Global Markets Daily

Contentious Fed 50bps Cut, US CPI Due

Fed Minutes Imply 50bps Cut Pushback, Awaiting US CPI

Overnight, we saw the DXY climbed higher as Fed minutes implied some pushback actually at a 50bps cut in Sep. The minutes had mentioned that "some participants observed that they would have preferred a 25bps reduction". Interestingly, the minutes also pointed out that "several participants noted that a 25bps reduction" would be in line with gradual easing and "allow policymakers time to assess the degree of policy restrictiveness as the economy evolved". The contention in the minutes in some sense provides further support that a Nov cut may end up being only 25bps. Easing inflation (even as jobs data holds up) is likely to still allow for an easing. Fed Fund Futures are now indicating only a 25bps move in Nov with another to happen in Dec. So far, the DXY has been moving up in line with our expectations and we do not rule out it can stay supported. Within this month, there remains factors that can keep DXY supported which include US election uncertainty and persisting geopolitical tensions. At this point, the index is testing the 102.88 resistance with the next level after that being at 103.34. Tonight, we crucially watch out for the US Sep CPI with expectation that the numbers would moderate on a monthly basis. Meanwhile, USDJPY was last seen at 149.11 as it edged closer towards the 150.00 level amid a climb in UST yields. Bets of more upward climb in the pair looks to be building up amid the Fed rate cut expectations adjustments. For now, we are not ruling out the possibility of it breaking above the 150 mark but we are wary if it can decisively hold above it.

RBI Shifts to Neutral Stance, China MOF Press Conference

The RBI yesterday held rates at 6.50% with the monetary policy committee voting by 5-to-1 to do so. However, they actually changed their policy stance to "neutral" as the Governor mentioned that the inflation is closer to the target. Our expectations are for RBI now to cut by 25bps in Dec although that is still behind the Fed. USDINR remains trading in a tight range and may continue to do so. On other items, China MOF would be holding a press conference on Saturday about intensifying countercyclical adjustment of fiscal policy to promote high-quality economic growth.

Data/Events We Watch Today

This includes US Sep CPI and US Sep real avg hourly/weekly earnings

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0939	-0.37	USD/SGD	1.3071	0.24
GBP/USD	1.3071	-0.25	EUR/SGD	1.4299	-0.13
AUD/USD	0.6718	-0.39	JPY/SGD	0.8755	-0.50
NZD/USD	0.6063	-1.24	GBP/SGD	1.7089	0.01
USD/JPY	149.31	0.75	AUD/SGD	0.878	-0.19
EUR/JPY	163.31	0.36	NZD/SGD	0.7926	-0.96
USD/CHF	0.8608	0.40	CHF/SGD	1.5186	-0.16
USD/CAD	1.3711	0.47	CAD/SGD	0.9534	-0.22
USD/MYR	4.2815	-0.14	SGD/MYR	3.2835	-0.18
USD/THB	33.427	-0.19	SGD/IDR	11977.74	-0.28
USD/IDR	15620	-0.16	SGD/PHP	43.7057	-0.01
USD/PHP	57.023	0.19	SGD/CNY	5.4157	0.08

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3053	1.3319	1.3585

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G10: Events & Market Closure

Date	Ctry	Event
9 Oct	NZ	RBNZ Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
7 Oct	CH	Market Closure
9 Oct	IN	RBI Policy Decision
9 Oct	KR	Market Closure
11 Oct	HK	Market Closure
11 Oct	KR	BOK Policy Decision

G10 Currencies

- **DXY Index - *FOMC Minutes Suggest that the 50bps cut was contentious!*** It was a close call, even within the Fed Committee according to the Minutes released overnight. While markets were leaning towards the 50bps just a tad and the eventual decision to cut 50bps was voted by all but one (Michelle Bowman), there was mentioned that “some” preferred to quarter-point cut, “substantial majority” backed half-point rate cut and “a few” also could have supported smaller move. This does suggest that there was quite a bit of wrangling up to the point of the vote. Looking at the participants’ read of the economy, “almost all” officials saw higher risks to the labour market and lower inflation risks. Fed Fund futures now imply only 45bps cut for the rest of the year. Perhaps, it was also Fed Daly’s opinion overnight that she looks for only one or two more quarter-point cuts for the rest of the year that also contributed to the hawkish repricing. The USTs were sold a bit more and USDJPY arrived in Asia morning around 149.20. DXY index rose a tad more to levels around 102.95. More worrying would be a more significant upside surprise of the CPI release due this Thu. Given that the ISM Mfg, Services had surprised to the upside, along with the Sep ADP and NFP reports, another upside surprise from the inflation report would may even possibly shift hawkish repricing back to just one more cut for this year, as opined by six of the 19 participants. Two participants were of the opinion that we are done for the year in terms of easing based on the dot plot. Support is seen around 101.80 before the next at 100.20. Resistance is seen at 102.88. Data-wise, Thu has Sep CPI and weekly claims. Fri has Sep PPI and prelim. Oct Univ. of Mich. Sentiment.

- **EURUSD - *Two-way risks*.** EURUSD was last seen lower at 1.0942 levels, ahead of tonight’s US CPI print. Pair remains below the 1.10 neckline of the earlier double top pattern. Fri’s stellar NFP print has led to some sustained strength in the USD, with Fed cut expectations retracing with odds of a cut in Nov at 85.4%% (pre NFP: 135%). Fed minutes also showed that the Sep decision to cut by 50bps was met with pushback as some FOMC members preferred a smaller 25bps cut. Further 50bps cuts by the Fed could thus be unlikely and USD could be better supported on this. Markets almost completely expect ECB to cut on 17 Oct after a slew of weak PMI prints for Sep and sub-2% inflation print. Markets and ECB are generally congruent in terms of rate cut expectations, although we suggest that the ECB may be more measured in terms of easing. Short term, we see two-way risks for the pair with a slight biast to the downside. Our longer term bullish EURUSD view is underpinned by the belief that the Eurozone economy will pick up and the recent China stimulus measures could also provide a boost to Eurozone growth. Lagarde mentioned that there was greater confidence that prices were coming back towards target and that would be reflected in the next ECB decision in Oct. We see a total of 50bps more of cuts for ECB in 2024 with one likely in Oct. Back to key levels on EURUSD, resistance at 1.10 and 1.11. Support at 1.09 and 1.0850. Aug retail sales came in at 0.8% YoY (exp: 1.0%; prev: -0.1%) and 0.2% MoM (exp: 0.2%; prev: 0.0%). No further Eurozone data releases this week.

- **GBPUSD - *Bias to downside*.** GBPUSD is lower at 1.3074 levels this morning. Bias could be to the downside as market realizes FOMC is not as dovish as previously expected and the BOE could be more dovish than expected. Governor Bailey struck a dovish tone and suggested that the BoE can take a more aggressive approach in lowering interest rates and Fed expectations pared back significantly after a stellar NFP print. Conditions are stretched and the bearish divergence formed with MACD forest could continue to favour pullbacks. 1M options also show that traders are the most bearish about the GBP since Jul. Recall that BOE voted 8-1 to keep rates steady at 5%. Governor Bailey warned that the central bank prefers a more gradual reduction in rates as "it's vital that inflation stays low". Markets are broadly in line with our expectations for 50bps cuts in 2024. Inflation is on a broad downtrend, which should give BOE the comfort to cut in time. Focus is also on the 2024 Autumn Budget on 30 Oct, where Chancellor Reeves has given preliminary assurances that there would be no "return to austerity". 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. 2Q F GDP grew by 0.7% YoY (exp: 0.9%; prev: 0.9%) and 0.5% QoQ (exp: 0.6%; prev: 0.6%), slightly lower than the preliminary prints suggested. Back on the GBPUSD, resistances at 1.3100 and then at 1.3200. Supports are at 1.3000 and 1.2950. UK data this week includes Sep RICS House Price Balance, BOE Liabilities/Credit Conditions (Thu), Aug Monthly GDP, Industrial/Manufacturing Production and Trade Balance (Fri).

- **USDCHF - *Two-way risks*.** USDCHF rose slightly to 0.8604 levels this morning as Fed minutes provided the USD with support ahead of US CPI. SNB Chief Schlegel also struck a dovish tone in his first speech as President – promising more rate cuts to come and not ruling out intervention or possible negative rates. 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. USDCHF has been trading within the 0.84-0.8550 range for a while and eyes are on whether this range could sustain for a while more. Key resistance at 0.8600 (50-ma). Next support is seen at 0.8500. 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. Sep FX Reserves rose to CHF715.6b (prev: CHF693.9b), hinting at significant intervention by SNB. Swiss data this week includes SECO Consumer Confidence (Fri).

- **USDJPY - *Higher, Testing the 150.00 Mark*.** The pair was last seen higher at 149.09 as it rose higher in line with the climb in UST yields and the broad dollar. FOMC minutes released yesterday had shown there was quite some contention about cutting by 50bps in Sep and this only served to support the possibility of a slower pace in Nov of 25bps. Bets towards a further climb in the pair could be building up at this point and we would not rule out the USDJPY breaking above 150.00. However, we remain wary if it can hold decisively above that level. Economic data wise, Sep PPI showed an acceleration at 2.8% YoY (est. 2.3% YoY, Aug. 2.6% YoY) and such readings would be supportive of a BOJ normalization. Sep P machine tool orders though showed a larger decline at -6.5% YoY (Aug. -3.5% YoY) whilst Sep bank lending was also slower at 2.7% YoY (Aug. 3.0% YoY). For tonight, we watch out for US CPI data. Back on the chart, resistance at 150.00 and 152.00. Support at 140.60. Remaining key data releases this week include Sep Tokyo average office vacancies (Thurs) and Sep M2/M3 (Fri).

- **AUDUSD - *From Finding Support to Testing Support*.** AUDUSD was last seen around 0.6720, testing support around the 50-dma around 0.6730. Recall that the RBA had continued to sound a tad hawkish on inflation, noting that the monetary policy could be tightened should financial conditions turn out to be insufficiently restrictive to bring inflation to the target range (2-3%) in the Minutes released yesterday. Policy Could be less restrictive in other scenarios such as if the economy proved to be significantly weaker than expected in the face of households hesitant to spend their savings. This goes in line Bullock's mantra of not ruling anything in or out. The Board also agreed that RBA does not need to be in line with the policy rates of other economies as inflation is higher in Australia and its labour market is stronger. In addition, monetary policy had been less restrictive than other advanced economies. Back on the AUDUSD, our warnings of a further move lower towards 0.6720 (50-dma) was played out. There are plenty of risk events to watch that can drag the AUD further this month – 1) the US elections, 2) China's stimulus efficacy and data, 3) broadening of the Middle-East conflict. Resistance at 0.6950 remains intact. We are of the view that RBA could be closer to a rate cut in Nov than the central bank likes to admit. Technical indicators still suggest that momentum indicators are turning lower. 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. Data-wise, Thu has ANZ job advertisements for Sep. Thu has Oct consumer inflation expectation (Oct).

- **NZDUSD – *Bearish Divergence Plays Out*.** NZDUSD slipped and was last seen around 0.6075. Overnight less dovish Fed Minutes spurred further hawkish repricing and brought the USD higher against most currencies, including the NZD. There seems to be a slight contrast in trajectory with RBNZ picking up pace in rate cuts while the Fed trying to move expectations from 50bps clip to 25bps. As we have forewarned, Oct is a volatile month with plenty of risk events lined up. NZD could be dragged by multiple factors. RBNZ took its OCR 50bps lower to 4.75%, in line with market expectations and more than what we had expected. Even though it was a decision expected by many, the NZD continued to extend declines as the RBNZ said that increasing excess capacity is leading to lower inflationary pressure in the NZ economy. In addition, financial conditions are still considered restrictive and that implies further bigger cuts to come. "Economic growth is weak, in part of because of low productivity growth, but mostly due to weak consumer spending and business investment." RBNZ was also worried about the effectiveness of policy actions in China as well as geopolitical risks such as the US elections and the conflicts in Middle East. The double-top at 0.6370 remains intact and seems to be playing out. Not all double tops play out completely. Support around 0.6110 is being broken before the next at 0.6050. Markets now price in another 50bps cut for the year end, especially in light of the fact that RBNZ still sees financial conditions to be restrictive and the economy is already in excess capacity. Data-wise, Thu has REINZ house sales for Sep. Fri has Mfg PMI and food prices for Sep.

- **USDCAD – *Double Bottom Plays Out Further*.** USDCAD rose on weaker risk appetite, higher USD and US rates. Pair has broken above the 21-dma (around 1.3545) which has acted as a resistance for this pair. Spot is last printed 1.3710. Next resistance is seen around 1.3650 (100-dma). A double bottom at 1.3440 is playing out. Break of the 1.3650, the neckline to open the way towards 1.3950. Data-wise, Fri has Sep labour data.

- **Gold (XAU/USD) – *Buy, on Dips*.** Gold edged lower, pressing against the support around 2610 (21-dma). USD is elevated and UST yield edged higher also. Any test of this level by the bullion around 2620 to bring this metal towards $2560 but 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 and US treasuries may have more room to run (higher) in the late cycle of the US economy. While geopolitical conflicts seem to become less concerning at this point, the potential for equities to come under pressure as the US election nears could also drive some demand for the gold.

Asia ex Japan Currencies

SGDNEER trades around +1.88% from the implied mid-point of 1.3319 with the top estimated at 1.3053 and the floor at 1.3585.

- **USDSGD - Two-way risks.** USDSGD was last seen higher at 1.3068 levels this morning as the Fed minutes provide the USD with some support ahead of the US CPI release tonight. The trade-weighted SGDNEER is at +1.88% 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. Specifically, currencies in SGDNEER basket that are more sensitive to rate differentials could outperform the SGD and offset any strength in SGDNEER that comes from a weakening USD. Such a scenario would entail a weaker SGDNEER alongside essentially a lower USDSGD (stronger bilateral SGD). 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 1.3100 and 1.3150. Supports are 1.3000 and 1.2900. Our economists expect a 4.3% Flash GDP figure for 3Q2024 (prev: 2.9%) and upgraded the full year forecasts to 3.5% for 2024 (prev: 3%) and 2.5% in 2025 (prev: 2.4%) on the back of the superb Aug Industrial Production print. Sep FX Reserves rose to US$389.81b (prev: US$384.59b). No further data releases for the week with 3QA GDP and MAS MPS confirmed next Mon (14 Oct). We see MAS standing pat amid sticky inflation and robust growth.

- **SGDMYR - *Steadying*.** SGDMYR was last seen slightly lower at 3.2860 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 3.27 before the next at 3.25. Resistances at 3.30 and 3.32.

- **USDMYR - *Steady*.** USDMYR was only marginally higher at 4.2922 even as the broad dollar and UST yields quite a bit overnight. Regardless of the recent climb in the pair, optimism towards the MYR looks like it could remain 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”. China stimulus is also set to strengthen support for the MYR given the strong trade relations between China and Malaysia. The Fed at the end of the day is also overall on an easing path into next year. In the medium term therefore, we believe the USDMYR would trend downwards. Back on the chart, support is seen around 4.0800 and 4.0000. Resistance is at 4.3634 and 4.4464. Remaining key data releases this week include Aug mfg sales (Fri) and Aug IP (Fri).

- **USDCNH - *Rebound*.** USDCNH hovered around 7.0800, softening in spite of the disappointing NDRC announcements. PBoC just announced the launch of the swap facility to provide liquidity to institutional investors to buy stocks as part of the broad stimulus package announced earlier. This comes right ahead of a press briefing by FinMIn Lan Fo’an on sat on fiscal policy. The funds obtained through the facility can only be used to invest in the stock market and collaterals could be bonds, stock ETFs, CSI 300 constituent shares and other assets. This comes after the NDRC press briefing on Tue. Key takeaways include bringing forward CNY100bn in government investment, originally budgeted for 2025. Sectors can be expanded to use funds raised from special local bond sales and provinces are now pushed to issue around CNY290bn in remaining new special local bond allocated for this year. The use of special local bond funds and construction of related projects are urged to be accelerated. There was a lack of further details on how domestic demand (consumption and investment) can be supported. We will monitor how well the box office will do in China this Golden Week. Beyond the Golden Week data, we watch the next set of property data for Sep. New home prices have fallen for 15 consecutive months and a failure to see some stabilization on this front is likely to quickly deflate the recent euphoria seen in the stock markets and the yuan post -stimulus announcement. Back on the USDCNH chart, pair was last at 7.0775, sticky around the 21-dma (7.06). This pair may potentially find support around 7.0530 before the next at 6.9735. We see two-way risks within the wider range of 6.97-7.11.

- **1M USDKRW NDF - *Upside risks*.** 1M USDKRW NDF was last seen higher at 1346.36 levels this morning. 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 with Now that the Fed has cut, the BOK could start to discuss rate cuts. We think that the resulting inflows should buoy the KRW with official (South Korean MinFin) estimates of inflows at about US$56b. However, their concerns over currency volatility and weakness that could arise from cuts could ultimately prevail. We see resistances at 1340 and 1350. Supports are at 1330 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. 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. Inflation coming off should give BOK comfort to cut rates, although concerns over KRW weakness linger. Aug BoP Goods/CA Balance came in at US$6593.8m/US$6595.3m (prev: US$8328.5m/US$8966.0m). South Korean data this week includes, Bank Lending to Household and BOK Policy Decision (Fri).

- **1M USDINR NDF - *Pivoting to Neutral*.** USDINR 1M NDF remains steady at 84.09 levels. RBI held steady on its policy rate yesterday 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). The USD has been better supported following the stellar NFP print and repricing of Fed rate cut expectations. RBI preference for stability appears to be prevailing after pair moved in tandem with USD declines earlier. Part of the rupee’s allure could be due to Indian Finance Minister Nirmala Sitharaman’s recent reaffirmation on the commitment to bring the fiscal deficit down to at least 4.5% of GDP by Mar 2026. In addition, IGBs are due to join the FTSE EM GBI from Sep 2025 onwards with a weightage of 9.35%, the second highest after China. Inflows from the inclusion should be positive INR, though RBI’s leanings could keep the INR relatively stable. 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 84.30. Support at 84.00 before the next at 83.40. Indian data this week includes Aug Industrial Production (Fri).

- **1M USDIDR NDF - *Little Changed, Sideways Expected*.** 1M NDF was last seen at 15674 as it traded around levels seen yesterday.The 1M NDF has remained quite steady as BI continues to intervene in the market and we continue to see that the 1M NDF is likely to trade sideways near term.

Several factors this month though keeps market on the edge and that includes developments related to the Fed and US data in addition to the US elections and geopolitical tensions. Meanwhile, Prabowo has said that his cabinet may consist of “many ministers” serving under Jokowi and this could help ensure some continuity. Back on the chart, resistance at 15777 and 16060. Support is at 15200 and 15000. Remaining key data releases this week include Sep local auto sales (11 – 15 Oct).

- **1M USDPHP NDF - Higher, *Upside Risks*.** The 1M NDF was last seen at 57.19 as it continues to rise. There is possibility that the 1M NDF could be weighed by a BSP that remains dovish whilst markets remain anxious about the pace of Fed rate cuts given the strength of US data. We are not going to rule out further upside risks in the near term. Risk events near term also adds to the possibility of more upside including geopolitical tensions in the Middle East and US elections. Meanwhile, Aug trade data out today showed that the balance remains in deficit at -$4375m (est. -$4371m, Jul. -$4876m). Back on the chart, we watch if it can decisively break the resistance is at 57.20 with the next after that at 57.66. Support is at 56.00 and 55.50. There are no remaining key data releases this week.

- **USDTHB - *Steady*, *Two-Way Risks*.** Pair was last seen at 33.46 as it held steady even as the broad dollar and UST yields rose. Gold also edged lower. However, lower oil prices could have been a supportive factor for the THB and offset the negative factors. We see two-way risks for the pair in the near term depending on how US data, the size of China stimulus and geopolitical tensions pan out to be. Meanwhile, on other items, we also remain wary of the ongoing pressure from the government on the central bank to ease rates. Finance Minister Pichai Chunhavajira has said that the government is considering a proposal to raise the annual inflation target to support economic growth. Back on the chart, resistance is at 33.61 and 34.25. Support at 32.57 with the next at 31.81. Remaining key data releases this week include Sep consumer confidence (10 – 15 Oct) and 4 Oct gross international reserves/forward contracts (Fri).

- **USDVND - *Range-trade*.** USDVND hovered around 24836, still capped by the 24870 (50-dma). Support at 24695 before the next at 24530. Break of the 50-dma resistance could open the way towards the next resistance around 24980. At home, Savills Vietnam reported that a 14% drop for average home price in HCMC in 2, albeit a 28%y/y growth still. This was due to the launch of several new projects that are priced below VND10bn, noting that demand for houses are focused on the lower-priced segments.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.42	3.42	Unchg
5YR MI 8/29	3.56	3.55	-1
7YR MS 4/31	3.75	3.75	Unchg
10YR MS 7/34	3.78	3.77	-1
15YR MS 4/39	3.91	3.91	Unchg
20YR MX 5/44	4.06	4.06	Unchg
30YR MZ 3/53	4.20	4.20	Unchg
IRS			
6-months	3.58	3.58	-
9-months	3.54	3.57	+3
1-year	3.53	3.55	+2
3-year	3.44	3.46	+2
5-year	3.49	3.52	+3
7-year	3.58	3.60	+2
10-year	3.69	3.70	+1

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

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- In local government bond market, early buying interest failed to sustain momentum, and the market gave up earlier gains as onshore IRS and NDIRS began moving higher. Overall trading activity remained light with MGS/MGII yields ended relatively unchanged. However, there was noticeable dip-buying interest in the 7y9y tenor, capitalizing on the flatness of the yield curve.

- MYR IRS levels closed 1-3bp higher across the curve with continued paying/hedging interest at the 5y point. MYR rates increased further from the higher levels post-US NFP after earlier pause as accounts still appeared to be reducing risk ahead of Thursday's US CPI data. Meanwhile, 3M KLIBOR was unchanged at 3.56%. 5y IRS traded at 3.51% and 3.515%.

- In the PDS market, trading activity was muted with thin liquidity. In the GG space, Danainfra 4/29 spread widened by 1bp on a MYR40m volume. In AAA, PLUS long-tenor bonds were traded at MTM, while Danum Capital 6/25 traded 1bp lower for MYR30m. In A1/A+, DRB-Hicom 8/25 saw MYR10m traded at MTM.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.79	2.80	+1
5YR	2.82	2.83	+1
10YR	2.89	2.89	-
15YR	2.94	2.94	-
20YR	2.91	2.92	+1
30YR	2.84	2.84	-

Source: MAS (Bid Yields)

- After bottoming at around 2.40% in mid-September, 10y SGS yield has risen by 50bp in a v-shaped rebound to c.2.90%, underperforming UST even though there is no more SGS new supply until the year-end. SORA OIS held up slightly better and swap spreads (vs. SGS) widened a tad i.e. more negative. There seems to be no respite just yet as UST yields extended the rise overnight. The overnight SORA eased further by 11bp to 3.39%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.46	6.52	0.06
2YR	6.37	6.39	0.01
5YR	6.53	6.44	(0.09)
7YR	6.59	6.57	(0.02)
10YR	6.75	6.68	(0.06)
20YR	7.03	6.98	(0.05)
30YR	6.97	6.93	(0.04)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened yesterday. It's mainly by an easier investors' responses for persistent high geopolitical tension on the Gaza Area and relative silent sentiments from global side amidst resilient results on both local consumers' confidence index and the retail sales growth yesterday. Today, we expect Indonesian bond market to weaken again after seeing recent higher positions on both DXY Dollar Index and the yields of U.S. government bonds due to the latest somewhat hawkish result on the Fed's meeting minutes. We saw that most Fed's policy members decided slashing the policy rate by 50 bps due to their strong concern on a drop condition the U.S. labour market. However, the latest result of U.S. labour market indicated a stronger expansion on the jobs activities. It, hence, lowered the market players' expectation for probability for further aggressive policy rate cut by the Fed. Meanwhile, on the domestic side, we saw a slowing growth on the retail sales index from 5.8% YoY in Aug-24 to be 4.7% YoY in Sep-24 amidst a gradual decision by Bank Indonesia to lower its policy rate. Currently, the market players are also on "wait & see" mode for another key U.S. macro data (the CPI inflation). The U.S. CPI inflation is expected to continue slowing from 2.5% YoY in Aug-24 to be 2.3% YoY in Sep-24, mainly due to a discount on the energy prices.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0997	150.24	0.6783	1.3128	7.1264	0.6178	164.1233	100.8543
R1	1.0968	149.78	0.6751	1.3099	7.1096	0.6120	163.7167	100.5837
Current	1.0943	149.16	0.6725	1.3076	7.0791	0.6080	163.2300	100.3020
S1	1.0923	148.43	0.6697	1.3049	7.0648	0.6029	162.6467	99.8717
S2	1.0907	147.54	0.6675	1.3028	7.0368	0.5996	161.9833	99.4303

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3116	4.2989	15679	57.1423	33.7230	1.4337	0.6084	3.2974
R1	1.3093	4.2902	15649	57.0827	33.5750	1.4318	0.6066	3.2905
Current	1.3068	4.2970	15657	57.1740	33.4640	1.4301	0.6076	3.2884
S1	1.3035	4.2754	15584	56.9057	33.2930	1.4283	0.6036	3.2785
S2	1.3000	4.2693	15549	56.7883	33.1590	1.4267	0.6025	3.2734

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	Oct-24	Neutral
BNM O/N Policy Rate	3.00	6/11/2024	Neutral
BI 7-Day Reverse Repo Rate	6.00	16/10/2024	Easing
BOT 1-Day Repo	2.50	16/10/2024	Neutral
BSP O/N Reverse Repo	6.25	16/10/2024	Easing
CBC Discount Rate	2.00	19/12/2024	Neutral
HKMA Base Rate	5.25	-	Easing
PBOC 1Y Loan Prime Rate	3.35	-	Easing
RBI Repo Rate	6.50	6/12/2024	Neutral
BOK Base Rate	3.50	11/10/2024	Easing
Fed Funds Target Rate	5.00	8/11/2024	Easing
ECB Deposit Facility Rate	3.50	17/10/2024	Easing
BOE Official Bank Rate	5.00	7/11/2024	Easing
RBA Cash Rate Target	4.35	5/11/2024	Neutral
RBNZ Official Cash Rate	4.75	27/11/2024	Easing
BOJ Rate (Lower bound)	0.00	31/10/2024	Tightening
BoC O/N Rate	4.25	23/10/2024	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	42,512.00	1.03
Nasdaq	18,291.62	0.60
Nikkei 225	39,277.96	0.87
FTSE	8,243.74	0.65
Australia ASX 200	8,187.38	0.13
Singapore Straits Times	3,595.66	0.56
Kuala Lumpur Composite	1,634.91	-0.04
Jakarta Composite	7,501.29	-0.74
Philippines Composite	7,424.52	-1.50
Taiwan TAIEX	22,611.39	-0.40
Korea KOSPI	2,594.36	-0.61
Shanghai Comp Index	3,258.86	-6.62
Hong Kong Hang Seng	20,637.24	-1.38
India Sensex	81,467.10	-0.21
Nymex Crude Oil WTI	73.24	-0.45
Comex Gold	2,626.00	-0.36
Reuters CRB Index	286.14	-0.40
MBB KL	10.50	0.19

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