Maybank

Macro | FX Research & Strategy

Global

# Global Markets Daily

# Term Premium Rises

### Term Premium Rises

Term premium on US debt rose to highest levels since Nov 2023 yesterday as USTs sold off (10Y: +4bps). Narrative of a potential Trump victory and the fiscal implications of such a victory continue to drive yields higher. Recalibrating expectations of less aggressive Fed cuts are also keeping yields up. Alongside this rise in yields, the USD continues to remain buoyant, with DXY last printing at 104.420 levels. Bank of Canada cut rates by 50bps, broadly in line with expectations. Meanwhile the JPY hit a 3-month low, prompting fears of intervention. These developments helped to f elevate the DXY. Equities sold off, with tech counters underperforming while oil (-0.98%) and gold (-1.21%) also retreated. Gold remains a buy on dips and these volatile and uncertain times provide a favourable backdrop for the precious metal. We continue to see two-way risks at this juncture with the USD stretched but having the possibility to go higher. A reversal could materialize if odds swing in favour of a Harris victory or amid further adjustments to Fed cut expectations.

### RBNZ Orr Pushes Back Against Outsized Cuts

RBNZ Governor Adrian Orr pushed back against outsized cuts with speculation of a 75bps cut in Nov building. Orr said that there were lingering inflation pressures and that he was inclined to lower rates incrementally and be “circumspect” about policy easing. Market seems to have a tendency to front run policy moves of certain central banks, which then forces central bankers to talk down the likelihood of such moves. NZ inflation peaked at 7.3% in 2022 and has since slowed to 2.2%, within RBNZ’s 1% to 3% target band. The slowdown has largely been due to a decline in imported prices though and domestic inflation remains elevated. The latter is likely the lingering inflation pressure that Orr refers to and we also note that he conceded that the broad disinflationary trajectory remained intact.

### Data/Events We Watch Today

We watch the slew of Oct Prelim PMIs and Sep TH Trade today.

**FX: Overnight Closing Levels % Change**

| Majors | Prev Close | % Chg | Asian FX | Prev Close | % Chg |
|---|---|---|---|---|---|
| EUR/USD | 1.0782 | -0.16 | USD/SGD | 1.323 | 0.51 |
| GBP/USD | 1.2921 | -0.49 | EUR/SGD | 1.4265 | 0.34 |
| AUD/USD | 0.6634 | -0.72 | JPY/SGD | 0.8662 | -0.57 |
| NZD/USD | 0.6005 | -0.63 | GBP/SGD | 1.7096 | 0.03 |
| USD/JPY | 152.76 | 1.11 | AUD/SGD | 0.8776 | -0.22 |
| EUR/JPY | 164.69 | 0.93 | NZD/SGD | 0.7945 | -0.13 |
| USD/CHF | 0.8664 | 0.12 | CHF/SGD | 1.5271 | 0.40 |
| USD/CAD | 1.3836 | 0.13 | CAD/SGD | 0.9562 | 0.37 |
| USD/MYR | 4.3512 | 0.54 | SGD/MYR | 3.2951 | 0.16 |
| USD/THB | 33.502 | 0.00 | SGD/IDR | 11841.95 | 0.07 |
| USD/IDR | 15620 | 0.39 | SGD/PHP | 43.9182 | -0.19 |
| USD/PHP | 57.86 | 0.00 | SGD/CNY | 5.3867 | -0.46 |

**Implied USD/SGD Estimates at, 9.00am**

| Upper Band Limit | Mid-Point | Lower Band Limit |
|---|---|---|
| 1.3148 | 1.3417 | 1.3685 |

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**G10: Events & Market Closure**

| Date | Ctry | Event |
|---|---|---|
| 23 Oct | CA | Policy Decision |
| 27 Oct | JP | General Elections |

**AXJ: Events & Market Closure**

| Date | Ctry | Event |
|---|---|---|
| 23 Oct | TH | Market Closure |

## G10 Currencies

- **DXY Index -*Stretched*, *Two-way risks*.** DXY was last seen at around 104 figure, led higher by the USDJPY and UST yields. The index may start to consolidate here. Having made it above the 100-dma and 200-dma, bullish momentum has started to weaken although bias could remain to the upside. To a certain extent, the rise in the UST yields could be due to Trump gaining traction on the 7 swing states. Fed fund futures still continue to suggest a cumulative 40bps cut for the rest of the year which seem to have stabilized. We have quite a number of data releases/events ahead (NFP, US elections) that could keep the hawkish repricing from extending. Overnight, the Fed's Beige Book revealed little economic growth. That somewhat aligns with our view that the Fed could continue to cut the Fed Fund Target rate by 25bps per meeting over the next two meetings in Nov and Dec. Data-wise, Thu has Fed Beige Book, Chicago Fed Nat Activity (Sep), Mfg/Svcs/Comp PMI (Oct P), New Home Sales (Sep). Fri has Durable/Cap Goods Orders (Sep P), U Mich Indices (Oct F), Kansas City Fed Services Activity (Oct).

- **EURUSD - *Two-way risks*.** EURUSD was last seen lower at 1.0783 levels with USD and US yields both higher. Pair remains stretched to the downside. ECB officials did not rule out a quicker pace of cuts and this weighed on the pair. Lagarde said that the direction of borrowing costs was clear, although the pace of reductions has yet to be decided. Centeno said that the ECB would cut in larger steps if the data warranted it. The ECB cut rates by 25bps as expected, with the disinflationary process "well on track" and anaemic growth a concern. Lagarde repeated the data dependent stance once again, but also hinted that a further reduction in rates in Dec was more likely.. Expectations for a 25bps Dec cut are now at 150.7%, with market suggesting that a larger cut could indeed happen. Pair is likely to remain pressured by recalibration of Fed rate cut expectations and changes in yield differentials. Pair remains below the 1.10 neckline of the earlier double top pattern. Risk reversals also show a bearish skew. Short term, we see two-way risks for the pair with a slight bias 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. We see a total of 25bps more of cuts for ECB in 2024. Back to key levels on EURUSD, resistance at 1.0800 and 1.0900. Support at 1.0750 and 1.07. Conditions are stretched to the downside and a reversal could be on the cards. Data-wise, Thu brings prelim. Mfg PMIs for Oct and then ECB 1Y, 3Y CPI expectation for Sep will be out on Fri.

- **GBPUSD - *Two-way risks*.** GBPUSD is lower at 1.2921 levels this morning with USD and US yields both higher. %. Short term, we see two-way risks for the pair with a slight bias to the downside. A 25bps Nov cut by the BOE is priced at 101.3%. Governor Bailey struck a dovish tone and suggested that the BoE can take a more aggressive approach in lowering interest rates. 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. Data-wise, we have house prices for Oct today. Thu has prelim. PMIs before consumer confidence for Oct is due on Fri.

- **USDCHF - *Two-way risks*.** USDCHF was steady at 0.8666 levels this morning with USD support continuing. Risk reversals show a bullish skew for CHF, likely given geopolitical concerns. 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 0.8700. Support is seen at 0.8600. 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. No further Swiss data releases of note for week ahead.

- **USDJPY - *Above 152.00, Upside Risks*.** The pair was last seen at 152.29 as it continued its climb and broke a key resistance at 152.00. Further upside cannot be ruled out but we are also wary of any intervention risks. UST yields has been climbing and this looks to be giving support to the USDJPY move up. Concerns of a Trump win and the Fed easing pace uncertainty looks to be guiding this climb in UST yields. Domestic concerns are also weighing in on the JPY as several news polls are showing that the LDP may not be able to necessarily win a majority in the parliament. The Mainichi newspaper forecast the LDP to win between 203 – 250 seats, which can be short of the 233 majority needed. A Nikkei poll in cooperation with the Yomiuri Shimbun Newspaper also implied that the LDP may not be able to outright win a majority and so too did another Asahi newspaper poll. A Kyodo news poll showed that only 22.6% of respondents backed the LDP (which is a narrowing of the lead from 14% a week earlier to 8.5% over the opposition Constitutional Democratic Party). Nonetheless, the LDP may still be able to form a government coalition with Komeito if the LDP do not get a majority. However, overall, this will risk muddling the path of monetary policy. Yesterday though, Ueda did ty to reassure that tightening remains in place as he said that it keeps him "awake 24/7" on "what would be the right size of normalization in total going forward, and how best to allocate that total rate hikes across time". The Governor also said that "if you proceed very, very gradually and create the expectation that rates are going to stay at low levels for a very long period, this could lead to a buildup of huge speculative positions – which could become a problem later". Given that BOJ rates remain extremely low compared to other DM or EM central banks, slow moves by the BOJ continues in some sense to support speculatively betting on JPY weakness (as the high cost associated in being long JPY can remain). The BOJ in our view is likely to be gradual in its tightening and we see the pace of Fed easing, which is uncertain, would be crucial in driving the JPY movements. Back on the chart, we watch if the pair can decisively break above the 152.00 mark with the next level after that being at 155.00. Support is at 147.00, 145.20 and 140.00. Meanwhile, economic data wise, Oct P Jibun Bank PMIs were all lower, which can highlight some concerns about aspects of the economy. Remaining key data release this week include OSep F machine tool orders (Thurs), Oct Tokyo CPI (Fri), Sep PPI services (Fri), Aug F leading/coincident index (Fri) and Sep Tokyo dept store sales and Nationwide dept sales (Fri).

- **AUDUSD - *Pressured. AUDUSD traded sideways and was last seen around 0.6640*.** Pair remains pressured by broad USD gains that were propelled by the rising UST yields ahead of the US elections. We continue to watch the opposing forces at work for the AUD – 1) Stronger US data should reinforce the narrative of a softer landing for the global economy (positive for AUD), 2) at the same time stronger US data brings about higher UST yields and that is typically negative for the AUDUSD pairing due to the shifts in yield differentials. 3) China's pivot towards placing greater priority on growth could be positive for AUD. 4) At the same time, the approach of the US elections could also generate more volatility. Back on the AUDUSD chart, resistance is seen at 0.67 (100-dma) before the next at 0.6767 while support is seen at 0.6659 (recent low) before the next at 0.6628 (200-dma). 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. RBA-wise, we may not see a rate cut at all this year for the central bank. Data-wise, we only have prelim. Oct Mfg, services PMI due on Thu.

- **NZDUSD – *Heavy.*** NZDUSD slid and was last seen around 0.6010. Moves are likely to be driven by broader USD move and UST yields ahead of the US elections. The US elections may continue to be a source of volatility for the USD as markets become increasingly concerned with US fiscal trajectory, tariffs and taxes. For NZD at home, we still think that there is a possibility that the NZD may not be weighed much further by policy. Focus 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. This morning, Orr pushed back against expectations of a 75bps cut, noting that the central bank can be more "circumspect" and "incremental" on the way down. Back on the NZDUSD chart, support around 0.6050 is broken and the next is seen around 0.5970. Resistance is now at 0.6050 before the 0.6100.

- **AUDNZD – *Elevated For Now.*** AUDNZD traded sideways within the 1.0970-1.1100 range. We still hold the view that AUDNZD may possibly fall from highs of 1.1060, to levels around 1.0970. RBNZ's rate trajectory has been aggressively priced but RBA is not. We see potential for convergence that could lead the AUDNZD lower. Resistance is seen around 1.1092 before the next at 1.1151.

- **USDCAD – *BoC Cuts 50bps as expected, to stick the landing.*** USDCAD was last seen steady at 1.3830. BoC delivered the 50bps cut that markets including ourselves expected, taking into account that inflation has come off. Governor Macklem commente 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". Focus is on bearish reversal given overbought conditions but yet the presence of the US elections seem to continue to give this pair bullish momentum. Support is seen around 1.3765 before the next at 1.3650.

- **Gold (XAU/USD) – *Buy, on Dips*.** Gold made a fresh all-time high at US$2758 before easing a tad more to levels around 2730. The approach of the US elections, the rise in the UST yields, caution over China's data and late cycle risks (globally) continue to keep this precious metal on the upmove. 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). Next resistance at 2775. Support is seen around 2680.

## Asia ex Japan Currencies

**SGDNEER trades around +1.70% from the implied mid-point of 1.3467 with the top estimated at 1.3148 and the floor at 1.3685.**

- **USDSGD – *Two-way risks*.** USDSGD was last seen higher at 1.3220 levels this morning following the rise in the USD and UST yields. Sep core inflation rose to 2.8% YoY (prev: 2.7%), mainly due to an increase in retail & other goods inflation. Given the uptick in prices, our economists think that MAS' forecast for core inflation to reach around 2% by end-2024 looks ambitious, given the stickiness in services inflation. 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 +1.47% above the mid-point this morning with the move up in USDSGD weighing on the trade-weighted index. 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 1.3250 and 1.3300. Supports are 1.3200 and 1.3150. Data releases for the week ahead include 3Q URA Home Prices and Sep Industrial Production (Fri).

- **SGDMYR – *Two-way risks*.** SGDMYR was last seen slightly lower at 3.2914 levels this morning, breaking away from the 3.28 level that it had steadied around. 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 – *Higher*.** Pair was last seen at 4.3492 as it continued to rise in line with the upward move in the UST yields and the broad dollar. In the near term, external events particularly those related to the US election looks like it could drive the pair. Idiosyncratic optimism though 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". 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. The potential for stronger China stimulus can also strengthen support for the MYR given the strong trade relations between China and Malaysia. The Fed at the end of the day is also still 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. Meanwhile, 15 Oct foreign reserves was marginally lower at $119.6bn (prior.

$119.7bn). Remaining key data releases this week include and Sep CPI (Thurs).

- **USDCNH- *Higher*.** USDCNH was still stuck below the 7.14-resistance this morning. We could be in for a period of consolidation, awaiting the outcome of the US elections on 5 Nov. Even though Harris still seems to retain a tight lead over Trump according to the poll of polls collated by fivethirtyeight.com, bookmakers suggest support for Trump is gaining traction. This pair is very prone to two-way trades for the next two weeks leading into the NPC meeting as well as the US elections. On the technical charts, USDCNH was last seen around 7.1444. This pair might be forming the right shoulder of an arguable inverted head and shoulders pattern. Pair seem to have formed an inverted head and shoulders with the trough around 6.9735 as the head. Neckline around 7.1420. A retracement towards 7.10 could form a right shoulder. Decisive break of the 7.14202 would nullify this incredible bullish pattern that could be formed with a Trump-victory outcome. USDCNY reference rate was fixed at 7.1286 vs. previous 7.1245, in line with expectations and overnight market movements.

- **1M USDKRW NDF - *Upside risks*.** 1M USDKRW NDF was seen slightly lower at 1379.42 levels this morning with some support for the KRW finally setting in after it hit a 3-month low against the USD. Pair seems to largely be tracking developments in USDJPY. This morning 3Q A GDP showed that the economy expanded by less than expected at 1.5% YoY (exp: 2.0%; prev: 2.3%) and 0.1% SA QoQ (exp: 0.4%; prev: -0.2%). BOK commented that it would check whether growth momentum is slowing and that it saw a temporary correction in export momentum. This softer than expected growth figure could prompt an earlier expected easing by the BOK. BOK cut rates by 25bps to 3.25% after an extended hold citing easing inflation and a cooling property market. BOK also judged that risks in the FX market had somewhat eased. 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 1370 and 1380. Supports are at 1360 and 1350. 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. No data remains for South Korea this week.

- **1M USDINR NDF - *Pivoting to Neutral*.** USDINR 1M NDF is barely changed at 84.19 levels. 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. 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. India data includes Oct Mfg/Svcs/Comp PMIs (Thu).

- **1M USDIDR NDF - *Higher, Cautious*.** 1M NDF was last seen at 15591 as it continued to climb in line with the rise in the UST yields. We have been constantly wary on upside risks and continue to do so given the uncertain US presidential elections. The race at this point appears to be very close but we note that a Trump win can sap appetite for EM Asia FX including the IDR given his proposed tariffs and the negative impact it can have on global growth. Meanwhile, domestically, with Prabowo's new cabinet announced, we watch closely the policies that he looks to implement. For investors, there is some relief that Sri Mulyani has been reappointed as Finance Minister although it is important to note that she is operating under different leadership. The Indo GB 10Y yields edged lower throughout last and early this week but has been rebounded back up. Back on the chart, resistance at 15777 and 16060. Support is at 15200 and 15000. There are no other key data releases this week.

- **1M USDPHP NDF - *Higher, Cautious*.** The 1M NDF was last seen at 57.83 as it continued to move up in line with the climb in the UST yields. Momentum indicators at this point are stretched on the upside but we remain cautious still on upside risks for the 1M NDF given the upcoming US presidential elections. The race is looking to be very close and a Trump win can risk weighing on appetite for EM Asia FX given his proposal to implement additional tariffs. External events in the near term looks like it could remain the main concern for the 1M USDPHP NDF. Domestically, we note that the BSP looks to be on an easing path as Governor Remolona had signal for continued reduction in rates. However, he has also chosen no too appear too dovish as he stated a preference for baby steps such as 25bps cut compared to larger moves of 50bps. Back on the chart, resistance at 58.50 and 59.13 (year to date high). Support is at 57.11 (200-dma) and 56.00. Key data releases/events this week include Sep budget balance (Thurs).

- **USDTHB - *Higher*, *Upside Risks*.** Pair was last seen at 33.50 as it continued to move up in line with higher UST yields. Gold prices were higher and that may have been of some positive for the THB. We remain cautious on the USDTHB and see upside risks building up to the US election. A Trump win can risk weighing on regional economies and hurt appetite for regional EM FX given the tariffs that he has proposed to implement. However, we also note that higher safe haven demand for gold can go some way to help the THB and possibly lead it to hold up better compared to peers. We also continue to also keep a close eye on the developments related to the China stimulus. Any roll out of strong measures can help lift sentiment towards regional EM FX including THB given the strong trade links between China and the other regional EM countries. Meanwhile, BOT Governor Sethaput Suthiwartnarueput hinted that there will no hurry for future easing as he said that "the bar for taking further rate moves has to be reasonably high". He continued to label the recent move as a "recalibration" and noted that slowing credit growth was one of the factors that convinced the BOT to have cut last week. He also defended the current inflation target despite government pressure to raise it. Our economist is not expecting the BOT to make any further moves for the rest of this year and next year. Back on the chart, resistance is at 33.61 and 34.25. Support at 32.57 with the next at 31.81. Key data releases/events this week include Sep car sales (Thurs) and 18 Oct gross international reserves/forward contracts (Fri).

- **USDVND – *Capped for now.*** USDVND hovered around 25395. This pair continues to be driven by broader USD movement as well as the swings of the UST yields. VND is close to erasing all gains vs. the USD since the mid of this year. Key resistance is seen around 25475 now. Support at 25086 (100-dma). Into the elections, the USD continues to gain tail winds. Just as we are looking for USD index to start to consolidate, so is there a possibility for the USDVND to start to trade sideways, especially with the resistance at a 25475 within striking distance now.

## Malaysia Fixed Income

**Rates Indicators**

| MGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|---|---|---|---|
| 3YR ML 5/27 | 3.46 | 3.48 | +2 |
| 5YR MI 8/29 | 3.58 | 3.63 | +5 |
| 7YR MS 4/31 | 3.80 | 3.84 | +4 |
| 10YR MS 7/34 | 3.83 | 3.86 | +3 |
| 15YR MS 4/39 | 3.98 | 4.01 | +3 |
| 20YR MX 5/44 | 4.15 | 4.14 | -1 |
| 30YR MZ 3/53 | 4.21 | 4.23 | +2 |
| IRS | | | |
| 6-months | 3.57 | 3.57 | - |
| 9-months | 3.57 | 3.58 | +1 |
| 1-year | 3.56 | 3.58 | +2 |
| 3-year | 3.53 | 3.53 | - |
| 5-year | 3.56 | 3.57 | +1 |
| 7-year | 3.65 | 3.65 | - |
| 10-year | 3.75 | 3.75 | - |

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

- In the local bond market, the selloff continued probably triggered by higher yields at the London open for both UST and Gilts. Market sentiment seems to be bracing for risk events in the US, specifically a potentially less dovish Fed and uncertainty in US election outcome. As a result, participants are offloading risks, especially in the 7y and 10y, ahead of the upcoming 7y MGII auction. Overall yields rose 2-5bp except for the 20y, which fell by 1bp to 4.14%.

- MYR IRS curve shifted marginally higher on selected tenors as weaker UST overnight continued to weigh on domestic rates, with early bidders spotted across the tenors up to 5y. 5y IRS traded multiple times at 3.575%, the highest level since July 2024. 3M KLIBOR remained unchanged at 3.58%.

- In the PDS market, GG space faced selling pressure, causing Prasarana 10/39 to widen by 2bp and Turus Pesawat 11/24 by 8bp. In AAA, Danum Capital 25s traded 1bp lower while PASB 4/28 and Cagamas 4/26 were dealt at MTM. In AA1/AA+, KLK 9/29 traded 2bp higher. In AA, Sunway Health 4/29 spread widened 2bp. In AA3/AA-, Edra Energy 7/25 spread narrowed 1bp.

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## Singapore Fixed Income

### Rates Indicators

| SGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|---|---|---|---|
| 2YR | 2.78 | 2.77 | -1 |
| 5YR | 2.83 | 2.82 | -1 |
| 10YR | 2.93 | 2.92 | -1 |
| 15YR | 3.00 | 2.99 | -1 |
| 20YR | 2.96 | 2.95 | -1 |
| 30YR | 2.87 | 2.86 | -1 |

*Source: MAS (Bid Yields)*

- The selling in SGS took a breather with yields declining 1bp across the curve. 10y SGS yield eased slightly to 2.92%. The risk of additional hawkish repricing in US rates going into the US Election continues to pose upside risk to bond yields. The overnight SORA increased to 3.13%.

# Indonesia Fixed Income

## Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Latest Day's Close | Change |
|---|---|---|---|
| 1YR | 6.48 | 6.48 | 0.00 |
| 2YR | 6.46 | 6.45 | (0.01) |
| 5YR | 6.55 | 6.59 | 0.04 |
| 7YR | 6.64 | 6.68 | 0.04 |
| 10YR | 6.68 | 6.79 | 0.11 |
| 20YR | 6.93 | 6.98 | 0.06 |
| 30YR | 6.96 | 6.99 | 0.03 |

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds weakened as the global financial markets condition wasn't conducive yesterday. We still saw the side effects of lower expectation on Fed's policy rate cut and high geopolitical tension on the Middle East. We expect this condition to be a good momentum for the market players for applying "buy on weakness" given that Indonesian economic fundamental is solid.

## Foreign Exchange: Daily Levels

| | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY | AUD/JPY |
|---|---|---|---|---|---|---|---|---|
| R2 | 1.0829 | 154.49 | 0.6723 | 1.3028 | 7.1519 | 0.6086 | 166.2233 | 102.1017 |
| R1 | 1.0806 | 153.62 | 0.6679 | 1.2975 | 7.1438 | 0.6046 | 165.4567 | 101.7193 |
| **Current** | 1.0783 | 152.77 | 0.6637 | 1.2919 | 7.1347 | 0.6008 | 164.7200 | 101.3870 |
| S1 | 1.0760 | 151.46 | 0.6602 | 1.2888 | 7.1306 | 0.5978 | 163.4867 | 100.9283 |
| S2 | 1.0737 | 150.17 | 0.6569 | 1.2854 | 7.1255 | 0.5950 | 162.2833 | 100.5197 |

| | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|---|---|---|---|---|---|---|---|---|
| R2 | 1.3295 | 4.3729 | 15671 | 58.0127 | 33.9760 | 1.4317 | 0.6128 | 3.3072 |
| R1 | 1.3263 | 4.3621 | 15645 | 57.9363 | 33.7390 | 1.4291 | 0.6115 | 3.3011 |
| **Current** | 1.3223 | 4.3520 | 15631 | 58.0600 | 33.8160 | 1.4258 | 0.6108 | 3.2915 |
| S1 | 1.3175 | 4.3341 | 15597 | 57.7953 | 33.3710 | 1.4220 | 0.6086 | 3.2884 |
| S2 | 1.3119 | 4.3169 | 15575 | 57.7307 | 33.2400 | 1.4175 | 0.6070 | 3.2818 |

*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 | 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 | 5.25 | - | 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 | 5.00 | 8/11/2024 | Easing |
| **ECB** Deposit Facility Rate | 3.25 | 12/12/2024 | 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 | 3.75 | 23/10/2024 | Easing |

## Equity Indices and Key Commodities

| | Value | % Change |
|---|---|---|
| Dow | 42,514.95 | -0.96 |
| Nasdaq | 18,276.65 | -1.60 |
| Nikkei 225 | 38,104.86 | -0.80 |
| FTSE | 8,258.64 | -0.58 |
| Australia ASX 200 | 8,216.01 | 0.13 |
| Singapore Straits Times | 3,600.78 | 0.37 |
| Kuala Lumpur Composite | 1,641.53 | -0.06 |
| Jakarta Composite | 7,787.57 | -0.02 |
| Philippines Composite | 7,367.66 | -0.61 |
| Taiwan TAIEX | 23,334.76 | -0.85 |
| Korea KOSPI | 2,599.62 | 1.12 |
| Shanghai Comp Index | 3,302.80 | 0.52 |
| Hong Kong Hang Seng | 20,760.15 | 1.27 |
| India Sensex | 80,081.98 | -0.17 |
| Nymex Crude Oil WTI | 70.77 | -1.83 |
| Comex Gold | 2,729.40 | -1.10 |
| Reuters CRB Index | 283.44 | -0.28 |
| MBB KL | 10.62 | 0.00 |

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