Macro | FX Research & Strategy

Global

9 October 2024

Maybank

Global Markets Daily

Watching the East and West

Guessing the Fed Path and China Stimulus

Markets continue to crucially watch how developments fare on both sides of the Pacific Ocean in China and the US. Yesterday, China's NDRC press conference had yielded little in terms of any announcement of significant stimulus. The body mentioned that there would be 200m yuan of front loading in expenditure in addition to a ramp up of the consumer goods trade in program. There looked to be some disappointment among investors although the reopening of mainland markets did also lead to quite some volatility in the Hang Seng amid a possible shift of flows to the Shanghai and Shenzhen bourses. HSI itself fell by 9.4% although CSI300 rose by 5.9%. USDCNH moved substantially throughout the day but it ended pretty much around its open. This morning, the pair had edged lower again. The possibility of more measures still to come from China cannot be ruled out as MOF can still announce potential fiscal stimulus in the coming future. Two-way risks remain for USDCNH/CNY as markets continue to assess the level of stimulus that China may role. Pair was last seen at 7.0659 with resistance at 7.10 and support at 6.9719. Meanwhile, in the US, Fed speakers overnight did not necessarily hint of either a more or less dovish Fed. Bostic and Collins said that policy makers must balance competing risks when considering the rate path. Jefferson said that risk to employment and inflation goals are now closer to equal. DXY last seen steady at 102.55 and we stay cognizant of upside risks still amid US election uncertainty, geopolitical tensions and overshoot in market expectations. Resistance at 103.00 and support at 101.80.

RBNZ Cuts by 50bps

NZDUSD slipped and was last seen around 0.6100. 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. Support around 0.6110 is being broken before the next at 0.6050.

Data/Events We Watch Today

This includes US Aug wholesale data, GE Aug trade data, CH aggregate financing data (tentative).

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0980	0.04	USD/SGD	1.304	0.00
GBP/USD	1.3104	0.16	EUR/SGD	1.4317	0.03
AUD/USD	0.6744	-0.19	JPY/SGD	0.8799	-0.02
NZD/USD	0.6139	0.23	GBP/SGD	1.7087	0.16
USD/JPY	148.2	0.01	AUD/SGD	0.8797	-0.18
EUR/JPY	162.72	0.06	NZD/SGD	0.8003	0.20
USD/CHF	0.8574	0.34	CHF/SGD	1.521	-0.36
USD/CAD	1.3647	0.20	CAD/SGD	0.9555	-0.21
USD/MYR	4.2873	0.07	SGD/MYR	3.2895	0.12
USD/THB	33.49	0.13	SGD/IDR	12011.97	-0.20
USD/IDR	15645	-0.22	SGD/PHP	43.7085	0.32
USD/PHP	56.915	0.19	SGD/CNY	5.4116	0.59

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3033	1.3299	1.3565

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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	KR	Market Closure
11 Oct	HK	Market Closure
11 Oct	KR	BOK Policy Decision

SEE PAGE 14 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index – *Sideways Ahead of the FOMC Minutes!*** DXY index hovered around 102.50, little changed ahead of the Minutes release this evening. NFIB small business optimism rose less than expected to 91.5 from previous 91.2. UST yields were also relatively less change. Data releases thus far had already spurred a recalibration of rate trajectory and we reckon that there is little more room for further hawkish repricing given that Fed Fund futures is already implying 50bps cut by the end of 2024. Even as the Minutes suggest divided opinions on the rate trajectory, this will have less effect on the USD index as well as the UST yields. 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. Brent dropped from the $80/bbl-handle, in tandem with AUD, CNY after China's NDRC failed to announce any fresh meaningful fiscal stimulus. That said, the move lower in oil prices are likely to be limited as conflicts in the Middle-east Continues. US equities rose. The DXY index was still hovering around 102.50 this morning. Support is seen around 101.80 before the next at 100.20. Resistance at 101.80 is broken and the next is seen at 102.88. Week ahead has Wholesale trade sales for Aug on Wed. 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 slightly lower at 1.0975 levels, remaining 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 88%% (pre NFP: 135%). 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 – *Steadying*.** GBPUSD is relatively steady at 1.3101 levels this morning. 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 1.3200 and then at 1.3250. Supports are at 1.3100 and 1.3000. 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 0.8577 levels this morning. 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 - *Steady, Likely to be Ranged*.** The pair was last seen little changed at 148.10 in line with the steadiness in the broad dollar and UST yields. We expect the pair to remain ranged traded although it could be quite wide between 140.00 – 150.00 as markets continue to assess US data and Ishiba's stance. Resistance at 150.00. Support at 140.60 and 135.60. Meanwhile, economic data wise, Sep eco watchers survey out yesterday showed that current index fell to 47.8 (est. 49.2, Aug. 49.0) whilst the outlook index was at 49.7 (est. 50.5, Aug. 50.3). Economic Revitalization Minister Ryosei Akazawa said in a group interview on Tuesday that the government trusts the BOJ's decisions and will work closely to eliminate the risk of deflation. Remaining key data releases this week include Sep P machine tool orders (Wed), Sep PPI (Thurs), Sep bank lending (Thurs), Sep Tokyo average office vacancies (Thurs) and Sep M2/M3 (Fri).

- **AUDUSD - *Finding Support*.** AUDUSD steadied overnight, likely due to the slight recovery in risk appetite, last seen around 0.6750. Minutes of the RBA meeting was released yesterday and RBA 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%). 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 0.6100. 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, notwithstanding the rise in oil price recently. Pair has broken above the 21-dma (around 1.3545) which has acted as a resistance for this pair. Spot is last printed 1.3620. 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. Week ahead has Aug trade on Tue. Fri has Sep labour data.

- **Gold (XAU/USD) – *Buy, on Dips*.** Gold edged lower, pressing against the support around 2620 (21-dma). USD is elevated but risk appetite has improved overnight. Any test of this level 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 +1.98% from the implied mid-point of 1.3299 with the top estimated at 1.3033 and the floor at 1.3565.

- **USDSGD - Two-way risks.** USDSGD was last seen slightly higher at 1.3035 levels this morning. The trade-weighted SGDNEER is at +1.98% 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 relatively unchanged at 3.2884 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 last seen little moved at 4.2805 in line with the broad dollar holding steady around recent levels. Overall, optimism towards the MYR looks like it could remain strong amid the backdrop of an investment upcycle as the Forest City Special Financial Zone (SFZ) is launched with incentives to attract businesses and investors such as concessionary corporate tax rate, special deductions on relocation costs. The SFZ would be included in the Johor Singapore Special Economic Zone. Malaysia remains in pole position to attract investors and that is generating significant support for the MYR. Meanwhile, BNM has 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. Back on the chart, support is seen around 4.0800 and 4.0000. Remaining key data releases this week include Aug mfg sales (Fri) and Aug IP (Fri).

- **USDCNH - *Rebound*.** USDCNH hovered around 7.0670, softening in spite of the disappointing NDRC announcements. 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 7.0660, 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 – *Included on FTSE WGBI*.** 1M USDKRW NDF was last seen slightly lower at 1339.85 levels this morning. 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 – *Steadying, IGBs to be on FTSE EM GBI from Sep 2025*.** USDINR 1M NDF has quietly edged up and has steadied around last seen levels of 84.06 levels this morning. 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 RBI Policy Decision (Wed) and Aug Industrial Production (Fri).

- **1M USDIDR NDF – *Lower, Sideways Expected*.** 1M NDF was last seen at 15650 as it pulled back. The 1M NDF stood out as quite a regional outperformer as BI continues to intervene in the market. We see the 1M NDF is likely to trade sideways near term as markets continue to assess the US data and the pace of Fed rate cuts in addition to the size of any Chinese stimulus. However, we would like to note there remains upside risks this month that includes US election uncertainty being priced in more and the impact it can have on hurting sentiment towards the riskier EM assets. Other risks we are aware of include uncertainty related to Prabowo's policies as he takes offices but even then, it does appear that potential figures of the new incoming administration at this point are looking cautious about causing major movements in markets. Back on the chart, resistance at 15777 and 16060. Support is at 15200 and 15000. Meanwhile, Sep consumer confidence index was slightly lower but still robust at 123.5 (Aug. 124.4). 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 57.04 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. Back on the chart, resistance is at 57.20. Support is at 55.27 and 54.50. Remaining key data releases this week include Aug trade data (Thurs).

- **USDTHB - *Steady*, *Sideways Expected*.** Pair was last seen at 33.46 as it held steady with the broad dollar still trading around recent levels. Gold did edge lower although UST yields were steady. We expect it to trade sideways in the near term as markets continue to assess US data and the size of China stimulus in addition to keeping a close eye on geopolitical tensions. 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. A former BOT Governor Tarisa Watanagase though has warned that the government's attempt to influence the appointment of a new central bank Charmian could lead to "disastrous consequences". Back on the chart, support at 32.57 with the next at 31.81. Resistance is at 33.61 and 34.25. Remaining key data releases this week include Sep consumer confidence (9 – 15 Oct) and 4 Oct gross international reserves/forward contracts (Fri).

- **USDVND - *Range-trade*.** USDVND hovered around 24840, 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. Recent macro indicators suggest that growth could remain strong. Vietnam just released data with 3Q GDP outperforming at 7.4%y/y in the third quarter from an upward-revised 7.1% in 2Q. Our economist noted that the 3Q outturn surpassed our above-consensus estimate of 6.7%, GDP rose 6.8% in first nine months, led by trade, tourism and transportation. SBV should stand pat on rates as inflation cools in Sep. Our economist now looks for GDP to grow 6.7% in 2024 and 6.4% in 2025, an upgrade from 6.4% and 6.2% previously. In somewhat related news, PM Pham Minh Chinh urged "drastic measures" to be implemented by ministries to boost growth to above 7% this year. Minister of Planning and Investment Nguyen Chi Dung said that the country must achieve GDP growth of 7.6-8% in 4Q to hit the 2024 target of 7% or more.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.43	3.42	-1
5YR MI 8/29	3.55	3.56	+1
7YR MS 4/31	3.75	3.75	Unchg
10YR MS 7/34	3.77	3.78	+1
15YR MS 4/39	3.92	3.91	-1
20YR MX 5/44	4.05	4.06	+1
30YR MZ 3/53	4.23/18	4.20	Unchg
IRS			
6-months	3.57	3.58	+1
9-months	3.54	3.54	-
1-year	3.53	3.53	-
3-year	3.45	3.44	-1
5-year	3.51	3.49	-2
7-year	3.60	3.58	-2
10-year	3.70	3.69	-1

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

- Ringgit government bonds traded sideways with yields moving within a +/-1bp range. Trading activities concentrated in the short-to-belly of the curve. Market participants scaled back expectations for Fed easing while geopolitical tensions in the Middle East pushed crude oil prices higher. Foreign fund inflows into Ringgit bonds slowed to a relatively muted MYR1b in September (August: MYR9b) after successive months of strong gains.

- MYR IRS levels drifted mostly 1-2bp lower, resulting in a slightly flatter curve with continued hedging interest at the 5y point. MYR rates space took a breather following sharp reaction to the US NFP surprise, though activity may pick up again with the upcoming release of US CPI data on Thursday. Meanwhile, 3M KLIBOR was unchanged at 3.56%. 5y IRS traded at 3.49%.

- In the PDS market, trading activity picked up slightly. GGs traded mixed. PTPTN 7/26 spread tightened 1bp, while sizeable sell-offs in Danainfra and Prasarana caused their spreads widening 2bp. In AAA, PLUS long-tenor bonds traded at MTM, while CIMB Islamic Bank 3/34 traded 2bp lower on a MYR40m volume. In AA1/11+, YTL 11/26, RHB 11/28, and UOB 10/32 traded range bound. In AA3/AA-, UEM Sunrise 10/25 spread tightened by 3bp on a MYR15m volume.

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Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.79	2.79	-
5YR	2.82	2.82	-
10YR	2.91	2.89	-2
15YR	2.94	2.94	-
20YR	2.92	2.91	-1
30YR	2.85	2.84	-1

Source: MAS (Bid Yields)

- The SGS yield curve remained stable with minimal movement in the mid-to-longer tenors. 2y5y SGS yields were unchanged at 2.79% and 2.82% after a sharp rise on the previous day. 10y yield eased 2bp to 2.89%, while the 20y30y yields edged down by 1bp. The overnight SORA eased further by 5bp to 3.50%.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.41	6.46	0.05
2YR	6.34	6.37	0.03
5YR	6.59	6.53	(0.06)
7YR	6.61	6.59	(0.03)
10YR	6.73	6.75	0.02
20YR	7.06	7.03	(0.03)
30YR	7.00	6.97	(0.03)

** Source: Bloomberg, Maybank Indonesia*

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- Several series of Indonesian government bonds revived from their weakening trends yesterday. The market players began collecting Indonesian government bonds after easing global geopolitical pressures, as shown by a retreat on the Brent oil prices to below US$79/barrel again recently. Indonesian bond market remains being attractive for the global investors, as shown by recent increase on the foreigners' ownership on the government bonds from Rp870.59 trillion on 30 Sep-24 to be Rp883.16 trillion on 07 Oct-24.

- Indonesian bond market is attractive due to an attractive yield return and sound fundamental economic background and prospect. Moreover, Bank Indonesia as the national monetary authority is expected to cut again its policy rate this month, following recent slowing pace on national inflation and relative manageable position of Rupiah as the local currency against US$. Recent investment gap between the yields of Indonesian 10Y government bond and U.S. 10Y government bonds is relative wide by 273 bps until early today. Then, on the fundamental side, Bank Indonesia just reported that Indonesian consumers remained being strongly optimist, as shown by Indonesian consumers' confidence index at 123.5 in Sep-24.

- The national consumers' confidence index slightly dropped from 124.4 in Aug-24 to be 123.5 in Sep-24. The level at above 100 indicates an optimism for the consumers' side. According to Bank Indonesia, there are a slightly monthly drop on the levels of consumers' Current Economic Condition Index, Expectation Index, Current Incomes Index, Purchase of Durable Goods Index, Incomes Expectation Index, Job Availability Index, and Business Activities Expectation Index. Bank Indonesia also reported that a drop on those indexes occurred for the consumers that have spending monthly capacity around Rp1-3 million and above Rp4.1 million.

- We thought that most of those segmented consumers received a side effects of current conditions on 1.) a relative unfavourable on the global economic condition that impacting to the revenues from the consumers on the exporters' side, 2.) a relative limited increase on the consumers' income during stagnant era of economic growth, and 3.) also high lending rate environment that also impacting the consumers' capacity to utilize their leverage for consuming goods, especially for the durable goods.

- According to those conditions, we expect both Indonesian government and financial authorities to apply several measures to maintain consumers' strong optimism for consuming goods, such as intensifying coordination with the main trading partner countries to guard Indonesian exports' performances, keeping a stability prices on the strategic commodities goods, preserving availability supply of domestic consumption goods, and lowering national lending rates. We believe that it's crucial for the national authorities to maintain conduciveness on the domestic consumption activities given that this sector is the biggest contributor for the national economy.

- The Indonesian government only absorbed Rp7.75 trillion from its latest Sukuk auction yesterday. The government had indicative target for this auction by Rp8 trillion. Investors' total incoming bids on this auction only reached Rp14.85 trillion, less than our expectation at Rp23 trillion. We thought that a relative silent on investors' participations for this auction is in line with recent unfavourable market conditions due to higher geopolitical tension on the Gaza area and lower investors' expectations for very aggressive policy rate cuts by the Fed on the next November and December.

- Unusually, we saw that most investors' enthusiasm for participating this auction is coming to the short series, SPNS07072025 with Rp4.37 trillion of investors' total incoming bids and asking the range yields by 6.10000%-6.35000%. Then, the government decided absorbing Rp2.8 trillion with awarding 6.21443% from investors' total interests for bidding SPNS07072025. It seemed that the market players preferred a short tenor series with attractive return on this auction during recent high volatility on the market.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1015	149.01	0.6797	1.3143	7.1063	0.6168	163.3933	100.8560
R1	1.0998	148.60	0.6770	1.3123	7.0901	0.6154	163.0567	100.4270
Current	1.0972	148.24	0.6738	1.3095	7.0649	0.6106	162.6500	99.8770
S1	1.0962	147.57	0.6716	1.3074	7.0520	0.6116	162.1467	99.3290
S2	1.0943	146.95	0.6689	1.3045	7.0301	0.6092	161.5733	98.6600

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3069	4.3056	15746	57.0850	33.7013	1.4372	0.6122	3.3020
R1	1.3054	4.2964	15696	57.0000	33.5957	1.4345	0.6100	3.2957
Current	1.3033	4.2850	15610	57.0330	33.3700	1.4300	0.6067	3.2883
S1	1.3023	4.2754	15610	56.7940	33.3947	1.4286	0.6058	3.2800
S2	1.3007	4.2636	15574	56.6730	33.2993	1.4254	0.6039	3.2706

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	9/10/2024	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	9/10/2024	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	42,080.37	0.30
Nasdaq	18,182.92	1.45
Nikkei 225	38,937.54	-1.00
FTSE	8,190.61	-1.36
Australia ASX 200	8,176.95	-0.35
Singapore Straits Times	3,575.69	-0.65
Kuala Lumpur Composite	1,635.62	0.02
Jakarta Composite	7,557.14	0.71
Philippines Composite	7,537.25	-0.23
Taiwan TAIEX	22,611.39	-0.40
Korea KOSPI	2,610.38	1.58
Shanghai Comp Index	3,489.78	4.59
Hong Kong Hang Seng	20,926.79	-9.41
India Sensex	81,634.81	0.72
Nymex Crude Oil WTI	73.57	-4.63
Comex Gold	2,635.40	-1.15
Reuters CRB Index	287.28	-2.14
MBB KL	10.48	-0.19

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