on the RBA is somewhat similar to the positioning on the Fed, rather stretched on the hawkish side. As such, the upside for the AUDUSD seems to be limited as well. Regardless, this pair is likely to remain somewhat supported with moves to remain within 0.6560-0.6670

range. We continue to stay constructive on the AUD as RBA remained most reluctant to cut rates amongst most peers and as such we see potential divergence for RBA-Fed policy in the favour of the AUD. Resilient base metal demand (iron ore, copper) amid electronics recovery and AI drive could also bring terms of trade gains for the AUD. China remains a question mark for the AUD as recent Apr data continue to paint a picture of weak demand and the real estate is still unable to stabilize there.

- **NZDUSD - Gains to Slow.** NZDUSD was last seen around 0.6120, edging a tad higher as the greenback weakened overnight on lower UST yields. Fundamentally, NZD remains cushioned by the improvement in trade position with 12mth rolling trade deficit around NZD10.11bn for Apr. It has been narrowing since the mid of 2023 at -NZD17bn. Recent dairy auction has also been supportive with clearing auction price up +3.3% on 21 May. The next auction is on 4th Jun. Key resistance remains at 0.6165. Spot last at 0.6120. Support at 0.6106 before 0.6050 (200-dma). We see sideways trades within the 0.6040-0.6165 range for now. Despite the bullish price action this morning, stochastics and MACD suggest waning momentum.
- **AUDNZD - Bottomed, Buy.** This cross was last seen around 1.0820, rising from support around 1.0800 (200-dma). The move lower was due to catch-up action of the NZD after RBNZ turned out to be more hawkish than expected. The RBNZ-RBA policy trajectory is now perceived to have converged to some extent. We see possibility that AUDNZD could rise from here. Spot reference at 1.0821 (29 May). Prefer to buy dips for a revisit of 1.0920. Stoploss at 1.0778. Risk-reward ratio at 1:2.3.
- **USDCAD - Back to Test the Channel.** USDCAD was last seen around 1.3681. The pair remains lower today and could potentially test the lower bound of the falling trend channel. CFIB Business Barometer came in higher at 56.4pts vs. 47.5pts. Payroll Employment Net Monthly Change rebounded to 51.4k in Mar and the print for the prior month was revised higher to 14.6K. Both data certainly helped to boost the CAD sentiment. USDCAD continues to take the broader USD cues in the near-term. Support remains at 1.3620 before 1.3570. We look for BoC to cut next Fri as CPI continues to fall, wage growth moderates while jobless rate has been on a steady increase (last 6.1%). Rate cut is fairly priced at this point and there is a risk that BoC may want to sound cautious of consecutive rate cuts since the easing of wage growth is rather gradual, recent prelim. retail sales for Apr suggest that household spending is not as weak as what the 1Q data suggests. Mar GDP is scheduled for release today.
- **Gold (XAU/USD) - Buy on Dips Towards 2320 (50-dma).** Gold edged higher overnight on the decline of UST yields and weaker USD. We continue to expect ongoing concerns over the middle east conflicts to continue to keep the precious metal supported on dips. We reckon the gold demand continued to be fueled by the geopolitical risks that is harder to capture in other asset class. Gold remains an asset for risk diversification at an environment of somewhat healthy risk appetite still where equities continue to rise but remain a tad vulnerable to geopolitical shifts and trade/foreign policy changes while bonds are sandwiched between rate cut expectations and higher-for-longer narrative. Break above the 2431.52-resistance opens the way towards 2510. Supports at 2317 (50-dma).

Asia ex Japan Currencies

SGDNEER trades around +1.71% from the implied mid-point of 1.3737 with the top estimated at 1.3463 and the floor at 1.4012.

- **USDSGD - Lower.** USDSGD was lower at 1.3503 levels in line with the broader USD weakness. SGDNEER was at 1.71% 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 appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although it should still stay supported. In the medium-term, we remain positive on the SGD given robust macro fundamentals and a monetary policy that has an appreciating currency as a default stance. Resistance at 1.3600 and 1.3650. Supports are 1.3500 and 1.3400. Last Fri, Apr Industrial Production data showed some drags from chips and pharmaceuticals, although output increased sequentially. Our economists expect gradual manufacturing recovery and maintain 2024 GDP forecast at 2.4%. Key data release this week is Apr Money Supply (Fri).
- **SGDMYR - Steady.** SGDMYR was steady this morning at 3.4833 levels. There could be some two-way action around the 3.48 handle. Risks for the cross are two-way at this point. Supports at 3.48 and 3.45 levels. Resistances at 3.50 and 3.52 levels.
- **USDMYR - Lower.** Pair was last seen at 4.7025 as it fell in line with the DXY and UST yields. MYR has been fairly resilient compared to other regional currencies. Authorities coordinating conversions by GLCs/GLICs into local currency looks to be giving the MYR support. Portfolio inflows for the month could also be supportive of the currency. External factors especially those related to the US and China are likely to stay as the major drivers for the MYR. Meanwhile, Google has committed to make an investment of \$2bn in investments in Malaysia that would include the setting up of its first data center in the region. Back on the chart, support is at 4.6800 and 4.6500. Resistance stands around 4.7500 and 4.8000. There are no key data releases this week.
- **USDCNH - Two-way Trades.** USDCNH was last seen around 7.2500, softening further this morning, in spite of weaker than expected May PMI releases from NBS this morning. Mfg PMI is softer at 49.5 vs. previous 50.4, weaker than the expected 50.5. Non-mfg PMI ticked lower to 51.1 vs. previous 51.2 (expected 51.5). USDCNY was fixed higher at 7.1088 vs. prev. 7.1111. Spread between onshore and offshore pairing narrowed to 112 from previous 210 pips. We cannot rule out a slow creep up for the USDCNH and USDCNY given unfriendly geopolitical environment where trade tensions are rising with the US and EU. However, this could be dampened by sporadic FX interventions rumoured to have occurred in offshore markets. Recent comments by PBoC Deputy Governor Tao Ling certainly helped the yuan. She said in an interview with FT that the “central bank will improve the liquidity of yuan financial assets and enrich risk hedging tools”. She also mentioned that “basic fx stability is needed for a powerful currency”. As we have mentioned for USDCNH, next key resistance at 7.28. Support at 7.2278.
- **1M USDKRW NDF - Higher against broader move.** 1M USDKRW NDF was last seen higher at 1378.25 levels this morning, against broader USD weakness. BOK has had a tendency to hold for an extended period before pivoting to a cut. We see resistances at 1380 and 1400. Supports are at

1340 and 1320. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. Risks for the KRW include issues with debt mainly related to the property sector, although at this stage signs do not point to wider contagion that could weigh on the KRW in line with BOK assessment. Upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, although it seems like Sep 2024 is the earliest possible inclusion date. Apr Industrial Production came in at 6.1% YoY (exp: 4.4%; prev: 1.0%) and 2.2% MoM (exp: 1.0%; prev: -3.2%).

- **1M USDINR NDF - *Steady*.** 1M USDINR NDF remained steady at 83.38 levels. Pair should hold within a tight range of 83.00 to 84.00. Statistical bulletin showed that RBI bought a net of US\$8.56b in spot in Feb (Jan: US\$1.95b). Meanwhile net outstanding forward book remained largely stable at US\$9.69b in Feb (Jan: US\$9.97b). Spot purchases increasing is in line with RBI interventions increasing, or them having to lean more heavily against the wind, in the month of Feb, which was a month where the USD traded broadly weaker. RBI earlier stood pat and maintained its hawkish stance, voting 5-1 in favour of accommodation withdrawal. For now, RBI look likely to remain on hawkish hold. However, given their preference to lean against the wind, RBI should continue to build up FX reserves amid tailwinds for the INR. Separately, Lok Sabha (India's parliament) elections will conclude on 4 Jun and a BJP victory should be positive INR. The Modi administration has performed competently, however we expect RBI's leaning against the wind to temper significant gains to the INR. Our medium term INR view remains largely positive as we see growth and inflation dynamics remaining supportive for the INR although once again RBI leaning against the wind could cap gains. India has been an economic bright spark relative to the rest of the region, and we look to see if this can continue. Key data releases this week include Apr Fiscal Deficit YTD, Apr Eight Infrastructure Industries, 1Q24 GDP, 2024 GDP Annual Estimate and 24 May Foreign Exchange Reserves (Fri).
- **1M USDIDR NDF - *Higher, cautious*.** Pair was last seen at 16258 as it continued to edge higher even as the DXY and UST yields were lower. Despite the US data showing consumption weakening, we continue to stay cautious on the pair seeing the possibility of more upside risk. US data may still more time to cool and the Fed in the near term may keep a hawkish tone. Domestic concerns also linger especially with regards to the fiscal situation and Prabowo's aggressive economic goals. A close eye is being kept on who would eventually be appointed as finance minister. Back on the chart, we watch if the pair can decisively break above the resistance at 16250 with the next level after that at 16500. Support is at 16000, 15879 (100-dma) and 15683. There are no remaining key data releases this week.
- **1M USDPHP NDF - *Lower, upside risk, cautious*.** The pair was last seen at 58.50 as it edged down lower as the UST yields and DXY declined. We continue to stay cautious on the pair, being wary of upside risks as US data may still more time to cool and the Fed in the near term may keep a hawkish tone. At the same time, concerns about the BSP tilting dovish are also doing no favors for the PHP. Back on the chart, resistance is at 59.00 and 59.56. Support is at 57.00, and 56.50 (between 100-dma and 200-dma). Remaining key data releases this week include Apr bank lending (Fri) and M3 money supply (Fri).
- **USDTHB - *Lower, upside risk, cautious*.** Pair was last seen at 36.71 as it fell in line with the decline in the UST yields and DXY. External and domestic developments continue to weigh on the THB. The former relates to the US data only gradually cooling and the Fed likely to keep a hawkish tone at least in the near term. Domestically, there are concerns related to the political condition and especially in relation to the court cases of

both PM Srettha Thavisin and former PM Thaksin Shinawatra. The latter has been charged with the crime of insulting the monarchy. The Attorney-General's Office has announced that he will be indicted next month for lese majeste. Additionally, he will also face charges under Computer Crime Act. As for Srettha, the constitutional court has accepted a petition from senate members to begin an ethics probe into him. The court may rule on this matter around End Jun. Back on the chart, resistance is at 37.07 and 38.47 (around 2022 high). Support is at 36.57 (50-dma) with the next level after that at 36.07 (100-dma) and 35.41. Meanwhile, economic data out yesterday showed that Apr ISIC mfg production index expanded at 3.43% YoY (est. -1.30% YoY, Mar. -4.92% YoY), which at least is some bright spot for the economy. Apr ISIC capacity utilization though was lower at 55.26 (Mar. 62.31). Remaining key data releases this week include Apr BoP CA/overall balance (Fri), 24 May gross international reserves/forward contracts (Fri) and Apr trade data (Fri).

- **USDVND - Black Market Has more action, Out of the Band.** USDVND hovered around 25458 based on the prices on our Bloomberg terminal screen this morning, hugging the top end of the band since mid Apr. USDVND is limited by the 5% trading band and that is why there could be more action in the black market. According to the local press, USDVND had jumped to 25,890 yesterday, above the upper bound of the trading band at 25,471 based on the reference rate yesterday. The SBV had mentioned repeatedly that it is intervening to sell USD to support the VND. There is also active management of gold supply. SBV said that it will sell the gold at a price in line with international markets to the four state-run banks from 3 Jun to stabilize the domestic market. Support for the USDVND is seen at 25320. Reference rate at 24261 today which translates to the upper bound of 25474 today.

Malaysia Fixed Income

Rates Indicators

| MGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|---------------|-------------------|-------------------|--------------|
| 3YR ML 5/27 | 3.58 | 3.58 | Unchanged |
| 5YR MO 8/29 | 3.69 | 3.69 | Unchanged |
| 7YR MS 4/31 | 3.85 | 3.85 | Unchanged |
| 10YR MT 11/33 | 3.90 | 3.90 | Unchanged |
| 15YR MS 4/39 | *4.03/3.99 | 4.00 | -1 |
| 20YR MX 5/44 | 4.12 | 4.13 | +1 |
| 30YR MZ 3/53 | *4.24/21 | 4.20 | -1 |
| IRS | | | |
| 6-months | 3.61 | 3.61 | - |
| 9-months | 3.61 | 3.61 | - |
| 1-year | 3.61 | 3.61 | - |
| 3-year | 3.62 | 3.62 | - |
| 5-year | 3.70 | 3.71 | +1 |
| 7-year | 3.80 | 3.81 | +1 |
| 10-year | 3.93 | 3.93 | - |

Source: Maybank

*Indicative levels

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- Locally, government bond market opened weaker, mirroring higher UST yields. However, prices firmed up as USTs recovered throughout the day and supported by some month-end buying flows onshore. The yield curve ended the day within a +/- 1bp range, with liquidity remaining soft.
- The MYR IRS closed 1-2bps higher in the 5-10y range, tracking the uptrend in US rates and yields. Rates were initially 2-3bps higher, but decent support for local bonds prompted some receiving interest, which pared back the intraday movement. Trades include the 5y IRS at 3.705% and 3.71% and the 1y IRS at 3.61%. 3M KLIBOR flat at 3.59%.
- Onshore PDS activity increased and liquidity also improved, with flows tilted towards the buying side. In the GG space, Prasarana and Danainfra led the way with spreads narrowing by 2-3bps. AAA bonds traded within range and active names were PLUS and Cagamas. AA1 YTL Power long-tenor bonds saw better buying, causing spreads to narrow by 2-3bps. A1 CIMB perpetual bonds faced selling pressure, with spreads widening significantly for MYR20m exchanged.

Singapore Fixed Income

Rates Indicators

| SGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR | 3.44 | 3.44 | - |
| 5YR | 3.34 | 3.36 | +2 |
| 10YR | 3.36 | 3.37 | +1 |
| 15YR | 3.33 | 3.34 | +1 |
| 20YR | 3.31 | 3.30 | -1 |
| 30YR | 3.20 | 3.17 | -3 |

Source: MAS (Bid Yields)

- Another weak UST auction caused the yield curve to steepen further overnight, leading to a slight risk-off sentiment in the markets. The US data calendar was light. In tandem with the UST move, the SGS curve steepened along the 2y15y as the front end remained steady, while the 5y-15y yields edged 1-2bps higher. Ultra-long end bonds outperformed with 20y and 30y yields decreasing by 1-3bps.

Indonesia Fixed Income

Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Latest Day's Close | Change |
|-----------------|-------------------|--------------------|--------|
| 1YR | 6.67 | 6.71 | 0.04 |
| 3YR | 6.78 | 6.82 | 0.04 |
| 5YR | 6.91 | 6.93 | 0.02 |
| 8YR | 6.89 | 6.90 | 0.00 |
| 9YR | 6.85 | 6.94 | 0.09 |
| 12YR | 6.97 | 6.99 | 0.02 |
| 16YR | 7.00 | 7.01 | 0.01 |

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* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds dropped yesterday due to investors' selling actions for anticipating further Fed's "high/higher for longer" of policy rate this year. The market players shifted their investment positions from the emerging markets, such as Indonesia to the developed markets as several Fed's policy members sounded their cautiousness to change the monetary policy direction. Moreover, recent the U.S. macroeconomic indicators showed a relative solid development with the level of inflation at above 3% until Apr-24 and low level of the unemployment rate at below 4% until Apr-24. However, we saw the market condition is still being volatile with most investors' high dependency on the latest macroeconomic data results, as shown by latest lower than expected result on the U.S. economic growth during 1Q24. After receiving news that the U.S. economy only grew by 1.3% QoQ (annualized) in 1Q24, lower than investors' expectation at 1.6% QoQ (annualized), we saw a converse direction, compared yesterday, on the global markets as of today. It can be indication that most investors are still weighing of concerns on the global economic development, rather than from the Indonesian side.
- We believe Indonesian economic condition to continue its solid condition. Incoming result of Indonesian inflation is expected to increase moderately by 0.05% MoM (2.93% YoY) during May-24, after seeing recent moderating prices pressures on the staples foods prices and a normalization on the transportation tariff. Indonesian staples foods prices, especially the rice, gradually discounted since the Harvest Season in Apr-24. Hence, we believe recent slowing inflation pressures to keep Bank Indonesia for maintaining its policy rate at 6.25% on the next monetary meeting. Recent pressures on the imported inflation, especially from Rupiah, is still persisting, but with limited pressures, compared the fluctuation of USDIDR in Apr-24.

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 | 184 | 3.243 | 3.32 | 3.242 |
| MGS 1/2014 4.181% 15.07.2024 | 4.181% | 15-Jul-24 | 60 | 3.238 | 3.238 | 3.15 |
| MGS 2/2017 4.059% 30.09.2024 | 4.059% | 30-Sep-24 | 93 | 3.234 | 3.234 | 3.234 |
| MGS 1/2018 3.882% 14.03.2025 | 3.882% | 14-Mar-25 | 32 | 3.371 | 3.371 | 3.305 |
| MGS 1/2015 3.955% 15.09.2025 | 3.955% | 15-Sep-25 | 137 | 3.359 | 3.388 | 3.359 |
| MGS 3/2011 4.392% 15.04.2026 | 4.392% | 15-Apr-26 | 2 | 3.421 | 3.421 | 3.421 |
| MGS 3/2007 3.502% 31.05.2027 | 3.502% | 31-May-27 | 236 | 3.58 | 3.587 | 3.565 |
| MGS 2/2023 3.519% 20.04.2028 | 3.519% | 20-Apr-28 | 6 | 3.648 | 3.648 | 3.648 |
| MGS 5/2013 3.733% 15.06.2028 | 3.733% | 15-Jun-28 | 16 | 3.68 | 3.682 | 3.653 |
| MGS 3/2008 5.248% 15.09.2028 | 5.248% | 15-Sep-28 | 3 | 3.684 | 3.684 | 3.684 |
| MGS 3/2022 4.504% 30.04.2029 | 4.504% | 30-Apr-29 | 80 | 3.69 | 3.69 | 3.69 |
| MGS 2/2019 3.885% 15.08.2029 | 3.885% | 15-Aug-29 | 200 | 3.692 | 3.703 | 3.686 |
| MGS 3/2010 4.498% 15.04.2030 | 4.498% | 15-Apr-30 | 54 | 3.797 | 3.803 | 3.797 |
| MGS 2/2020 2.632% 15.04.2031 | 2.632% | 15-Apr-31 | 180 | 3.863 | 3.863 | 3.848 |
| MGS 4/2012 4.127% 15.04.2032 | 4.127% | 15-Apr-32 | 1 | 3.871 | 3.871 | 3.871 |
| MGS 1/2022 3.582% 15.07.2032 | 3.582% | 15-Jul-32 | 20 | 3.893 | 3.893 | 3.886 |
| MGS 3/2018 4.642% 07.11.2033 | 4.642% | 7-Nov-33 | 152 | 3.899 | 3.913 | 3.899 |
| MGS 4/2019 3.828% 05.07.2034 | 3.828% | 5-Jul-34 | 3 | 3.9 | 3.908 | 3.9 |
| MGS 4/2015 4.254% 31.05.2035 | 4.254% | 31-May-35 | 20 | 3.974 | 3.974 | 3.974 |
| MGS 3/2017 4.762% 07.04.2037 | 4.762% | 7-Apr-37 | 5 | 4.013 | 4.024 | 4.009 |
| MGS 4/2018 4.893% 08.06.2038 | 4.893% | 8-Jun-38 | 20 | 4.027 | 4.032 | 4.027 |
| MGS 1/2024 4.054% 18.04.2039 | 4.054% | 18-Apr-39 | 11 | 4.004 | 4.013 | 4.004 |
| MGS 5/2019 3.757% 22.05.2040 | 3.757% | 22-May-40 | 1 | 4.087 | 4.087 | 4.087 |
| MGS 2/2022 4.696% 15.10.2042 | 4.696% | 15-Oct-42 | 7 | 4.117 | 4.125 | 4.117 |
| MGS 2/2024 4.180% 16.05.2044 | 4.180% | 16-May-44 | 108 | 4.128 | 4.132 | 4.117 |
| MGS 1/2020 4.065% 15.06.2050 | 4.065% | 15-Jun-50 | 31 | 4.231 | 4.231 | 4.09 |
| MGS 1/2023 4.457% 31.03.2053 | 4.457% | 31-Mar-53 | 8 | 4.204 | 4.204 | 4.204 |
| GII MURABAHAH 2/2017 4.045% 15.08.2024 | 4.045% | 15-Aug-24 | 280 | 3.252 | 3.252 | 3.252 |
| GII MURABAHAH 4/2015 3.990% 15.10.2025 | 3.990% | 15-Oct-25 | 53 | 3.39 | 3.405 | 3.39 |
| GII MURABAHAH 3/2016 4.070% 30.09.2026 | 4.070% | 30-Sep-26 | 310 | 3.526 | 3.534 | 3.526 |
| GII MURABAHAH 1/2023 3.599% 31.07.2028 | 3.599% | 31-Jul-28 | 20 | 3.67 | 3.671 | 3.67 |
| GII MURABAHAH 2/2018 4.369% 31.10.2028 | 4.369% | 31-Oct-28 | 10 | 3.686 | 3.686 | 3.686 |
| GII MURABAHAH 3/2015 4.245% 30.09.2030 | 4.245% | 30-Sep-30 | 10 | 3.778 | 3.778 | 3.778 |
| GII MURABAHAH 5/2013 4.582% 30.08.2033 | 4.582% | 30-Aug-33 | 230 | 3.898 | 3.912 | 3.898 |
| GII MURABAHAH 6/2019 4.119% 30.11.2034 | 4.119% | 30-Nov-34 | 30 | 3.909 | 3.912 | 3.909 |
| GII MURABAHAH 2/2019 4.467% 15.09.2039 | 4.467% | 15-Sep-39 | 43 | 4.03 | 4.03 | 4.015 |
| GII MURABAHAH 4/2017 4.895% 08.05.2047 | 4.895% | 8-May-47 | 22 | 4.204 | 4.204 | 4.106 |
| GII MURABAHAH 5/2019 4.638% 15.11.2049 | 4.638% | 15-Nov-49 | 30 | 4.219 | 4.219 | 4.219 |
| GII MURABAHAH 2/2022 5.357% 15.05.2052 | 5.357% | 15-May-52 | 10 | 4.253 | 4.253 | 4.253 |
| GII MURABAHAH 1/2024 4.280% 23.03.2054 | 4.280% | 23-Mar-54 | 1 | 4.22 | 4.244 | 4.22 |
| Total | | | 2,718 | | | |

Sources: BPAM

| PDS | Rating | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|-------------------|--------|---------------|----------------|-----------|----------|---------|
| PRASARANA SUKUK MURABAHAH 4.34% 12.09.2025 - S3 | GG | 4.340% | 12-Sep-25 | 10 | 3.518 | 3.524 | 3.518 |
| PASB IMTN (GG) 4.63% 26.09.2025 - Issue No. 21 | GG | 4.630% | 26-Sep-25 | 20 | 3.506 | 3.506 | 3.506 |
| DANAINFRA IMTN 4.530% 12.11.2025 - Tranche No 38 | GG | 4.530% | 12-Nov-25 | 40 | 3.547 | 3.556 | 3.547 |
| PRASARANA IMTN 4.65% 11.12.2025 - Series 3 | GG | 4.650% | 11-Dec-25 | 110 | 3.548 | 3.557 | 3.548 |
| PASB IMTN (GG) 4.63% 05.02.2026 - Issue No. 23 | GG | 4.630% | 5-Feb-26 | 50 | 3.558 | 3.57 | 3.558 |
| PRASARANA IMTN 4.47% 26.02.2026 - Series 8 | GG | 4.470% | 26-Feb-26 | 50 | 3.589 | 3.589 | 3.579 |
| SME BANK IMTN 4.100% 20.03.2026 | GG | 4.100% | 20-Mar-26 | 70 | 3.59 | 3.598 | 3.59 |
| MRL IMTN 3.130% 05.07.2030 | GG | 3.130% | 5-Jul-30 | 1 | 3.821 | 3.823 | 3.821 |
| DANAINFRA IMTN 4.950% 19.03.2032 - Tranche No 58 | GG | 4.950% | 19-Mar-32 | 10 | 3.91 | 3.911 | 3.91 |
| DANAINFRA IMTN 4.890% 25.05.2032 - Tranche No 64 | GG | 4.890% | 25-May-32 | 20 | 3.909 | 3.91 | 3.909 |
| PLUS BERHAD IMTN 4.860% 12.01.2038 - Series 1 | GG | 4.860% | 12-Jan-38 | 20 | 4.03 | 4.036 | 4.03 |
| LPPSA IMTN 4.850% 29.10.2038 - Tranche No 25 | GG | 4.850% | 29-Oct-38 | 10 | 4.048 | 4.055 | 4.048 |
| PLUS BERHAD IMTN 5.000% 31.12.2038 - Series 2 | GG | 5.000% | 31-Dec-38 | 70 | 4.04 | 4.056 | 4.04 |
| LPPSA IMTN 4.580% 11.04.2039 - Tranche No 31 | GG | 4.580% | 11-Apr-39 | 20 | 4.066 | 4.07 | 4.066 |
| DANAINFRA IMTN 4.160% 18.03.2044 | GG | 4.160% | 18-Mar-44 | 20 | 4.169 | 4.173 | 4.169 |
| CAGAMAS IMTN 3.550% 28.11.2024 | AAA | 3.550% | 28-Nov-24 | 5 | 3.526 | 3.526 | 3.526 |
| ALDZAHAB ABS-IMTN 15.09.2026 (CLASS B TRANCHE 5) | AAA | 6.000% | 15-Sep-26 | 10 | 4.268 | 4.275 | 4.268 |
| CAGAMAS MTN 4.500% 13.12.2027 | AAA | 4.500% | 13-Dec-27 | 20 | 3.781 | 3.781 | 3.775 |
| PLUS BERHAD IMTN 4.496% 12.01.2028 -Sukuk PLUS T19 | AAA IS (S) | 4.496% | 12-Jan-28 | 50 | 3.878 | 3.884 | 3.878 |
| TOYOTA CAP MTN 1889D 26.9.2028 - MTN11 | AAA (S) AAA IS | 4.320% | 26-Sep-28 | 10 | 3.949 | 3.954 | 3.949 |
| PLUS BERHAD IMTN 4.580% 11.01.2030 -Sukuk PLUS T31 | AAA IS (S) | 4.580% | 11-Jan-30 | 20 | 3.939 | 3.939 | 3.939 |
| TNB WE 5.440% 30.01.2030 - Tranche 12 | AAA IS | 5.440% | 30-Jan-30 | 10 | 4.258 | 4.281 | 4.258 |
| BPMB IMTN 3.180% 11.10.2030 | AAA IS AAA IS | 3.180% | 11-Oct-30 | 10 | 3.961 | 3.962 | 3.961 |
| PLUS BERHAD IMTN 4.628% 10.01.2031 -Sukuk PLUS T22 | AAA IS (S) | 4.628% | 10-Jan-31 | 5 | 3.98 | 3.98 | 3.98 |
| MAHB SENIOR SUKUK WAKALAH 4.250% 30.12.2031 | AAA AAA IS | 4.250% | 30-Dec-31 | 10 | 4.039 | 4.04 | 4.039 |
| PLUS BERHAD IMTN 4.680% 12.01.2032 -Sukuk PLUS T23 | AAA IS (S) AAA IS | 4.680% | 12-Jan-32 | 50 | 4.011 | 4.011 | 4.011 |
| PLUS BERHAD IMTN 4.729% 12.01.2033 -Sukuk PLUS T24 | AAA IS (S) | 4.729% | 12-Jan-33 | 25 | 4.019 | 4.019 | 4.019 |
| DANGA IMTN 4.940% 26.01.2033 - Tranche 8 | AAA (S) | 4.940% | 26-Jan-33 | 10 | 4.03 | 4.031 | 4.03 |
| PASB IMTN 4.140% 07.02.2034 - Issue No. 48 | AAA | 4.140% | 7-Feb-34 | 20 | 4.035 | 4.039 | 4.035 |
| ALR IMTN TRANCHE 11 13.10.2034 | AAA IS | 5.320% | 13-Oct-34 | 10 | 4.21 | 4.211 | 4.21 |
| AIR SELANGOR IMTN T5S2 SRI SUKUK KAS 19.04.2038 | AAA | 4.890% | 19-Apr-38 | 10 | 4.13 | 4.145 | 4.13 |
| SABAHDEV MTN 1826D 30.7.2026 - Tranche 1 Series 2 | AA1 | 4.600% | 30-Jul-26 | 2 | 3.624 | 3.624 | 3.624 |
| YTL POWER IMTN 5.050% 03.05.2027 | AA1 | 5.050% | 3-May-27 | 20 | 3.769 | 3.783 | 3.769 |
| GENM CAPITAL MTN 1826D 31.5.2029 | AA1 (S) | 4.920% | 31-May-29 | 2 | 4.513 | 4.58 | 4.468 |
| GENTING RMTN MTN 3653D 08.11.2029 - Tranche 1 | AA1 (S) | 4.180% | 8-Nov-29 | 10 | 4.75 | 4.751 | 4.75 |
| KLK IMTN 4.170% 16.03.2032 | AA1 | 4.170% | 16-Mar-32 | 15 | 3.99 | 3.991 | 3.99 |
| YTL POWER IMTN 4.740% 24.08.2038 | AA1 | 4.740% | 24-Aug-38 | 10 | 4.149 | 4.156 | 4.149 |
| CIMB 4.400% 08.09.2032-T2 Sukuk Wakalah S2 T1 | AA2 | 4.400% | 8-Sep-32 | 1 | 4.216 | 4.232 | 4.216 |
| MAHB Perpetual Subordinated Sukuk 5.75% - Issue 1 | AA2 | 5.750% | 14-Dec-14 | 15 | 4.348 | 4.357 | 4.348 |
| MTT IMTN 5.010% 30.08.2024 - Series 1 Tranche 1 | AA3 | 5.010% | 30-Aug-24 | 10 | 4.666 | 4.706 | 4.666 |
| UEMS IMTN 4.790% 11.04.2025 | AA- IS | 4.790% | 11-Apr-25 | 2 | 4.295 | 4.295 | 4.295 |
| AIBB IMTN4 SENIOR SUKUK MURABAHAH | AA3 | 4.750% | 16-Dec-27 | 1 | 3.836 | 3.851 | 3.836 |
| CIMB 4.880% Perpetual Capital Securities - T4 | A1 | 4.880% | 25-May-16 | 20 | 3.915 | 4.067 | 3.915 |
| HLBB Perpetual Green Capital Securities 4.45% (T3) | A1 | 4.450% | 30-Nov-17 | 1 | 4.449 | 4.449 | 4.168 |
| TROPICANA IMTN 5.650% 15.04.2026 - SEC. SUKUK T5S1 | A IS | 5.650% | 15-Apr-26 | 1 | 6.19 | 6.219 | 6.19 |
| Total | | | | 905 | | | |

Sources: BPAM

Foreign Exchange: Daily Levels

| | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY | AUD/JPY |
|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| R2 | 1.0879 | 158.25 | 0.6681 | 1.2786 | 7.2842 | 0.6154 | 171.0400 | 104.7777 |
| R1 | 1.0855 | 157.53 | 0.6657 | 1.2759 | 7.2690 | 0.6134 | 170.4500 | 104.3993 |
| Current | 1.0828 | 156.80 | 0.6633 | 1.2727 | 7.2518 | 0.6124 | 169.7900 | 104.0100 |
| S1 | 1.0798 | 156.24 | 0.6600 | 1.2693 | 7.2431 | 0.6092 | 169.1700 | 103.5023 |
| S2 | 1.0765 | 155.67 | 0.6567 | 1.2654 | 7.2324 | 0.6070 | 168.4800 | 102.9837 |

| | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| R2 | 1.3555 | 4.7239 | 16308 | 58.8033 | 37.1073 | 1.4654 | 0.6515 | 3.4916 |
| R1 | 1.3528 | 4.7142 | 16284 | 58.7267 | 36.9547 | 1.4639 | 0.6510 | 3.4866 |
| Current | 1.3504 | 4.7050 | 16268 | 58.5160 | 36.6900 | 1.4622 | 0.6509 | 3.4846 |
| S1 | 1.3483 | 4.6984 | 16228 | 58.5567 | 36.6597 | 1.4603 | 0.6497 | 3.4779 |
| S2 | 1.3465 | 4.6923 | 16196 | 58.4633 | 36.5173 | 1.4582 | 0.6488 | 3.4742 |

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

Equity Indices and Key Commodities

| | Value | % Change |
|-------------------------|-----------|----------|
| Dow | 38,111.48 | -0.86 |
| Nasdaq | 16,737.08 | -1.08 |
| Nikkei 225 | 38,054.13 | -1.30 |
| FTSE | 8,231.05 | 0.59 |
| Australia ASX 200 | 7,628.20 | -0.49 |
| Singapore Straits Times | 3,323.38 | 0.01 |
| Kuala Lumpur Composite | 1,604.26 | -0.07 |
| Jakarta Composite | 7,034.14 | -1.49 |
| Philippines Composite | 6,371.75 | -0.62 |
| Taiwan TAIEX | 21,364.48 | -1.38 |
| Korea KOSPI | 2,635.44 | -1.56 |
| Shanghai Comp Index | 3,091.68 | -0.62 |
| Hong Kong Hang Seng | 18,230.19 | -1.34 |
| India Sensex | 73,885.60 | -0.83 |
| Nymex Crude Oil WTI | 77.91 | -1.67 |
| Comex Gold | 2,366.50 | 0.10 |
| Reuters CRB Index | 293.00 | -1.56 |
| MBB KL | 9.90 | 0.00 |

Policy Rates

| Rates | Current (%) | Upcoming CB Meeting | MBB Expectation |
|----------------------------|-------------|---------------------|-----------------|
| MAS SGD 3-Month SIBOR | 4.0500 | Jul-24 | Neutral |
| BNM O/N Policy Rate | 3.00 | 11/7/2024 | Neutral |
| BI 7-Day Reverse Repo Rate | 6.25 | 20/6/2024 | Neutral |
| BOT 1-Day Repo | 2.50 | 12/6/2024 | Neutral |
| BSP O/N Reverse Repo | 6.50 | 27/6/2024 | Neutral |
| CBC Discount Rate | 2.00 | 13/6/2024 | Neutral |
| HKMA Base Rate | 5.75 | - | Neutral |
| PBOC 1Y Loan Prime Rate | 3.45 | - | Easing |
| RBI Repo Rate | 6.50 | 7/6/2024 | Neutral |
| BOK Base Rate | 3.50 | 11/7/2024 | Neutral |
| Fed Funds Target Rate | 5.50 | 13/6/2024 | Neutral |
| ECB Deposit Facility Rate | 4.00 | 6/6/2024 | Neutral |
| BOE Official Bank Rate | 5.25 | 20/6/2024 | Neutral |
| RBA Cash Rate Target | 4.35 | 18/6/2024 | Neutral |
| RBNZ Official Cash Rate | 5.50 | 10/7/2024 | Neutral |
| BOJ Rate (Lower bound) | 0.00 | 14/6/2024 | Tightening |
| BoC O/N Rate | 5.00 | 5/6/2024 | Neutral |

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