Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Curtailing Expectations

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US Aug CPI inflation data was broadly in line with expectations, although the MoM core print was higher at 0.3% MoM (exp: 0.2%; prev: 0.2%). Inflation data curtailed expectations for a half point Fed hike in Sep, with the market implied probability of a larger cut falling to 17.5% (prev: 32.5%). As we have been suggesting, a recalibration of Fed cut expectations could lend better support to the USD and the greenback looks to open the Asian session higher with the DXY at 101.832 levels (+0.1%). UST yields rose (10Y: +2bps), while stocks reversed an initial sell-off to end higher. Gold fell (-0.17%) but remains above the $2500 handle. It appears that the slightly hotter sequential inflation print has helped to temper market expectations for a larger cut and has possibly assuaged fears of a recession/hard-landing. We watch for a possible break of the 102 handle on the DXY and reiterate that we view rebounds in the USD as opportunities to sell the greenback in the longer term.

ECB Likely To Trim Rates and Narrow Corridor

The ECB is likely to cut its deposit rate by 25bps later today, given how Eurozone data has been broadly supportive of a cut. An ECBspeak Index shows that ECB policymakers have been sounding more dovish over the summer. While we expect a cut, we think ECB are extremely unlikely to depart from their data-dependent rhetoric and they will neither commit to nor provide guidance for a pre-determined rate cut path. In addition, there will be a narrowing of the ECB's rate corridor. ECB had earlier announced that the spread between their main refinancing rate (MRR) and the deposit rate will shrink to 15bps (from 50bps). This will likely be achieved by reducing the MRR and marginal lending rate (MLR) by 60bps (in order to maintain the 25bps between the MRR and the MLR). This change is operational in nature and with market interest rates influenced by the deposit rate, is unlikely to have an impact on the EUR.

Data/Event We Watch Today

We watch Aug US PPI Inflation and ECB Policy Decision today.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1012	-0.07	USD/SGD	1.3041	-0.04
GBP/USD	1.3043	-0.28	EUR/SGD	1.4361	-0.10
AUD/USD	0.6674	0.33	JPY/SGD	0.916	0.01
NZD/USD	0.6137	-0.21	GBP/SGD	1.701	-0.32
USD/JPY	142.36	-0.06	AUD/SGD	0.8704	0.29
EUR/JPY	156.78	-0.12	NZD/SGD	0.8004	-0.25
USD/CHF	0.8523	0.63	CHF/SGD	1.5302	-0.66
USD/CAD	1.3575	-0.26	CAD/SGD	0.9607	0.21
USD/MYR	4.3298	-0.29	SGD/MYR	3.3249	-0.08
USD/THB	33.647	-0.30	SGD/IDR	11830.21	-0.03
USD/IDR	15400	-0.32	SGD/PHP	42.9745	-0.47
USD/PHP	55.97	-0.75	SGD/CNY	5.4613	0.04

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3041	1.3307	1.3573

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G10: Events & Market Closure

Date	Ctry	Event
11 Sep	US	Presidential Debate (KL/SG Time)
12 Sep	EC	ECB Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
NIL	NIL	NIL

G10 Currencies

- **DXY Index -*102-figure Still Caps*.** The DXY index slipped right at the start of Asia on Wed before regaining elevation post Aug CPI report. The inflation report managed to elicit a stronger-response from the market than expected. Core inflation quickened to 0.3%m/m from previous 0.2%. Year-on-year, core steadied at around 3.2%. Headline inflation ease to 2.5%y/y from previous 2.9%. That inflation report pared bets on a 50bps hike by the Fed next week but as one can tell, the move higher of the USD remains rather limited given that the easing narrative remains rather entrenched. What could actually lift or bring the USD more discernibly lower is global growth. Should global growth start to show more signs of a severe downturn, that could bring the USD higher. Should growth start to bottom out and gain traction, USD could continue to extend lower. In between now and the medium term, we have the US elections. VP Kamala Harris was able to articulate her plans well (tax credits for small businesses, support for family, women's right to abortions as well as tackling the high cost of living) at the debate. Trump had started the week with a small lead over Kamala but that has been reversed significantly based on betting platforms. We had the view that the yuan would have been a worthy hedge against a Trump victory. The outcome of the debate had conversely resulted in tentative strength for the yuan. However, by early Asia this morning, the intra-day gains were almost wiped out because of the stronger-than-expected US core CPI. We still take a cautiously optimistic view. While activity in the US is slowing, employers are being more cautious on hiring, latest consumer sentiment seems to be holding up. Initial jobless claims have been steady which also underscores little evidence of mass layoffs. As such, a US soft-landing is still on track. The 100bps cut priced in over the next three meetings (Sep - Dec 2024) is, in our view, still at risk of being a tad aggressive given that the rest of the economic report suggests some resilience still. There is a chance that the well that the Fed may reveal a milder pace of easing at its next dot plot in Sep. Key support is seen around 100.60. Resistance remains at 102. Break out above that opens the way towards 102.90. It is more likely for two-way trades within the 100.60-102.00. Data-wise, Thu has PPI for Aug. Fri has Sep prelim. Univ. of Mich. Sentiment.

- **EURUSD - *Lower*.** EURUSD is lower at 1.1008 levels this morning as the USD was better supported on a sequentially hotter core inflation print in Aug, which led to a curtailing of expectations for a 50bps rate cut next week. In addition, risks from tonight's ECB decision linger for the pair. ECB had earlier announced that the spread between their main refinancing rate (MRR) and the deposit rate will shrink to 15bps (from 50bps). This will likely be achieved by reducing the MRR and marginal lending rate (MLR) by 60bps (in order to maintain the 25bps between the MRR and the MLR). This change is operational in nature and with market interest rates influenced by the deposit rate, is unlikely to have an impact on the EUR. We continue to caution that the risk of further USD rebounds on recalibration of Fed rate cuts is possible. At the same time, we view rebounds in the USD (lower EURUSD) as opportunities to sell the USD (buy EURUSD). A soft-landing is favourable for USD weakness and a hard-landing is favourable for USD strength. Our base case remains one for a soft-landing although we do recognize the risks of a hard-landing. We look once again to buy EURGBP on dips as we continue to believe perceived central bank divergences should narrow and see value in fading the latest rally in the GBP. ECB are likely adopting a cautious approach despite having cut in the face of an uptick in inflation previously. While we do expect a cut from the ECB on 13 Sep, we think they are extremely unlikely to depart from their data-dependent rhetoric and they will neither commit to nor provide guidance for a pre-determined rate cut path. Support is at 1.1000, followed by 1.0950, resistance at 1.1060 and 1.1100. Eurozone data this week includes ECB Policy Decision (Thu) and Jul Industrial Production (Fri).

- **GBPUSD – *Lower***. GBPUSD was lower at 1.3034 levels this morning as the USD was better supported on a sequentially hotter core inflation print in Aug, which led to a curtailing of expectations for a 50bps rate cut next week. Two-way risks exist, as the backdrop of a soft landing/Goldilocks scenario builds, conditions become more favourable for GBP strength (and USD weakness). We continue to caution that the risk of further rebounds on recalibration of Fed rate cuts is possible. At the same time, BOE is priced as the most hawkish DM central bank at this point and that is providing the GBP some lift. However, we continue to see potential for 50bps cuts from the BOE in 2024, which could keep the GBPUSD from rising much further. Services inflation, the main source of discomfort for the BOE, has come off in the latest print. 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. We look once again to buy EURGBP on dips as we continue to believe perceived central bank divergences should narrow and see value in fading the latest rally in the GBP. Back on the GBPUSD, resistances at 1.3100 and 1.3200. Supports are at 1.3000 and 1.2950. UK data this week includes Aug Construction PMI and Aug DMP 3M Output Price/1Y CPI Expectations (Thu).

- **USDCHF – *Two-way risks***. USDCHF is higher at 0.8525 levels this morning as the USD was better supported on a sequentially hotter core inflation print in Aug, which led to a curtailing of expectations for a 50bps rate cut next week. We continue to look for two-way movements for the pair with both the Fed and SNB looking to cut rates. 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. Nevertheless, we do see USDCHF lower into quarters ahead alongside fading US economic exceptionalism and Fed rate cuts. Supports are at 0.8400 and 0.8333. Rebounds to meet resistance at 0.8500 and 0.8550 thereafter. Aug Unemployment Rate was stable at 2.4% (exp: 2.4%; prev: 2.4%) and 2.5% SA (exp: 2.5%; prev: 2.5%). Swiss data this week includes 6 Sep Sight Deposits (Mon).

- **USDJPY – *Higher, Upside Risk***. The pair was last seen lower at 142.90 it trades higher. We had said that the downside for the pair is limited and that there could eventually be some rebound. That looks to have occurred as intraday yesterday, it fell to 140.71 (which is actually a ytd low) before bouncing back up. A CPI reading that was slightly above expectations also somewhat supported only a 25bps cut in Sep and raised concerns that the Fed may still have to be slow. That seems to have led the USDJPY to rebound as UST yield climbed. We continue to see the possibility of a further climb building up to FOMC. However, the rise in the pair is likely to also be limited given that the path of rates for the Fed is looking to be downwards and US recession fears can still linger for quite a while. US election season can also add to the gyrations in the pair. Overall, we see USDJPY ranged between 140 – 146 over the coming weeks. Meanwhile, BOJ policy board member Tamura's comments this morning looks to back a tightening cycle as she said that they need to raise rate to 1% by end of outlook period. She views the neutral rate to be at least of 1%. JPY did get some lift from the comments and pared back some of its losses. Back on the chart, support is at 140.25 and 135.00. Resistance is at 150.00 and 152.00. Meanwhile, economic data wise, Aug PPI came out below expectations at 2.5% YoY (est. 2.8% YoY, Jul. 3.0% YoY) although one data point does not imply that the data is on a downward trend and we continue to monitor it. 3Q BSI all industry and manufacturing data also picked up, pointing to some strength in the economy. Remaining key data releases this week include Aug Tokyo average vacancies (Thurs), Jul F IP (Fri) and Jul capacity utilization (Fri).

- **AUDUSD – *Finding Support*.** AUDUSD bounced off the 200-dma around 0.6620 and was last seen around 100-dma, last printed 0.6653. AUDUSD was pushed lower at first post-US CPI report but reversed higher by the end of the overnight session on better risk sentiment. Regardless, UST yields rose as investors pare bets on a 50bps cut by the Fed next week and the AUD, being more sentiment-driven is susceptible to two-way trades within 0.66-0.68 range, especially given the current growth assessment and fragility of sentiment. On the daily chart, stochastics are turning from overbought conditions and momentum is increasingly bearish. Break of the 0.6620-support to open the way towards 0.6500, especially if global growth continues to show signs of cracks such as further signs of deterioration in China's economy and we have quite a number of China data due this week. This is a time of global growth assessment and should there be a lack of revival in consumer confidence/business confidence even after the signaling of rate cuts, we will start to take a more cautious view of the AUD. Our glass half full view of the world is based on our assumptions that the Fed is easing at a time where there is some resilience in the economy, consumer confidence is holding up and weekly jobless claims suggest little evidence of mass layoffs. Post summer, we watch if the leading indicators such as the ZEW, PMI surveys start to improve in the Eurozone as well. We assume that global growth is more likely to soft land and bottom out as major central banks (ex BoJ) start to ease monetary policies. Support at 0.6620 before the next at 0.6550 and then at 0.6500. Rebound to extend towards 0.6720 before 0.6800. Data-wise, Thu has Consumer inflation expectation for Sep.

- **NZDUSD – *Bearish Skew Plays Out*.** NZDUSD slid and waffled around 0.6130. Recent softening of global dairy prices weighed on the NZD along with more jittery sentiment. We remain wary of bearish risks and the pair is vulnerable to further bearish extension as stochastics show signs of turning from overbought conditions. Resistance at 0.6370. Next levels of support to watch are seen at 0.6110 before 0.6076 (50,100-dma).

- **USDCAD – *Slid on Higher Oil Prices, Uptrend intact*.** The oil bounce overnight boosted CAD sentiment and USDCAD reversed lower, steadying around 1.3580 this morning. Regardless, bullish momentum is rising and so is the stochastics from oversold conditions. Rebound of the USDCAD remains in play. Further bullish extension beyond the 1.3560-resistance could open the way towards 1.3650. Balance of risk right now is still to the upside.

- **Gold (XAU/USD) -*Range bound*.** Gold last printed $2514, still stuck within the $2480-2530 range. Along with the volatility that could come with the US elections, the balance of risks have become, well more balanced. 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. On the daily chart, stochastics are plateauing. MACD is neutral. The range of 2480-2530 continues to remain in close watch,

Asia ex Japan Currencies

SGDNEER trades around +1.94% from the implied mid-point of 1.3307 with the top estimated at 1.3041 and the floor at 1.3573.

- **USDSGD - Two-way risks.** USDSGD was higher at 1.3049 levels this morning, as the USD was better supported on a sequentially hotter core inflation print in Aug led to a curtailing of expectations for a 50bps rate cut next week. SGD remains resilient after MAS' hold, and the trade-weighted SGDNEER is at +1.94% 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 1.3050 and 1.3100. Supports are 1.3000 and 1.2950. Aug FX Reserves rose to US$384.59b (prev: US$378.62b), an indication that MAS perhaps bought a healthy amount of USD in Aug amid USD weakness to moderate SGDNEER strength. MAS Survey of Professional Forecasters showed that growth is expected to improve and the economy can expand by 2.6% in 2024 (prev: 2.4%). Drivers of the improvement in growth would come from finance, construction and wholesale and retail trade. Economists slashed the growth outlook for key manufacturing sector to 0.6% (prev: 1.6%). Majority of respondents see MAS standing pat in Oct, with about half of respondents seeing an easing in Jan.

- **SGDMYR - *Lower*.** Cross was lower at 3.3217 levels this morning. We have observed that the MYR tends to fare better when USD is weak, whereas SGD is more resilient when USD is strong. Risks are two-way as we believe rebounds are likelier as pair gets more stretched. At the same time, the soft-landing narrative favours the MYR more than the SGD. Support at 3.3000 with the next support at 3.2800. Resistances at 3.3300 and 3.3500.

- **USDMYR - *Steady, Sideways*.** Pair was last seen at 4.3322 as it continues as a whole to trade at levels seen in the last few sessions – 4.33 – 4.38. US CPI release yesterday, which just slightly above expectations looks to have guided the broad dollar higher but at the same time, USDCNH was also lower. This as a whole looks to have kept USDMYR trading sideways. We expect that the pair can continue to do so in the near term. However, a rebound can occur eventually as more US election concerns is priced in more. Back on the chart, resistances are at 4.4000 and 4.4439. Support is at 4.2250. There are no remaining key data releases this week.

- **USDCNH - *Double Bottom*.** USDCNH edged lower, sticking to the 21-dma and was last seen around 7.1280. This came along with USDJPY pullback as well as the fix that was higher than estimate at 7.1214, higher than the prev. at 7.1182. Support remains around 7.1125 before 7.08. Move higher to meet next resistance at 7.1730. Momentum remains biased to the upside for this pair. There have been talks about cutting the reserve requirement ratio from the average rate around 7%. However, given that the last rate cuts in Jul have failed to lift credit demand, the predominant effect of further easing (via RRR cuts or interest rate cuts) may just be a weaker yuan and export competitiveness. China holds NPC standing committee meeting on 10-13 Sep. Data-wise, Aug credit data could be due anytime this week. Aug activity and home data is due on Sat. At home, at least three top investment bankers from different securities firms have been detained by the authorities since Aug. There has been a vendetta against the financial industry with some employees of firms citing more scrutiny over IPOs and other capital-raising activities with bankers potentially called in for questioning any time (BBG).

- **1M USDKRW NDF - *Steady.*** 1M USDKRW NDF wa steady at 1337.71 levels this morning. Despite the better support for the USD, KRW is holding up with market adjusting to the narrative that the BOK will only discuss cuts after the Fed has cut. We have always maintained that the BOK is likely to only start discussing rate cuts after the Fed has cut given their concerns over currency volatility and weakness that could arise from cutting ahead of the Fed. 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. Further upside risks for the KRW also exist if KGBs are included in the FTSE Russell WGBI, with this month (Sep 2024) the earliest possible inclusion date. Aug FX Reserves rose to US$415.92b (prev: US$413.51b). Aug Unemployment Rate edged lower to 2.4% (exp: 2.6%; prev: 2.5%). Data releases this week included Aug Import/Export Price Index and Jul Money Supply (Fri).

- **USDINR 1M NDF - *Steady.*** USDINR 1M NDF was steady at 84.07 levels this morning. RBI preference for a stable currency remains crystal clear. RBI will likely keep rates on hold at least while Fed remains on hold as data releases continue to reaffirm that India experiences a satisfactory pace of growth. Their preference for currency stability suggests that they would not cut ahead of the Fed. India's budget for the new fiscal year targets narrowing the budget deficit to 4.9% of GDP, which should be INR supportive. We look to see if India could continue to be an economic bright spark relative to the rest of the region. Support at 83.65 (100 -dma) before the next at 83.55 (50 -dma). RBI has introduced trading and settlement of sovereign green bonds issued by India in the International Financial Services Centre (IFSC). Foreigners are eligible to invest and inflows from this initiative could benefit the INR. 30 Aug FX Reserves came in higher at US$684.0b (prev: US$681.7b) potentially hinting at a sizeable purchase of USD by RBI over a week. India data this week includes Aug CPI, Jul Industrial Production (Thu), 6 Sep FX Reserves and Aug Imports/Exports/Trade Balance (Fri).

- **1M USDIDR NDF - *Lower, Sideways for Now.*** Pair was last seen at 15444 as it came down early yesterday in line with USDJPY before being remarkably steady despite the US CPI reading being slightly above expectations. UST yields had also climbed up higher too. USDCNH though is trading lower. As a whole, the pair is still trading sideways and we believe that it can continue to do so. However, a rebound can occur eventually as more US election concerns is priced in more. Back on the chart, resistance is at 15777 and 15892 (200-dma). Support at 15318 and 15000. There are no remaining key data releases this week.

- **1M USDPHP NDF - *Sideways for Now.*** The pair was last seen at 56.09 as it came down early yesterday in line with USDJPY before being remarkably quite steady despite the US CPI reading being slightly above expectations. USDCNH though is trading lower. As a whole, the pair is still trading sideways and we believe that it can continue to do so. However, a rebound can occur eventually as more US election concerns is priced in more. Back on the chart, resistance is at 56.50 and 57.20. Support is at 56.00 and 55.27. There are not remaining key data releases this week.

- **USDTHB - *Higher, Sideways for Now*.** Pair was last seen at 33.74 as it climbed although as a whole, it continues to trade sideways. We believe it can continue to do so near term. Broad dollar may be higher following a US CPI slightly above expectations but USDCNH is lower this morning. Gold prices continue to hold at an elevated level giving some support to THB. We continue to believe a rebound can occur eventually as more US election concerns is priced in. Domestically, we continue to monitor the political situation. Back on the chart, resistance at 34.50 and 35.00. Support is at 33.50 and 32.57. Key data releases this week include Aug consumer confidence (Thurs) and 6 Sep gross international reserves and forward contracts (Fri).

- **USDVND - *Downtrend*.** USDVND was last seen around 24600 this morning. Downtrend remains intact. Resistance is seen around 24770 while support is seen at 24500. Following SBV's mention that Vietnam's credit growth has finally surged, the central bank also noted that the housing credit has also been on the rise, noting the increase of 5.5% since the start of last year in HCM City. Credit growth has also rose 3.9% in the first seven months of 2024.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.34	3.33	-1
5YR MI 8/29	3.49	3.49	Unchanged
7YR MS 4/31	3.70	3.69	-1
10YR MS 7/34	3.74	3.73	-1
15YR MS 4/39	3.88	3.87	-1
20YR MX 5/44	4.04	4.04	Unchanged
30YR MZ 3/53	4.19	4.18	-1
IRS			
6-months	3.51	3.50	-1
9-months	3.48	3.47	-1
1-year	3.44	3.42	-2
3-year	3.35	3.32	-3
5-year	3.40	3.37	-3
7-year	3.50	3.47	-3
10-year	3.60	3.57	-3

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

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- Local government bonds had an active trading session, driven by lower global bond yields and the strengthening of the Ringgit against the USD, improving domestic sentiment. Traded volume was higher than previous day. Benchmark MGS and GII yields largely eased by 1bp for the day.

- The MYR IRS curve shed 1-3bps lower throughout the day, following an overnight drop in US rates due to economic slowdown concerns, along with the anticipation of US CPI data. Trades include the 1y IRS at 3.42%, 4y IRS at 3.34% and 5y IRS at 3.37% and 3.38%. 3M KLIBOR stood pat at 3.53%.

- Another active session for corporate bonds. GG names such as Danainfra and Prasarana saw sizeable exchanges at MTM levels. AAA-rated TNB and Sarawak Energy traded rangebound. Another notable trade in this space was Rantau Abang 1/32, which was sold MYR160m at 2bps higher. AA1/AA+ Maybank subdebt 1/34 spread tightened by 1bp. AA2-rated Press Metal 10/34 traded 4bps higher for MYR80m. In AA3/AA- space, Edra Energy long tenor bonds dealt at MTM levels.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.43	2.33	-10
5YR	2.42	2.33	-9
10YR	2.57	2.50	-7
15YR	2.65	2.57	-8
20YR	2.69	2.63	-6
30YR	2.70	2.65	-5

Source: MAS (Bid Yields)

- After a rally overnight, the 10y UST yield declined further during Asian trading hours, reaching a low of 3.60%, ahead of a closely monitored US inflation report, which could provide key signals for the Fed's upcoming monetary policy decision. Following the UST move, SGS rallied with the benchmark yield curve shifting 5-10bps lower, led by the front end. The 2y10y curve steepened slightly, increasing to 17bps.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.62	6.61	(0.01)
2YR	6.53	6.53	(0.00)
5YR	6.50	6.49	(0.01)
7YR	6.64	6.63	(0.01)
10YR	6.62	6.59	(0.03)
20YR	6.82	6.79	(0.03)
30YR	6.85	6.84	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bond strengthened yesterday. The yield of 10Y government bonds broke the level at below 6.60%. A global money inflow to Indonesian bond market continued lifting the prices of Indonesian government bonds. The global investors remained entering the investment assets that offering attractive return and backed up with sound fundamental macroeconomic background during recent era of dovish monetary signals by major central banks, especially the Federal Reserve. The foreigners' ownership on the government bonds increased from Rp813.07 trillion on 31 Jul-24 to be Rp853.80 trillion on 09 Sep-24. According to Bloomberg's market consensus, we saw a room by 50 bps of policy rate cut by the Fed this month. A strong expectation for further aggressive policy rate cut by the Fed is supported by latest results of slowing labour expansion on the non farm sector and a deceleration of U.S. CPI inflation from 2.9% YoY in Jul-24 to be 2.5% YoY in Aug-24. Furthermore, we foresee a healthy correction on the investment assets in the emerging markets due to a short term profit taking action, if the Fed just cuts its policy rate less than 50 bps this month.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1076	143.70	0.6711	1.3161	7.1536	0.6184	157.9800	96.0820
R1	1.1044	143.03	0.6693	1.3102	7.1415	0.6160	157.3800	95.5500
Current	1.1007	142.69	0.6674	1.3035	7.1287	0.6132	157.0600	95.2260
S1	1.0991	141.20	0.6639	1.2993	7.1124	0.6110	155.8200	94.0390
S2	1.0970	140.04	0.6603	1.2943	7.0954	0.6084	154.8600	93.0600

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3088	4.3529	15452	56.5100	34.0090	1.4411	0.6107	3.3358
R1	1.3065	4.3413	15426	56.2400	33.8280	1.4386	0.6095	3.3303
Current	1.3049	4.3400	15409	55.9750	33.7770	1.4364	0.6086	3.3264
S1	1.3012	4.3207	15386	55.8240	33.5040	1.4343	0.6075	3.3204
S2	1.2982	4.3117	15372	55.6780	33.3610	1.4325	0.6068	3.3160

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	3.7000	Oct-24	Neutral
BNM O/N Policy Rate	3.00	6/11/2024	Neutral
BI 7-Day Reverse Repo Rate	6.25	18/9/2024	Neutral
BOT 1-Day Repo	2.50	16/10/2024	Neutral
BSP O/N Reverse Repo	6.25	17/10/2024	Easing
CBC Discount Rate	2.00	19/9/2024	Neutral
HKMA Base Rate	5.75	-	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	Neutral
Fed Funds Target Rate	5.50	19/9/2024	Easing
ECB Deposit Facility Rate	3.75	12/9/2024	Easing
BOE Official Bank Rate	5.00	19/9/2024	Easing
RBA Cash Rate Target	4.35	24/9/2024	Neutral
RBNZ Official Cash Rate	5.25	9/10/2024	Easing
BOJ Rate (Lower bound)	0.00	20/9/2024	Tightening
BoC O/N Rate	4.25	23/10/2024	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	40,861.71	0.31
Nasdaq	17,395.53	2.17
Nikkei 225	35,619.77	-1.49
FTSE	8,193.94	-0.15
Australia ASX 200	7,987.87	-0.30
Singapore Straits Times	3,531.17	0.53
Kuala Lumpur Composite	1,639.80	-1.24
Jakarta Composite	7,760.96	-0.01
Philippines Composite	6,944.88	-0.57
Taiwan TAIEX	21,031.00	-0.16
Korea KOSPI	2,513.37	-0.40
Shanghai Comp Index	2,721.80	-0.82
Hong Kong Hang Seng	17,108.71	-0.73
India Sensex	81,523.16	-0.49
Nymex Crude Oil WTI	67.31	2.37
Comex Gold	2,542.40	-0.03
Reuters CRB Index	269.36	1.46
MBB KL	10.68	-2.38

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