Macro | FX Research & Strategy

Global

Global Markets Daily

More Dovish Expectations

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We are starting the week with a weaker USD as expectations for FOMC to cut have recalibrated even more dovish. Fed Funds Futures are pricing in a 62.5% chance (prev: 32.5%) of a 50bps cut this Thu (KL/SG time) and an aggregate 120bps of cuts for the year. Amid this recalibration, equities were higher, while the DXY is weaker (-0.20%) at 100.960 levels and gold made a fresh all-time high. Further recalibration of expectations in either direction could lead to choppy moves in the market. VIX expiries and Trump's sentencing fall on the same day as FOMC. Our house view remains for 50bps of cuts in 2024 and there are compelling reasons why the Fed may elect not to cut by 50bps later in the week. For one, cutting by 50bps may send the signal to markets that the Fed is behind the curve and wrong. Note that OIS pricing is a tad more moderate with a 50bps cut priced at 35.1% this week and an aggregate of 110bps for 2024. If Fed expectations adjust more hawkish, we could see a USD rebound. We view rebounds in USD as opportunities to sell. Separately, a reported assassination attempt on Trump was foiled over the weekend. Election developments could be yet another source of market volatility.

Clouds Over China Linger

China's Aug data released over the weekend was broadly weaker with Industrial Production, Retail Sales and investment data all missing estimates. FDI continued to slide, while the surveyed jobless rate edged higher. Our economist sees downside risks to the 4.8% growth forecast for 2024 and looks to the Oct/Nov Politburo meeting for a possible unveiling of stronger measures to support domestic demand. Proactive fiscal policy that was pledged at the start of the year has been slow to show up and fiscal spending has been slower than in 2023. Poor data could weigh on risk sentiment, although several markets in Asia (including China) are closed at the start of the week.

Data/Event We Watch Today

We watch Sep US Empire Manufacturing.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1075	0.01	USD/SGD	1.2976	-0.28
GBP/USD	1.3124	0.00	EUR/SGD	1.4379	-0.23
AUD/USD	0.6704	-0.27	JPY/SGD	0.922	0.48
NZD/USD	0.6157	-0.40	GBP/SGD	1.7035	-0.27
USD/JPY	140.85	-0.68	AUD/SGD	0.8707	-0.48
EUR/JPY	156	-0.68	NZD/SGD	0.7991	-0.70
USD/CHF	0.8488	-0.28	CHF/SGD	1.5294	0.03
USD/CAD	1.3585	0.04	CAD/SGD	0.9556	-0.29
USD/MYR	4.3012	-0.78	SGD/MYR	3.3132	-0.23
USD/THB	33.333	-1.24	SGD/IDR	11858.93	0.27
USD/IDR	15400	-0.19	SGD/PHP	43.1089	0.24
USD/PHP	55.993	-0.34	SGD/CNY	5.4619	-0.07

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2968	1.3233	1.3497

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G10: Events & Market Closure

Date	Ctry	Event
16 Sep	JP	Market Closure
19 Sep	US	Policy Decision (KL/SG Time)
19 Sep	UK	Policy Decision
20 Sep	JP	Policy Decision

AXJ: Events & Market Closure

Date	Ctry	Event
16 Sep	CH, IN, SK, MY, TW	Market Closure
17 Sep	CH, SK, TW	Market Closure
18 Sep	HK, SK	Market Closure
18 Sep	CH	Policy Decision
18 Sep	ID	Policy Decision

G10 Currencies

- **DXY Index –*102-figure Still Caps*.** Friday the 13th came and went without much incident. The US prelim. Univ. of Mich. Sentiment rose more than expected to 69.0 in Sep from previous 67.9. Cooling price pressure likely contributed to the improved sentiment in Sep. 1Y inflation ease to 2.7% from previous 2.8%, adding to the case for the Fed to start easing this week. That said, the 5Y inflation is seen ticking higher to 3.1% from previous 3.0%. The survey also revealed a tad more concerns on unemployment amongst consumers. That still did not determine the size of the rate cut on Wed night (Thu 2am SGT/KLT). The 100.60-102.00 range holds. A 25bps is still more likely regardless of market pricing. USD rebound remains likely limited and seen as opportunities to sell into. 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. 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, Mon has Sep empire manufacturing. Tue has Aug retail sales, Sep NY Fed Services business activity, Aug industrial production, and NAHB housing market index for Sep. Wed has housing starts, building permits for Aug before FOMC decision (Thu 2am SGT/KLT). Thu has Philly fed outlook for Sep, weekly claims and Aug existing home sales.

- **EURUSD – *Higher*.** EURUSD is higher at 1.1092 levels this morning amid expectations of Fed cuts tilting even more dovish. Rise in EURUSD seems to be less pronounced than in most other pairs, likely as ECB has cut twice ahead of the Fed. 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 1.1060, followed by 1.1000, resistance at 1.1100 and 1.1150. Jul EC Industrial Production continued to be weak at -0.3% SA MoM (exp: -0.3%; prev: 0.0%) and -2.2% YoY (exp: -2.3%; prev: -4.1%). Data this week includes Jul Trade Balance (Mon), Sep ZEW Expectations (Tue). Aug F CPI, Jul Construction Output (Wed), Jull Current Account (Thu) and Sep P Consumer Confidence (Fri).

- **GBPUSD – *Steady*.** GBPUSD is relatively steady at 1.3142 levels this morning amid expectations of Fed cuts tilting even more dovish. BOE is also due this week, and there could be some tentativeness holding GBP back. Market expectations for BOE are in favour of a hold (26.1% of a cut), but we think that the BOE may be more dovish than the market expects amid a fall in services inflation and with Haskel (hawk) on the MPC being replaced. 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 1.3200 and 1.3250. Supports are at 1.3100 and 1.3000. UK data this week includes Aug CPI/PPI/RPI (Wed), BOE Policy Deicision (Thu), Sep Consumer Confidence, Aug Retail Sales and Aug Public Finances (Fri).

- **USDCHF - *Two-way risks*.** USDCHF is lower at 0.8468 levels amid expectations of Fed cuts tilting even more dovish. 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. Swiss data this week includes Aug Producer and Import Prices, 13 Sep Sight Deposits (Mon) and Aug Exports/Imports (Thu).

- **USDJPY - *Lower, Downside Potential*.** The pair was last seen lower at 140.54 amid increasing bets of a Fed rate cut of 50bps this week as we enter the crucial week of central bank decisions. US futures at time of writing are showing a 62.5% chance of a 50bps cut whilst the OIS shows a 35.1% probability. BOJ would be meeting this Friday, where a hold is expected and Ueda is likely to reiterate that the central bank is on a tightening trend. However, bigger focus remains on the Fed instead especially on whether there would be a 25bps or 50bps cut and if they would express being more open to bigger cuts down the road. In various more likely scenarios that could play out over the medium term, JPY can possibility see gains in quite a number of them. If there is a recession, JPY would see strong gains amid the declining UST yields whilst in a soft landing, the currency would also appreciate as rates would also still be falling. Therefore, this could also be supporting the rising bullish bets on the JPY with the net CFTC positioning implying bullishness. For the near term, we see the potential for more downside in the USDJPY if the Fed expresses significantly more dovishness than compared to its prior meeting. At the least, it should trade sideways with a much lower probability that it would head significantly higher. We do note note that Japan is on a public holiday today and that this can impact liquidity. Back on the chart, support is at 140.25 and 135.00. Resistance is at 145.00 and 148.46. Do note, before the FOMC, there is still US retail sales data to watch out for on Tuesday that can have quite an impact on the markets. Key data releases this week include Jul tertiary index (Tues), Aug trade data (Wed), Jul core machine orders (Wed), Aug Tokyo condominiums for sale (Thurs), Aug CPI (Fri) and BOJ policy decision (Fri).

- **AUDUSD - *Bounce within 0.66-0.68*.** AUDUSD hovered around 0.6710 this morning, not gaining much directional bias in recent price action. The 21-dma at 0.6722 continues to be a strong resistance for the pair. AUD remains sentiment-driven, susceptible to two-way trades within 0.66-0.68 range, especially given the current growth assessment. Strong risk sentiment had been keeping the AUD buoyant thus far and the AUD was not even affected by the broadly weaker Chinese data amid pledges by the PBoC to "fight deflation". We continue to remain on the camp of cautious optimism on global growth and on the AUD. However, given that this is a time of global growth assessment, AUDUSD is more likely to be stuck in a range of 0.66-0.68 for now. 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. 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, Aug Westpac leading index is due on Wed. Thu has Aug labour report.

- **NZDUSD - *Supported*.** NZDUSD remained sticky around the 21-dma and was last seen around 0.6160. Momentum is still skewed a tad bearish but the area of support around 0.6080-0.6100 remains strong. Expect price action to remain above this region within the 0.61-0.6250 range. Performance services index rose a tad to 45.5 in Aug compared to 45.2. The rest of the week has

- **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. Mfg PMI rose to 45.8 in Aug from previous 44.4 in Jul. This was an improvement and underpins our view that NZD could continue to remain a buy on dips as the Fed cuts and as RBNZ eases to support growth. Data0wise, Wed has 3Q Westpac consumer confidence, 3Q current account. Thu has 2Q GDP.

- **Gold (XAU/USD) -*On the Climb in Late Cycle*.** Gold remained on the climb was last seen around 2560, buoyed by the fall in the USD, the UST yields. Gold remains one of the few preferred hedges against the scenario of soft-landing or 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. On the daily chart, stochastics are plateauing. MACD is neutral. Next resistance beyond the current one at 2560 is seen at 2630.

Asia ex Japan Currencies

SGDNEER trades around +1.97% from the implied mid-point of 1.3233 with the top estimated at 1.2968 and the floor at 1.3497.

- **USDSGD - Two-way risks.** USDSGD was lower at 1.2972 levels this morning amid expectations of Fed cuts tilting even more dovish. SGD remains resilient after MAS' hold, and the trade-weighted SGDNEER is at +1.97% 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 1.3000 and 1.3050. Supports are 1.2950 and 1.2900. 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. SG data this week includes Aug NODX (Tue).

- **SGDMYR – *Steady*.** MYR is closed for holidays though, although based on the last USDMYR spot, SGDMYR is implied to be lower at 3.3147 levels. 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 – *Lower*.** Pair was last seen at 4.3012 end Friday as it moved to test the bottom end of the recent range of 4.3000 – 4.3800. Do note that Malaysian onshore markets are closed today. The performance of many of the EM currencies including the MYR this week can depend on the extent of dovishness the Fed expresses this week at the upcoming FOMC compared to the prior meeting. In particular, especially on whether there would be a 25bps or 50bps cut and if they would express being more open to bigger cuts down the road. Before the Fed, there is US retail sales data coming up on Tues that can have quite an impact on market movements. We see two-sided risks for the pair depending how the developments this week pan out. Back on the chart, resistances are at 4.4000 and 4.4439. Support is at 4.3000 and 4.2250. Key data releases this week include Aug trade data (Thurs).

- **USDCNH – *Range*.** USDCNH edged lower, albeit still sticking to the 21-dma and was last seen around 7.0960. This pair continues to take the cue from the USD. Onshore markets are out today for mid-Autumn festival and will only return on Wed. Support the USDCNH remains around 7.08. Resistance at 7.14 before 7.1730. Data-wise, Aug credit data remains weak with Money supply M2 steady at 6.3%y/y last month, New yuan loans undershot expectations at CNy14.43tn, albeit higher than previous at CNY15.35trn. Aggregate financing rose to CNY21.9trn ytd. New home sales and used home sales made steeper declines in Aug down -0.73% and -0.95% (vs. -

0.65% and -0.80% respectively). Activity data surprised on the downside - industrial production growth slowed to 4.5%y/y from previous 5.1%. Retail sales weakened to 2.1%y/y from previous 2.7%. FAI ex rural also slowed to 3.4%ytd from previous 3.6%. There was little to cheer in this set of data. Along with the credit data release, PBoC pledged that they will "make maintaining price stability and pushing for the mild rebound in prices an important consideration for monetary policy and meet reasonable financing demand for consumption in a more targeted way". This does suggest a tad more urgency given that it does not normally release a statement with data release. However, the word "targeted" may also mean that there is little hope of significant, broad-based stimulus to boost consumer/business confidence.

- **1M USDKRW NDF - *Lower*.** 1M USDKRW NDF was lower at 1324.42 levels this morning amid expectations of Fed cuts tilting even more dovish. We maintain 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 1330 and 1340. 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. No notable South Korean data this week.

- **USDINR 1M NDF - *Steady*.** USDINR 1M NDF was steady at 84.00 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. 6 Sep FX Reserves showed a rise to US$689.2b (prev: US$684.0b) indicating a sizeable purchase of USD again. Data for India this week includes Aug Exports/Imports/Trade Balance, Aug Wholesale Prices (Tue) and !3 Sep FX Reserves (Fri).

- **1M USDIDR NDF - *Steady, Two-Way Risks*.** Pair was last seen at 15424 as we begin a week of crucial central bank decisions. There will be a BI decision due this week, that comes just before the Fed on Wed. A hold is expected still as BI focuses on ensuring IDR stability although we closely watch out the central bank's view on the pace of Fed easing and cues from them on BI's likely timing of their own easing. BI's words are definitely of crucial importance to monitor but the Fed actions this week would be of even bigger focus. The extent of dovishness the Fed expresses this week at the upcoming FOMC would be closely monitored. In particular, especially on whether there would be a 25bps or 50bps cut and if they would express being more open to bigger cuts down the road. Before the Fed, there is US retail sales data coming up on Tues that can have quite an impact on market movements. Two - way risks for the pair depending on how developments pan out this week. Back on the chart, resistance is at 15777 and 15892 (200-dma). Support at 15318 and 15000. Key data releases this week include Aug trade data (Tues), Jul external debt (Tues) and BI policy decision (Wed). Do note that Indonesia onshore markets are closed today for a public holiday.

- **1M USDPHP NDF - Lower, *Two-Way Risks*.** The pair was last seen at 55.92 amid the broad dollar edging lower and rising bets that the Fed could cut by 50bps this week. The performance of many of the EM currencies including the PHP this week can depend on the extent of dovishness the Fed expresses this week at the upcoming FOMC compared to the prior meeting. In particular, especially on whether there would be a 25bps or 50bps cut and if they would express being more open to bigger cuts down the road. Before the Fed, there is US retail sales data coming up on Tues that can have quite an impact on market movements. We see two-sided risks for the pair depending how the developments this week pan out. Back on the chart, we watch if the 1M NDF can decisively break below the 56.00 mark with the next level of support after that at 55.27. Resistance is at 56.50 and 57.20. Key data releases this week include Jul OFWR (Mon) and Aug BoP overall (Thurs).

- **USDTHB - *Lower*, *Two-Way Risks*.** Pair was last seen lower at 33.20 as it continued to keep edging lower as gold prices continue to head to a new record high. Also, the pair could also be getting support from broad dollar coming off amid increasing bets that the Fed may cut by 50bps this week. The performance of many of the EM currencies including the THB this week can depend on the extent of dovishness the Fed expresses this week at the upcoming FOMC compared to the prior meeting. In particular, especially on whether there would be a 25bps or 50bps cut and if they would express being more open to bigger cuts down the road. Before the Fed, there is US retail sales data coming up on Tues that can have quite an impact on market movements. We see two-sided risks for the pair depending how the developments this week pan out. Back on the chart, support is at 32.57 and 32.00. Resistance is at 34.00 and 34.50. Key data releases this week include Aug car sales (18 – 24 Sep) and 13 Sep gross international reserves/forward contracts (Fri).

- **USDVND - *Downtrend*.** USDVND was last seen around 24541 this morning. Downtrend remains intact and this pairing is testing the next support around 24500. Resistance is seen around 24770. The fall in US rates continue to remain a benign environment for the VND. Break of the 24500 support opens the way to 24400 as next support level. Focus remains on Typhoon Yagi. The Ministry of Planning and Investment warned that losses from the destruction of super typhoon Yagi could trim 0.15ppt off Vietnam's 2024 GDP, and take 0.35ppt off 3Q GDP, 0.22ppt for 4Q. Agricultural lands and farms were among the hardest hit. Separately, real estate revenue in HCM city could reach VND173trn in Jan-Aug, up 6.1%y/y based on the Statistics office of the City. This underscores a sign of gradual recovery of the real estate market.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.32	3.32	Unchanged
5YR MI 8/29	3.48	3.47	-1
7YR MS 4/31	3.68	3.67	-1
10YR MS 7/34	3.73	3.72	-1
15YR MS 4/39	3.87	3.87	Unchanged
20YR MX 5/44	4.02	4.02	Unchanged
30YR MZ 3/53	4.18	4.17	-1
IRS			
6-months	3.50	3.50	-
9-months	3.47	3.46	-1
1-year	3.42	3.41	-1
3-year	3.32	3.30	-2
5-year	3.37	3.33	-4
7-year	3.47	3.42	-5
10-year	3.57	3.54	-3

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

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- Ringgit government bonds followed global bond movements, with foreign flows targeting the belly segment of the curve, while local interest focused on longer-dated bonds. By the close, the MGS curve mostly shifted down by 1bp, ahead of a long weekend in Malaysia.

- The MYR IRS curve closed 1-5bps lower in a flattening bias. US rates pulled back lower after previous day's post-CPI reaction due to mixed economic data, along with commentary from former Fed official Dudley which slightly shifted market expectations toward a 50bps cut at the September FOMC meeting. The 5y MYR IRS traded in the range of 3.33-3.35%. 3M KLIBOR flat at 3.53%.

- Another moderate session for corporate bonds. Liquidity was higher, though most volume was concentrated in MRL 3/25, which traded within a tight range. In the GG space, PTPTN and Danainfra spreads tightened by 1bp. AAA-rated PLUS, Sarawak Pet and Infracap traded at MTM levels. AA1/AA+ YTL Power 5/27 saw MYR20m change hands, with the yield 2bps lower. AA3/AA- BGSM Mgmt 8/28 spread tightened by 1bp on MYR10m. Single-A names, Alliance Bank 10/30 and Tan Chong Motors traded in odd amounts.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.36	2.30	-6
5YR	2.36	2.30	-6
10YR	2.51	2.45	-6
15YR	2.58	2.50	-8
20YR	2.62	2.54	-8
30YR	2.64	2.56	-8

Source: MAS (Bid Yields)

- The UST curve bear-steepened overnight, driven by higher-than-expected core PPI and jobless claims. ECB President Lagarde was less dovish than expected. At the Asia open, USTs recovered slightly on renewed hopes of a large Fed rate cut at the upcoming FOMC meeting. Following the UST movement, SGS yields fell 6-8bps with a flattening bias, while SGD SORA OIS levels dropped by 1-5bps.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.61	6.61	(0.00)
2YR	6.53	6.56	0.03
5YR	6.49	6.50	0.01
7YR	6.63	6.64	0.01
10YR	6.59	6.59	0.00
20YR	6.79	6.80	0.01
30YR	6.84	6.85	0.00

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds slightly corrected yesterday. In line with a correction on Indonesian bond market, Indonesian Rupiah also weakened against US$ yesterday. We concluded that the investors took profit taking measures after reading persistent pressures of the U.S. core CPI inflation by 3.2% YoY in Aug-24. The core inflation can be reflection of a living cost. We thought that the latest result of the U.S. core CPI inflation has given anxiousness for the market players on incoming aggressive policy rate cut by the Fed. The yield of U.S. 10Y government bond also slightly increased from 3.65% on 11 Sep-24 to be 3.67% on 12 Sep-24.

- Furthermore, we expect the Fed to begin gradually cutting its policy rate by 25 bps after seeing current environments of persistent pressures on the U.S. CPI core inflation and slow pace expansion of U.S. labour market. Current environment on the policy rate is on dovish mode after watching the latest 25 bps of policy rate cut decision by European Central Bank yesterday. However, we foresee Bank Indonesia to keep remaining on its focus to stabilize both monetary and macroeconomic stability by maintaining the level of BI Rate at 6.25% on its next monetary meeting. Bank Indonesia is expected to begin cut its policy rate since next month, after receiving a decision of policy rate cut by the Fed this month. According to those aforementioned conditions, we expect a limited rally on Indonesian bond market until end of this month.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1114	142.58	0.6751	1.3175	7.1347	0.6210	157.8267	95.8830
R1	1.1095	141.72	0.6727	1.3150	7.1175	0.6183	156.9133	95.1510
Current	1.1087	140.54	0.6708	1.3140	7.1026	0.6156	155.8200	94.2790
S1	1.1063	140.14	0.6686	1.3107	7.0870	0.6141	155.3533	93.9270
S2	1.1050	139.42	0.6669	1.3089	7.0737	0.6126	154.7067	93.4350

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3049	4.3463	15435	56.2003	33.5990	1.4462	0.6088	3.3411
R1	1.3012	4.3237	15417	56.0967	33.4660	1.4421	0.6075	3.3271
Current	1.2978	4.3050	15406	55.9300	33.2250	1.4389	0.6067	3.3179
S1	1.2954	4.2899	15386	55.9347	33.2020	1.4354	0.6053	3.3051
S2	1.2933	4.2787	15373	55.8763	33.0710	1.4328	0.6044	3.2971

**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	3.6967	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	3.50	17/10/2024	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	41,393.78	0.72
Nasdaq	17,683.98	0.65
Nikkei 225	36,833.27	3.41
FTSE	8,273.09	0.39
Australia ASX 200	8,099.95	0.30
Singapore Straits Times	3,562.65	0.17
Kuala Lumpur Composite	1,638.31	-0.09
Jakarta Composite	7,798.15	0.48
Philippines Composite	7,022.85	-0.03
Taiwan TAIEX	21,759.65	0.49
Korea KOSPI	2,572.09	2.34
Shanghai Comp Index	2,717.12	-0.17
Hong Kong Hang Seng	17,369.09	0.75
India Sensex	82,890.94	-0.09
Nymex Crude Oil WTI	68.65	-0.46
Comex Gold	2,610.70	1.17
Reuters CRB Index	273.84	0.31
MBB KL	10.64	-0.37

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