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Global

Global Markets Daily

Powell Says No Hurry to Cut

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The US economy has certainly been resilient and in Fed Powell's book he said that economic performance had been "remarkably good" and as a corollary, slowing the pace of easing as the neutral rate is approached would be appropriate. Futures are now pricing a 58.9% chance of a 25bps cut in Dec (prev: 82.5%) as markets digest Powell's comments. The USD was broadly stronger on the back of this (DXY: +0.2%). Short-dated yields rose, while longer-dated yields were broadly stable. Trump appointed Robert F Kennedy (anti-vax) as Health secretary. We closely watch the Treasury secretary appointment, which is likely to have the largest impact on markets and the USD. While the USD looks stretched to the upside at this point, with some signs of rejection at the 107 level, the Republican sweep certainly presents a case for a higher USD, at least in the short term. EUR, JPY and CNH look like the most vulnerable.

US Economic Exceptionalism Could Persist

While the rest of the world is not doing too badly, 3Q GDP prints from Eurozone and Japan remind us that US exceptionalism is intact. 3Q P EC GDP was broadly in line at 0.9% YoY (exp: 0.9%; prev: 0.9%) and 0.4% QoQ (exp: 0.4%; prev: 0.4%). 3Q P Japan GDP was better than expected at 0.9% annualized SA QoQ (exp: 0.7%; prev: 2.2%). 3Q A US GDP print was at 2.8% QoQ (exp: 2.9%; prev: 2.9%). The US economy is putting out better numbers and there is certainly a risk that Trump's policies could extend US economic exceptionalism. USD strength can persist if US economic exceptionalism can persist. Nevertheless, we do caution that there is a fair amount of uncertainty in the implementation of Trump's policies. We still in the longer run expect the USD to fade although near-term risks are to the upside.

Data/Events We Watch Today

We watch MY, UK and HK 3Q GDP.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0530	-0.32	USD/SGD	1.3462	0.25
GBP/USD	1.2666	-0.33	EUR/SGD	1.4176	-0.06
AUD/USD	0.6454	-0.48	JPY/SGD	0.8615	-0.25
NZD/USD	0.585	-0.51	GBP/SGD	1.7053	-0.06
USD/JPY	156.27	0.52	AUD/SGD	0.8689	-0.22
EUR/JPY	164.55	0.19	NZD/SGD	0.7876	-0.23
USD/CHF	0.8902	0.51	CHF/SGD	1.5122	-0.21
USD/CAD	1.406	0.45	CAD/SGD	0.9576	-0.18
USD/MYR	4.4855	0.86	SGD/MYR	3.3299	0.11
USD/THB	35.097	1.22	SGD/IDR	11784.83	-0.01
USD/IDR	15855	0.51	SGD/PHP	43.7404	-0.16
USD/PHP	58.785	0.06	SGD/CNY	5.3787	0.02

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3356	1.3629	1.3901

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G10: Events & Market Closure

Date	Ctry	Event
11 Nov	CA/US	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
15 Nov	IN	Market Closure

G10 Currencies

- **DXY Index – *Stretched*.** DXY is seen higher at 106.912 levels and looks even more stretched to the topside than before. Powell's overnight comments that rate cuts could slow on strong US economic performance moderated expectations for rate cuts and buoyed the USD. A confirmation of the Republican sweep also likely buoyed the dollar. Fedspeak has signalled uncertainty over what the neutral rate was and monetary policy calibration moving forward. Fed cuts are still likely to come unless there are significant surprises to the data. At the same time, EUR weakness could keep the DXY supported. FOMC earlier voted unanimously to cut the Fed Fund Target Rate by 25bps, bringing the policy target range lower to 4.50-4.75%. Market reactions were rather muted to the well-anticipated decision. The statement noted that "labour market conditions have generally eased". While there was acknowledgement that inflation has moved towards the 2% objective, it "remains somewhat elevated". Notably, statement removes the phrase "gained greater confidence in inflation moving sustainably toward 2% target" that was present in the last statement. Our economist noted that the Fed is mindful of inflation risk in the wake of the US election outcomes. That said, house view still looks for another 25bps in Dec and 100bps in 2025 (prev: 125bps). There are some doubts on tariffs seeping into the market. Given that the inauguration is still two months away, markets may prefer to focus on the now – Fed cuts, resilient US economy and other developments. Back on the DXY index, support is seen around 106.50 before the next at 105.80, resistance at 107.00. Data-wise, this week has Nov Empire Manufacturing, Oct Retail Sales and Oct Industrial Production (FrI).

- **EURUSD – *Risks skewed to the downside*.** EURUSD was last seen lower at 1.0532 levels this morning with risks skewed to the downside for the pair. Overnight pair was at a low of 1.0497. We have political uncertainty in Germany, and the impending 10% US global tariff hitting Eurozone exports that is likely to firmly skew risks for the EUR to the downside in the short-term. Expectations for a 25bps Dec cut have risen to 128.7%. Market could take some time to fully digest the impact of political developments. Earlier, Eurozone growth was better than expected and inflation turned out stickier than expected in the Eurozone. Earlier comments by ECB Wunsch suggested small risk to undershooting inflation and rate cuts could be more measured. This inflation print seems to suggest that is somewhat likelier now. Pair remains stretched to the downside. We have made some adjustments to the trajectory to reflect downside risks for the EUR with the new Trump administration likely to be hawkish on trade. Nevertheless, we stay constructive on the EUR in the longer-term. Eurozone 3QA growth print is encouraging, especially with Germany beating growth expectations. We see a total of 25bps more of cuts for ECB in 2024. Back to key levels on EURUSD, resistance at 1.0600 and 1.0650. Support at 1.0500 and 1.0400. Eurozone data this week includes EC Economic Forecasts (Fri).

- **GBPUSD – *Lower*.** GBPUSD is lower at 1.2668 levels this morning amid the environment of broad USD strength. BOE delivered a 25bps rate cut to 4.75% as widely expected in an 8-1 vote, with Mann the sole dissenter. Bailey said that interest rates cannot be cut too quickly or by too much unless inflation remains close to target. GBP rose after the statement on expectations of no more BOE cuts this year, with the probability of a Dec cut at 15.1%. We think BOE could still cut rates by 25bps in Dec, especially if inflation falls further. Watch the Trump-Starmer interaction, with Trump's team earlier complaining about Labour volunteers campaigning on behalf of the Democrats. UK and US are likely to remain firm allies on most front with Starmer being quick to offer his congratulations. If Trump does not institute measures to single out the UK, then GBP could outperform. YTD, GBP is barely holding on to its gains and is up +0.14%

against the USD. We see continuing two-way action in the GBP. Inflation is on a broad downtrend, which should give BOE the comfort to cut in time. We think that GBP outperformance could moderate in the near-term while remaining bullish on GBP in the longer-term. Positive outcomes from warmer EU-UK relations with Labour's victory could take time to play out. Support is at 1.2650 followed by 1.2600. Resistances are at 1.2700 and 1.2750. UK data this week includes Sep Industrial/Manufacturing Production, Sep Trade Balance, Sep Monthly GDP and 3QP GDP (Fri).

- **USDCHF – *Two-way risks*.** USDCHF breaks out and was last seen at 0.8897 levels this morning, further bullishness has prevailed after pair cleared the 200dma (0.8820). We think two-way risks should persist for this pair given that risk reversals show a bullish skew for CHF, likely over current uncertainty and geopolitical risks. Martin Schlegel said that growth and inflation in Switzerland pointed to lower rates. He added that the policy rate would be SNB's primary tool and FX intervention a secondary tool to achieving price stability. We continue to look for two-way movements for the pair with both the Fed and SNB looking to cut rates. SNB cut rates by 25bps and warned of more to come if needed. SNB has indicated a preference for a weaker CHF, and a weaker currency supporting exports could also help a tepid Swiss economy. Watch for possible intervention should CHF continue to strengthen from this point. Key resistance at 0.8900 and 0.8950. Support is seen at 0.8820 and 0.8800. Of the traditional safe-havens, it does seem that gold and CHF retain most of the safe-haven properties, with the JPY being pressured by yield differentials. Safe-havens could be better supported on heightened volatility and uncertainty in the lead up to key events like the US elections. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF. Swiss data releases this week include Oct Producer & Import Prices and 3QP GDP (Fri).

- **USDJPY – *Cautious*.** The pair was last seen higher at 156.65 as it rose higher with the broad dollar stronger although UST yields were more steady. Both hawkish comments from Powell and concerns from Trump potential policies look to continue to lift the broad greenback. On the domestic economic data front, 3Q P GDP data was slower but it was stronger than expected at 0.9% QoQ (est. 0.7% QoQ, 2Q. 2.2% QoQ). Private consumption impressively actually was both a key driver of growth and came out higher than estimates at 0.9% QoQ (est. 0.2% QoQ, 2q. 0.7% QoQ). The data in its own right is encouraging and provides some indication that consumption is strengthening in line with wage increases and in turn, this could potentially feed into keeping inflation more supported. The developments as a whole looks to be backing a BOJ tightening cycle and we continue to expect that the BOJ would hike by 25bps in Dec. We do note that the slowing in growth does provide some justification for Ishiba to roll more fiscal stimulus. Overall, we still stay cautious of the USDJPY and do not rule out further upside still given the market momentum for stronger USD and higher UST yields. However, the potential for intervention can somewhat limit the upside. Back on the chart, resistance is at 160.00 and 162.00 (around year to date high). Support is at 151.85 (200-dma), 150.00 and 145.00. Remaining key data releases this week includes Sep Industrial Production, Sep capacity utilization and tertiary industry index (Fri).

- **AUDUSD – *Lower*.** AUDUSD was last seen at 0.6463 levels. Lack of China stimulus probably weighs on the pair. In RBA's decision last week, the cash target rate was left unchanged at 4.35%. Bullock said getting inflation down is not easy. The central bank cut growth forecast to 2.3% for year through Jun 2025 from 2.6% and does not see inflation sustainably to the midpoint of the 2-3% inflation target until 2026. The case for RBA to keep cash target rate unchanged for the rest of 2024 is due to tight labour market conditions. Jobless rate has fallen back to 4.1% for Sep vs. 4.2% in the month prior. In the Sep NAB business survey, wage costs remain a top issue affecting business confidence. Labour availability remains a significant constraint, according to the NAB business survey. Based on the tight labour market, less negative business confidence, resilient retail sales (+0.7%m/m in Aug), the chance for a rate cut has reduced this year. That said, the economy still looks like it is slowing with household spending softening to no growth in Aug from previous +0.8%. We are thus looking for RBA to begin easing from Feb 2025. Eyes remain on the China's NPC standing committee meeting that ends on Fri. Back on the AUDUSD chart, resistance is seen at 0.6630 (200-dma) before the next at 0.67 (100-dma) while support is now seen at 0.6490. In the medium term, we remain constructive of AUD as we continue to expect US to soft-land, Eurozone to recover and China to stabilize, although we may make tweaks to this outlook as developments progress.

- **NZDUSD - *Heavy.*** NZDUSD was last seen at 0.5860 levels. Like its antipodean counterpart the AUD, NZD remains somewhat resilient when compared to the broader universe of currencies. For NZD at home, we still think that there is a possibility that the NZD may not be weighed much further by policy, especially after RBNZ has tried hard to push back against 75bps cut for Nov. OIS suggests that RBNZ is expected to take OCR lower by 56bps at the Nov meeting. This suggests that sizeable cut is already well priced. Focus is on recovery as inflation has eased enough for RBNZ to act boldly to support the economy and get it out of a downturn. Recall that RBNZ took its OCR 50bps lower to 4.75%, in line with market expectations and more than what we had expected. Back on the NZDUSD chart, support around 0.5930 remains intact. Two-way swings within 0.5930-0.6050 range could continue.

- **USDCAD - *Buoyant on broad USD strength.*** USDCAD was last seen higher at 1.4059 levels this morning in line with the broad USD strength. USDCAD had been buoyed by Fed-BoC divergence and the Fed's decision to cut policy rate by 25bps probably helped boost the CAD against the USD. BoC delivered the 50bps cut at the last meeting. Governor Macklem commented that the focus is now to "maintain a low, stable inflation. We need to stick the landing". He also mentioned "we want to see growth strengthen". Yesterday, Governor Macklem also told the Canadian legislature's finance committee that more interest rate cuts should be expected to keep inflation close to the 2% target. On the USDCAD chart, focus is on the bearish reversal given overbought conditions but yet the presence of the US elections seem to continue to give this pair support. Support is seen around 1.4050 before the next at 1.4000. Next resistance at 1.4100 and 1.4150. Double top pattern is likely nullified. CAD data this week includes Sep Manufacturing Sales, Sep Wholesales Sales and Oct Existing Home Sales (Fri).

- **Gold (XAU/USD) - *Pullback on Trump's victory.*** Gold hovers around the US$2570/oz this morning. View dips are still seen as opportunities to long as caution over China's data and late cycle risks (globally) continue to keep this precious metal supported. We remain constructive on gold on the medium term. Gold remains one of the few preferred hedges against the scenario of hard landing of the US economy. Gold, JPY, CHF and US treasuries may have more room to run (higher) in the late cycle of the US economy, geopolitical conflicts and other risk factors (China's hard-landing and etc). Resistance at 2580 followed by 2600. Support is seen around 2540, followed by 2520.

Asia ex Japan Currencies

SGDNEER trades around +1.27% from the implied mid-point of 1.3629 with the top estimated at 1.3356 and the floor at 1.3901.

- **USDSGD – *Two-way risks*.** USDSGD was last seen broadly unchanged at 1.3456 levels this morning, in line with broader USD strength. SGD continues to be broadly in the middle of the pack of currencies and we expect that it could be sheltered given the correlation of SG/US rates. Moreover, Singapore is unlikely to be singled out by the US for additional tariffs given that it has a bilateral trade deficit with the US. Recall that MAS stood pat in Oct. Our economists' base case is for a Jan-25 easing, although easing could be delayed if inflation is sticky and/or growth remains robust. The trade-weighted SGDNEER is at +1.27% above the mid-point this morning. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue. Although the SGD is still subject to broader drivers, we expect it to hold up better than other currencies in times of USD-strength. At the same time, it is unlikely to outperform in times of USD-weakness. Long-term view is still for USDSGD to go lower. 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 we do not expect SGDNEER to tank. 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 1.3550. Supports are 1.3450 and 1.3400. No notable SG data releases this week.

- **SGDMYR – *Upside risks*.** SGDMYR was last seen slightly higher at 3.3366 levels this morning. We have observed that the MYR tends to fare better when the USD is weak, whereas SGD is more resilient when USD is strong. At the same time there could be further downside for the pair should USD bears regain control. Support at 3.32 before the next at 3.30. Resistances at 3.35 and 3.37.

- **USDMYR – *Cautious*.** Pair was last seen higher at around 4.4875 with the broad dollar stronger. Upside risks for the pair arising from the potential of higher US yields should remain. However, we do note that the authorities are likely staying vigilant and could step in to moderate excessive volatility. In the background, optimism towards Malaysia looks strong amid the backdrop of an investment upcycle. BNM has also said that they believe there is "enduring support" for the MYR given "Malaysia's positive economic prospects and structural reforms, complemented by initiatives to encourage flows". The government's fiscal consolidation effort (with the budget deficit continuing to narrow) is also likely to instill more confidence with investors on the country's financial position. Meanwhile, Malaysia has been dropped out of the US treasury currency "monitoring list". Back on the chart, resistance is at 4.5000 and 4.6320. Support is seen around 4.3634 and 4.2974. Key data releases this week include 3Q CA Balance and 3Q GDP (Fri)

- **USDCNH – *Upside risks*.** USDCNH is lower at 7.2430 levels this morning. A Trump win mean greater headwinds for the yuan given his threat of 60% tariff on China. China provided local governments with a lifeline of CNY10trn last Fri, but held back from providing explicit fiscal stimulus, This potentially preserves room to respond to any measures the Trump 2.0 administration may roll out against China. Market was likely anticipating explicit fiscal stimulus, with some rumours floating around on the street of a figure around CNY15trn to 20trn and there could now be some disappointment on that front. Nevertheless, Finance Minister Lan promised "more forceful" fiscal policy next year. Over the weekend, Oct

PPI inflation showed producer prices fell -2.9% YoY (exp: -2.5%; prev: -2.8%), while CPI inflation also missed at 0.3% YoY (exp: 0.4%; prev: 0.4%). USDCNH hovers around the 7.19 level this morning, with the USDCNY fixing higher at 7.1786 this morning (prev: 7.1433).

- **1M USDKRW NDF – *Upside risks*.** 1M USDKRW NDF was lower at 1403.28 levels this morning. South Korea's chip industry could be under threat of specific targeted measures by the Trump administration and this could present headwinds for KRW. Short-term officials should be ready to step in to moderate excessive volatility. We think that softer inflation means BOK trims its policy rate at the upcoming meeting. BOK commented that it would check whether growth momentum is slowing and that it saw a temporary correction in export momentum. The softer than expected growth figure could prompt an earlier expected easing by the BOK. We see BOK cutting by another 25bps in 2024 and by 50bps in 2025 as they pivot away from a restrictive stance. However, concerns over the KRW could ultimately prevail and we cannot rule out BOK cutting rates slower than we expect. Despite the inclusion on FTSE WGBI, pair should face upside risks with support for the USD building. South Korean government bonds will feature on FTSE Russell's WGBI in 2025, with a weighting of 2.22% in the index. We think that the resulting inflows should buoy the KRW with official (South Korean Finance Ministry) estimates of inflows at about US$56b. Extending KRW trading hours to improve access has seen average daily trading volumes in the extended hours almost double from Aug to US$2.46b (Aug: US$1.26b) in the first two weeks of Oct. Market chatter suggests that major conglomerates have traded during extended hours. We see resistances at 1420 and 1430. Supports are at 1400 and 1390. Longer term we watch trade data for a possible bottoming of the chip/general trade cycle and AI exuberance, which could buoy the KRW. We also think KRW and TWD could play catch up to their peers as the narrative for a soft landing continues to build and monetary policy becomes less restrictive. Oct Unemployment edged up to 2.7% (exp: 2.6%; prev: 2.5%). KR data releases this week include Sep Money Supply (Thu).

- **1M USDINR NDF - *Pivoting to Neutral*.** USDINR 1M NDF is broadly stable at 84.55 levels. RBI has already likely intervened to smooth volatility and prevent USDINR from rising excessively. Sep trade deficit narrowed to US$20.78b (exp: US$24.63b; prev: US$29.60b) which should have been net positive for the INR. However, RBI is ensuring that volatility remains low. RBI held steady on its policy rate but notably pivoted to a neutral stance. We think this opens the door for a rate cut in Dec. RBI is expecting food prices to fall and is convinced in the broad disinflationary trajectory. However, they are being a tad more cautious and keeping the policy rate steady (5-1 vote). Sep CPI inflation resurged to 5.49% YoY (exp: 5.10%; prev: 3.65%). This faster than expected acceleration could give the RBI reason to hold rates in Dec. We watch to see if this resurgence in prices continues or there is a return to the broad disinflationary trajectory RBI expects. The USD has been better supported following the stellar NFP print and repricing of Fed rate cut expectations. RBI preference for stability appears to prevail after pair moved in tandem with USD declines earlier.. We look to see if India could continue to be an economic bright spark relative to the rest of the region. Note that RBI's preference for INR stability could also weigh on any gains. Resistance at 84.60. Support at 83.40 before the next at 83.00. Oct CPI Inflation rose by 6.21% YoY (exp: 5.90%; prev: 5.49%), Sep Industrial Production rose to 3.1% YoY (exp: 2.5%; prev: -0.1%). India data includes Oct Imports/Exports/Trade Balance (as early as Thu).

- **1M USDIDR NDF – *Cautious*.** 1M NDF was last seen higher at around 15953 with the broad dollar stronger. The 1M NDF is now testing the 16000 mark and we continue to stay cautious about it. Externally, there has been plenty of concerns about Trump's potential policies in addition to the Fed being slow on its rate cut pace. Overnight, we also had Powell expressing more hawkish comments. We are continuing to stay cautious on the pair as markets stay edgy amid the uncertain global environment. We do note though authorities could be moderating volatility. Back on the chart, resistance at 15885 (200-dma) and 16170. Support is at 15600 and 15417. Indonesian data includes Oct trade data (Fri).

- **1M USDPHP NDF - *Cautious*.** The 1M NDF was last seen at around 58.84 as it traded at levels similar to yesterday even as the broad dollar was stronger. In the near term, markets are likely to be edgy as they continue to await further Trump policy announcements and cabinet announcements. Powell's hawkish comments overnight also is creating concerns about delays in the Fed's easing path. Overall, we remain wary of the 1M USDPHP NDF and do not rule out further upside. Back on the chart, resistance is at 59.13 (YTD high) and 59.84. Support is at 58.30 followed by 57.42 (100-dma). Meanwhile, Sep remittance data was stronger than expectations at 3.3% YoY (est. 3.2% YoY, Aug. 3.2% YoY) although the number is dated and concerns regarding the US developments are clouding the PHP outlook. There are no remaining key data releases this week.

- **USDTHB - *Upside risks*.** Pair was last seen higher at 34.88 as it came off slightly from yesterday's levels. Whilst gold continues its move downwards and the broad dollar was stronger, the UST yields were more steady. Concerns regarding the currency continue to persist given the impact that the Trump administration policies on both gold and trade. Regarding the latter too, Thailand is also one of the most export exposed countries in the region. Meanwhile, on domestic items, former Finance Minister Kittiratt Na-Ranong has been appointed as BOT Chairman according to the Bangkok Post. Kittiratt has been known as a critic of the central bank's hawkish stance and the appointment comes to only highlight the government's determination to push the BOT to loosen policy further. The BOT Chair does not have the power to decide on the central bank's policy but he would be able to assess the performance of the governor. We overall stay cautious on the USDTHB and do not rule out further upside. Back on the chart, resistance is at 35.14 and 35.84. Support at 34.00 and 33.29. Remaining key data releases/events this week include International reserves on Fri.

- **USDVND - *Higher*.** USDVND was last seen at 25389. This pair continues to be driven by broader USD movement as well as the swings of the UST yields. This pair is back to test the upper bound of the daily trading band. 25460 is still likely to cap this pair. Recent price action has been more consolidative, likely taking the cue from the USD as well as UST yields. Key resistance is seen around 25475 now. Support at 25086 (100-dma).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	*3.54/3.50	3.52	Unchg
5YR MI 8/29	3.67	3.68	+1
7YR MS 4/31	3.82	3.83	+1
10YR MS 7/34	3.88	3.89	+1
15YR MS 4/39	4.02	4.02	Unchg
20YR MX 5/44	4.10	4.11	+1
30YR MZ 3/53	4.19	4.20	+1
IRS			
6-months	3.59	3.59	Unchg
9-months	3.57	3.58	+1
1-year	3.56	3.56	Unchg
3-year	3.51	3.52	+1
5-year	3.57	3.57	Unchg
7-year	3.65	3.67	+2
10-year	3.75	3.77	+2

Source: Maybank
**Indicative levels*
***Daily Trade Data: 1) Government bonds and 2) PDS/corporate bonds*

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- Ringgit bonds had a slow start to kick off trading session with flows tilted to selling pressure, notably in 5y, 20y as well as the 30y. Trading activity was relatively low. Yields closed 1bp higher ahead of US PPI data release. It was a twist and turn for the Treasury curve after CPI data came in-line with expectations. BNM announced the reopening of the 5y MGII 7/29 at MYR4.5b size. The stock was last traded at 3.66%, and WI was last quoted 3.685/665 with no trades yet.

- MYR IRS curve crept 1-2bp higher, slightly steepening on light activity. The UST had little effect on the MYR rates space. 3M KLIBOR remained unchanged at 3.60%. 5y IRS traded at 3.575%.

- In the PDS market, GG space was under slight selling pressure, causing spread 2bp wider, specifically PTPTN, Danainfra, and Prasarana. AAA-rated names traded mixed with Danum Capital and Rantau Abang Capital spreads 1-2bp wider, while Celcom Networks 8/27 spread narrowed 2bp. In AA1/AA+, KLK 3/37 traded 2bp lower. In AA2, OSK 4/31 traded 1bp higher. In AA3/AA-, UEM Sunrise 10/25 traded 1bp higher with MYR30m exchanged.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.73	6.74	0.02
2YR	6.58	6.59	0.01
5YR	6.68	6.73	0.06
10YR	6.85	6.89	0.04
15YR	6.92	6.96	0.04
20YR	7.05	7.07	0.02
30YR	7.02	7.04	0.02

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds continued their weakening trends yesterday. The pressures on the local bond market persisted following investors' measures for shifting their investment position to outside financial markets on the emerging markets, such as Indonesia. We saw a relative significant drop on the foreigners' ownership on Indonesian government bonds from Rp889.33 trillion on 17 Oct-24 to be Rp875.41 trillion on 12 Nov-24. The yields of U.S. government bonds increased, with the yield of U.S. 2Y government bonds being higher from 4.29% on 13 Nov-24 to be 4.34% 14 Nov-24.Then, the position of US$ is also still appreciating on the global FX market, as shown by higher position of Dollar DXY index from 105.54 on 11 Nov-24 to be 106.67 on 14 Nov-24. We concluded that investors still anticipated further impacts of incoming Donald Trump's policy for loosening corporate tax and tightening domestic economic protectionism by applying "sell on rally" their investment position on the emerging market.

- Going forward, we foresee this condition to keep occurring until today. The yield of Indonesian government bonds are intended to be more attractive today. Moreover, we saw recent solid performance on U.S. economic data, such as initial jobless claims and the CPI inflation. Those development can restrain an aggressive loosening monetary policy rate cut by the Fed. Last night, we saw a relative neutral sentiment by the Fed's Governor Jerome Powell. According to Bloomberg, Powell said the economy's performance has been "remarkably good," leaving room for the central bank to ease at a careful pace. He made no comments on the possibility of a cut at the December meeting. Powell expects inflation to stay on a "sometimes-bumpy" path toward the 2% target. Meanwhile, on the domestic side, we saw a relative minimal on new positive sentiment that can give positive influence for the local bond market. We just received the latest update from the government's affirmation to try increasing its fiscal ammunition by planning to lift the tariff of value added tax. Today, Badan Pusat Statistik is scheduled to announce the latest update on Indonesian international trade activities.

- The government through its Finance Minister Sri Mulyani Indrawati plans to realize the increase in value added tax from 11% to 12% next year. The additional tax revenue obtained from the tariff increase will further increase the government's fiscal ammunition to meet the increasing development spending needs. Indonesian government needs more fiscal ammunitions for supporting its developing spending to accelerate the economic growth. However, with Indonesia's economic growth trend still struggling to stay at the 5% level, we see a risk of a decline in household consumption activity that could potentially hold back Indonesia's economic acceleration by 17 bps if the government does not quickly carry out physical and non-physical development spending activities that can provide multiplier effects on the economy next year. Moreover, we see that the dominant factor driving Indonesia's economic growth still comes from domestic-based activities amidst the prospect of global economic growth which is still stagnant due to being disrupted by various high tensions from geopolitical developments. The purchasing power of Indonesian consumers will immediately be under pressure once there is an increase in the value added tax tariff. This is because the positive catalysts next year are relatively fewer than this year. The pressure on consumer purchasing power, especially for secondary and tertiary commodities, will be even heavier if the downward trend in interest rates is not aggressive and there are changes in policy schemes, especially in the energy subsidy sector, which have the potential to reduce the purchasing power of the middle class in Indonesia.

- Actually, the increase in the value added tax rate is a mandate of Law No. 7/2021 concerning the Harmonization of Tax Regulations. Article 7 paragraph (1) of Law No. 7/2021 stipulates an increase in the Value Added Tax rate by 1% or from 11% to 12% in 2025. This regulation was also previously the basis for the policy of increasing the value added tax from 10% to 11% in Apr-22. This increase in value added tax will increase the tax burden in the financial statements for Taxpayers by 9%, namely from 11% to 12%. However, Sri Mulyani ensured that the increase in value added tax to 12% does not apply to goods and services in sectors such as health, education, and even staple foods. Meanwhile, goods in the form of food served in hotels, restaurants, stalls and the like are included in goods that are not subject to VAT. Religious services, arts and entertainment services, and hotels are also included in services that are not subject to VAT.

- Today, Badan Pusat Statistik will release the latest data on Indonesia's international trade activities. We see that Indonesia's trade balance will still be in surplus along with continued export growth, along with demand and fairly good price developments for Indonesia's mainstay export commodities, such as palm oil, coal, and nickel processed products. Meanwhile, from the import side, we see that demand for Indonesian imported goods is still high to meet domestic production and consumption needs. We project that Indonesia's trade balance will be in surplus of US$2.98 billion on Oct-24, with exports and imports projected to grow 5.73% YoY and 9.35% YoY, respectively.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0621	157.08	0.6521	1.2762	7.2823	0.5903	165.6167	101.3997
R1	1.0576	156.68	0.6488	1.2714	7.2681	0.5877	165.0833	101.1303
Current	1.0534	156.47	0.6453	1.2667	7.2481	0.5849	164.8300	100.9630
S1	1.0491	155.61	0.6431	1.2624	7.2380	0.5832	163.9133	100.6413
S2	1.0451	154.94	0.6407	1.2582	7.2221	0.5813	163.2767	100.4217

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3528	4.5124	15971	58.8943	35.3957	1.4227	0.6224	3.3554
R1	1.3495	4.4989	15913	58.8397	35.2463	1.4201	0.6214	3.3427
Current	1.3457	4.4920	15866	58.8570	34.9100	1.4176	0.6209	3.3383
S1	1.3422	4.4631	15810	58.7307	34.8683	1.4151	0.6186	3.3146
S2	1.3382	4.4408	15765	58.6763	34.6397	1.4127	0.6168	3.2992

**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	3.3000	Jan-25	Neutral
BNM O/N Policy Rate	3.00	22/1/2025	Neutral
BI 7-Day Reverse Repo Rate	6.00	20/11/2024	Neutral
BOT 1-Day Repo	2.25	18/12/2024	Neutral
BSP O/N Reverse Repo	6.00	19/12/2024	Easing
CBC Discount Rate	2.00	19/12/2024	Neutral
HKMA Base Rate	5.00	-	Easing
PBOC 1Y Loan Prime Rate	3.10	-	Easing
RBI Repo Rate	6.50	6/12/2024	Neutral
BOK Base Rate	3.25	28/11/2024	Neutral
Fed Funds Target Rate	4.75	19/12/2024	Easing
ECB Deposit Facility Rate	3.25	12/12/2024	Easing
BOE Official Bank Rate	4.75	19/12/2024	Easing
RBA Cash Rate Target	4.35	10/12/2024	Neutral
RBNZ Official Cash Rate	4.75	27/11/2024	Easing
BOJ Rate (Lower bound)	0.00	19/12/2024	Tightening
BoC O/N Rate	3.75	11/12/2024	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	43,750.86	-0.47
Nasdaq	19,107.65	-0.64
Nikkei 225	38,535.70	-0.48
FTSE	8,071.19	0.51
Australia ASX 200	8,223.95	0.37
Singapore Straits Times	3,738.16	0.48
Kuala Lumpur Composite	1,600.68	-0.67
Jakarta Composite	7,214.56	-1.29
Philippines Composite	6,557.09	-2.34
Taiwan TAIEX	22,715.38	-0.63
Korea KOSPI	2,418.86	0.07
Shanghai Comp Index	3,379.84	-1.73
Hong Kong Hang Seng	19,435.81	-1.96
India Sensex	77,690.95	-1.25
Nymex Crude Oil WTI	68.70	0.39
Comex Gold	2,572.90	-0.53
Reuters CRB Index	280.52	0.09
MBB KL	10.30	-1.15

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