Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Policy Decisions Ahead

Markets Steady Ahead of Fed

FOMC is due in the overnight session later and market expectations for a 50bps cut have steadied around a 60% (OIS) to 70% (Fed Funds) range. Equity markets were broadly steady, while UST yields rose (10Y: +3bps), the USD retraced some losses (DXY: +0.16%) and gold prices moderated (-0.49%). Markets are likely turning more circumspect ahead of the decision with neither equities nor gold forging fresh highs and the USD seeing some support. Our call remains for a 25bps cut. FOMC would want to avoid sending the wrong signal to markets with a larger cut i.e. a larger cut could cause panic and they need not rule out 50bps cuts in the future if required. However, market will also likely watch Powell's presser for nuances in forward guidance for future cuts. As it stands, a 25bps cut is likely to disappoint and we should see a rebound, albeit a limited one, in the USD. We view rebounds as opportunities to sell the USD as we believe that the USD fades in the long-term. Realistic worst case for the USD would be for a 50bps cut and further dovish signaling from Powell, although this is not likely.

Bank Indonesia Due; China MLF As Soon As Today

BI decision is due today just before the Fed. A hold at 6.25% is expected as BI focuses on ensuring IDR stability although we closely watch for BI's views on the pace of Fed easing. This could provide clues on BI's likely timing of their own easing. A number of other regional central banks likely share the same concerns over currency stability should they ease before the Fed. Separately, China's 1Y MLF rate is to be set as early as today (18 Sep to 25 Sep). Consensus estimates are for no change at 2.50%. Our economist is similarly calling for a stand pat. Clouds linger over China with recent data being poor. While there have been incessant calls for support from the central government, measures rolled out thus far have largely been underwhelming and sentiment for China continues to be poor. Going forward, we see CNY underperforming its peers as the USD weakens.

Data/Events We Watch Today

We watch Bank Indonesia Policy Decision today.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1114	-0.17	USD/SGD	1.297	0.13
GBP/USD	1.3161	-0.42	EUR/SGD	1.4414	-0.03
AUD/USD	0.6756	0.06	JPY/SGD	0.9107	-1.13
NZD/USD	0.6184	-0.29	GBP/SGD	1.7068	-0.30
USD/JPY	142.41	1.27	AUD/SGD	0.8762	0.18
EUR/JPY	158.27	1.11	NZD/SGD	0.802	-0.16
USD/CHF	0.8472	0.28	CHF/SGD	1.5308	-0.16
USD/CAD	1.3598	0.08	CAD/SGD	0.9539	0.05
USD/MYR	4.259	-0.98	SGD/MYR	3.2933	-0.80
USD/THB	33.29	0.18	SGD/IDR	11857.17	-0.24
USD/IDR	15335	-0.42	SGD/PHP	43.0488	-0.17
USD/PHP	55.695	-0.32	SGD/CNY	5.4759	0.04

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2950	1.3215	1.3479

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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 - *Will the 100.60-support break?*** At least not before the Fed decides. The greenback also had the support of the firmer-than-expected Aug retail sales which rose 0.1%m/m vs. previous 1.1% (above the median estimate of -0.2%m/m). The Singapore Grand Prix 2024 starts this weekend and much like the start of every race is exciting, the start of Fed's easing cycle seems to be just as anticipated. Right now markets are pricing in 55% probability of a 50bps cut by the Fed. That skews the chance of a sharper retracement (higher) for the USD as well as the UST yields if the Fed does not follow through with what market wants. The 100.60-102.00 range holds for now but the lower bound has been tested multiple times. Let us disregard the noise that the first cut would bring and watch the dot plot guidance. Recall that the Jun guidance was for a 25bps cut for 2024 and then 100bps for 2025 and 2026 to bring the median policy rate down to 3.1%. That would be 225bps over 2½ years. Longer run policy rate was estimated to be around 2.8%. At this point, markets have priced in a much faster pace for an accumulative 250bps cut by Sep 2025 (over 1Y**). It is likely that the pace of rate cut from the next dot plot (due for release along with the decision) would be faster than the Jun guidance but at a more measured pace compared to where market is projecting. <u>A 25bps cut tonight is still likelier as it would allow the Fed more flexibility in setting its policy trajectory guidance in the dot plot tonight, especially if the Fed does not wish to shift its longer run policy estimate at 2.8%. For the broader economy, the magnitude of the cut tonight does not matter as forward guidance was already given, markets have run ahead and financial conditions have eased.</u>** Regardless, the 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 remains on track. Key support is seen around 100.60. Break of this level opens the way towards next support around 99.60. Resistance remains at 102. Data-wise, Wed has housing starts, building permits for Aug before **<u>FOMC decision (Thu 2am SGT/KLT)</u>**. Thu has Philly fed outlook for Sep, weekly claims and Aug existing home sales.

- **EURUSD - *Steady*.** EURUSD is barely changed at 1.1128 levels this morning. Pair retraced losses in the overnight session and looks to steady ahead of FOMC. 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. As we suggested, while ECB cut on 13 Sep, they did not depart from their data-dependent rhetoric and have not committed to a pre-determined rate cut path. Support is at 1.1100, followed by 1.1060, resistance at 1.1150 and 1.1200. Sep ZEW Expectations fell to 9.3 (prev: 17.9). Data this week includes Aug F CPI, Jul Construction Output (Wed), Jull Current Account (Thu) and Sep P Consumer Confidence (Fri).

- **GBPUSD - *Lower*.** GBPUSD is lower at 1.3169 levels this morning as the USD steadied and found some support ahead of FOMC. BOE is due after the Fed, and there could be some tentativeness holding GBP back. Market expectations for BOE are in favour of a hold (24.0% for 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 1.3150 and 1.3100. 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 higher at 0.8457 levels as the USD steadied and found some support ahead of FOMC. 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 Exports/Imports (Thu).

- **USDJPY - *Higher, Two-Way Risks*.** The pair was last seen higher at 141.77 amid caution ahead of the Fed decision due tonight. UST yields itself were also higher overnight. Headline retails sales were higher than expectations yesterday which does show some strength still in the economy even as jobs data has shown weakness. Tonight though, we watch closely how much the Fed moves and what their view on the economy is. The Fed's actions and words remain open to interpretation by the market and that creates two-way risks for the USDJPY near term. However, if it rebounds, we expect that it would still be within a range of 140.00 – 145.00. Over the medium term, we still expect the USDJPY to head lower as most scenarios that could play out - soft landing, recession point towards global rates falling. Back on the chart, support is at 140.25 and 135.00. Resistance is at 145.00 and 148.46. Meanwhile, trade data showed a narrower adjusted Aug trade balance deficit at -595.9bn yen (Jul. -677.3bn yen). Jul core machine orders decline on a monthly basis at -0.1% MoM but expanded on a yearly basis at 8.7% YoY. Data had limited impact on the currency as focus is on the FOMC and BOJ. We expect a hold for the BOJ decision due later this week and Ueda to reiterate that a BOJ tightening remains in the game. Therefore, impact on the currency from the BOJ meeting outcome would be limited given that has already been priced in. Remaining key data releases this week include Aug Tokyo condominiums for sale (Thurs), Aug CPI (Fri) and BOJ policy decision (Fri).

- **AUDUSD - *Bounce within 0.66-0.68*.** AUDUSD edged a tad higher overnight as the USD continues to retain a heavy tone. The pair was last seen rising above the 21-dma (0.6737), last printed 0.6761. The 0.68-figure 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 (of the US, Australia and even the world). The rebound in the copper, iron ore prices alongside fresh record high for gold provided tailwinds for the AUD this week thus far. 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 0.6800 from here. Data-wise, Aug Westpac leading index is due on Wed. Thu has Aug labour report. News-wise, the Australia and the UAE had managed to come secure a trade agreement to boost Australia's exports of agricultural products and resources. Abu Dhabi will also be able to invest in renewable energy and mineral materials.

- **NZDUSD - *Supported*.** NZDUSD rose this morning and was last seen around 21-dma and was last seen around 0.6190. The pairing remains buoyed by broader USD weakness and resilient risk sentiment. 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. Westpac consumer confidence rose to 90.8 in 3Q from previous 82.2. Current account deficit widened to NZD4.8bn from previous –NZD3.83bn. Current account to GDP ratio (YTD) also steadied around 6.7%. For the rest of the week, we have 2Q GDP is due Thu.

- **USDCAD - *Sideways*.** USDCAD has started to trade sideways and was last seen around 1.3590. CPI eased more than expected to 2.0%y/y in Aug from previous 2.5% with the monthly pace falling -0.2% vs. previous +0.4%. Core inflation (median and trim) also slowed to 2.3%y/y and 2.4%y/y from previous 2.4% and 2.7%. Despite the cooling of price pressure at home, BoC Senior Deputy Governor Rogers refrained to "declare victory" and that "we've got to stick the landing". She elaborated that policymakers want underlying price pressure to slow further. Having said that, she also acknowledged the shift in the risks to a more balanced one. She said that "it's not an absolute tilt to the downside risks". Back on the daily USDCAD chart, momentum is still bullish and the stochastics are rising. Uptrend remains intact with 1.3560 as an interim support. Further bullish extension could bring the next resistance at 1.3650 into view. Balance of risk right now is still to the upside.

- **Gold (XAU/USD) -*On the Climb*.** Gold hovered around $2575, little changed for the past few days. The bullion continues to be buoyed by the broadly heavy USD and the UST yields. The skew of the Fed bets suggests more room for retracement should the Fed choose to begin its easing cycle with a gentler 25bps cut. Gold could thus pullback when USD rises and UST yields rebound. That said, 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. On the daily chart, stochastics are rising. MACD is bullish. Next resistance is seen at 2630. Support at 2560 before 2520.

Asia ex Japan Currencies

SGDNEER trades around +2.00% from the implied mid-point of 1.3215 with the top estimated at 1.2950 and the floor at 1.3479.

- **USDSGD - Two-way risks.** USDSGD was lower at 1.2950 levels this morning as Asian currencies outperformed even as the USD steadied and found some support ahead of FOMC. SGD remains resilient after MAS' hold, and the trade-weighted SGDNEER is at +2.00% 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 - *Lower*.** SGDMYR is lower at 3.2916 levels this morning as MYR outperformed even as the USD steadied and found some support ahead of FOMC. 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, Two-Way Risks*.** Pair was last seen at 4.2613 as it moved lower yesterday, playing catch-up after the Monday public holiday. This morning it was steady as we await the FOMC decision and importantly the views that Powell and the committee would have regarding the economy. The Fed's actions and words remain open to interpretation by the market and that creates two-way risks for the USDMYR near term. Even if there is a rebound for the pair, it may still remain ranged bound at 4.3000 – 4.3800. Back on the chart, resistances are at 4.4000 and 4.4439. Support is at 4.2250. Key data releases this week include Aug trade data (Thurs).

- **USDCNH - *Range*.** USDCNH hovered around 7.1020, above the 7.0875-key support for this pair. Onshore markets are back with reference rate fixed at 7.0870 vs. previous 7.1030, in line with the broader USD direction. Fix is actually lower than estimate at 7.0966 as well. Just as the DXY index is hovering within 100.60-102, the USDCNH remains within the 7.087-7.14 range. Resistance at 7.14 before 7.1730. Recall PBoC's pledge 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. We continue to look for the CNY TWI to fall further into 2025.

- **1M USDKRW NDF - *Higher.*** 1M USDKRW NDF was higher at 1320.24 levels this morning as the USD steadied and found some support ahead of FOMC. 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 relatively steady at 83.90 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. Indian Finance Minister Nirmala Sitharaman reaffirmed the commitment to bring the fiscal deficit down to at least 4.5% of GDP by Mar 2026. The INR has been extremely stable, likely due to RBI's preference of leaning against the wind, and is as a result of this one of the laggards in Asia YTD. 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). 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 13 Sep FX Reserves (Fri).

- **1M USDIDR NDF - *Lower, Two-Way Risks*.** Pair was last seen at 15355 as it moved lower earlier yesterday after onshore markets returned and played catch up. It did slightly rise overnight amid some caution ahead of the FOMC and BI decision today and this morning it was steady. We await to see the level of cuts the FOMC undertakes and also importantly their views on the economy. The Fed's actions and words remain open to interpretation by the market and that creates two-way risks for the 1M NDF near term. We expect BI to hold rates today but we closely watch their views regarding how they see the Fed's path of easing. Back on the chart, resistance is at 15777 and 15892 (200-dma). Support at 15318 and 15000. Meanwhile, Aug trade surplus remains in surplus and this is a positive fundamental factor for the currency although impact was limited yesterday given the focus on BI and FOMC. Remaining key data releases this week include policy decision (Wed).

- **1M USDPHP NDF - Steady, *Two-Way Risks*.** The pair was last seen at 55.83 as it was steady amid caution ahead of the FOMC. We await to see the level of cuts the FOMC undertakes and also importantly their views on the economy. The Fed's actions and words remain open to interpretation by the market and that creates two-way risks for the 1M NDF near term. Back on the chart, support is at 55.27 and 54.50. Resistance is at 56.50 and 57.20. Remaining key data releases this week include Aug BoP overall (Thurs).

- **USDTHB - *Higher*, *Two-Way Risks*.** Pair was last seen at 33.37 as it traded higher compared to levels seen for most of yesterday. There is caution building up to the FOMC. We await to see the level of cuts the FOMC undertakes and also importantly their views on the economy. The Fed's actions and words remain open to interpretation by the market and that creates two-way risks for the USDTHB near term. Back on the chart, support is at 32.57 and 32.00. Resistance is at 34.00 and 34.50. Meanwhile, domestically, the Thai cabinet has approved the cash handout plan totaling 145.6bn baht and will start transferring 10,000 baht each to an estimated 14.6m beneficiaries. The government also plants to raise borrowing by about 8% in the fiscal year starting Oct based on a Bloomberg report, quoting people familiar with the matter. Impact on the currency from these developments are limited given that focus is on the FOMC. Remaining key data releases this week include Aug car sales (18 – 24 Sep) and 13 Sep gross international reserves/forward contracts (Fri).

- **USDVND – *Downtrend Intact*.** USDVND was last seen around 24630 this morning, retracing higher. Downtrend remains intact and this pairing rebounds from support around 24540. Resistance is seen around 24770 (21-dma). The fall in US rates continue to remain a benign environment for the VND but USDVND seems to have retraced higher ahead of the decision. Break of the 24500 support opens the way to 24400 as next support level. Vietnam saw U$21.6bn of equity inflow on 17 Sep.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.32	3.29	-3
5YR MI 8/29	3.47	3.46	-1
7YR MS 4/31	3.67	3.64	-3
10YR MS 7/34	3.72	3.71	-1
15YR MS 4/39	3.87	3.87	Unchanged
20YR MX 5/44	4.02	4.02	Unchanged
30YR MZ 3/53	4.17	4.17	Unchanged
IRS			
6-months	3.50	3.50	-
9-months	3.46	3.46	-
1-year	3.41	3.41	-
3-year	3.30	3.28	-2
5-year	3.33	3.32	-1
7-year	3.42	3.42	-
10-year	3.54	3.52	-2

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

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- Ringgit government bonds market had a quiet session, with some Asian markets closed and some away for the extended holiday. MYR FX strengthening by around 300pips and lower IRS attracted buyers, particularly traders seeking to capitalize on the swap spread. Liquidity was moderate, with minimal demand at the short end and stronger flows in the belly up to the 10y tenor. Benchmark yields mostly ended 1-3bps lower. The market awaits the announcement of the 7y MGS reopening auction, which we expect to have a size of MYR4.5b.

- MYR IRS fell 1-2bps, with the 5y rate trading at a YTD low of 3.32%, driven by renewed foreign-led receiving flows since late last week. As local government bonds were lifted across tenors, IRS bidders are likely to remain defensive until post-US FOMC clarity. 3M KLIBOR was unchanged at 3.53%.

- It was a muted session for onshore corporate bonds market with thin liquidity. Only four credit names traded. AA1/AA+ YTL Power saw MYR40m exchanged at MTM level. A small, odd-lot trade in A3/A- Affin Islamic Perp resulted in a significant spread change. Other credit names remained unchanged.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.29	2.27	-2
5YR	2.28	2.27	-1
10YR	2.43	2.41	-2
15YR	2.48	2.46	-2
20YR	2.53	2.50	-3
30YR	2.54	2.51	-3

Source: MAS (Bid Yields)

- USTs traded firmer as investors reassessed the likelihood of a larger rate cut at the upcoming FOMC meeting, with a 70% chance of a 50bps cut now priced in. Tracking the UST move, SGS yields largely declined by 2-3bps across the curve. All eyes on US retail sales August data while awaiting the FOMC meeting.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.57	6.47	(0.10)
2YR	6.57	6.53	(0.04)
5YR	6.46	6.45	(0.02)
7YR	6.62	6.62	(0.00)
10YR	6.58	6.57	(0.01)
20YR	6.78	6.78	(0.00)
30YR	6.84	6.85	0.00

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened as the timing for two major agenda by both Bank Indonesia and the Federal Reserve were closer yesterday. We saw a sustaining money inflow coming to Indonesian government bonds recently with an increase of the foreign investors' ownership from Rp850.25 trillion on 03 Sep-24 to be Rp854 trillion on 11 Sep-24. We thought that an investment shifting position from major advanced markets to Indonesian bond market is driven by a very strong expectation for imminent aggressive policy rate cut by the Fed tonight.

- Indonesian bond market still becomes a favourable destination for the global investors due to its attractiveness that offering high investment return and back up with solid economic fundamental background. Yesterday, the country successfully widened its trade balance position from US$500 million in Jul-24 to be US$2.9 billion in Aug-24, in line slowing imports growth due to Rupiah's appreciation and cheaper cost to purchase the petroleum fuel from overseas. A solid position on the trade surplus gives more monetary ammunition for Bank Indonesia on its stabilization policy measures.

- Then, the government also successfully absorbed Rp22 trillion from its latest conventional bond auction yesterday. Investors' enthusiasm to participate this auction seemed strong enough amidst recent "wait & see" mode for incoming major monetary decisions by both Bank Indonesia and the Fed, as shown by total investors' incoming bids that reached Rp63.70 trillion. Most investors still had strongest preference for FR0103 with total investors incoming bids that reached Rp26.19 trillion and asking the range yields by 6.51000%-6.67000%. The government, then, absorbed Rp7.45b trillion for FR0103 and awarding the weighted average yields by 6.52940%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1159	143.88	0.6783	1.3263	7.1242	0.6225	159.8300	97.2697
R1	1.1136	143.15	0.6770	1.3212	7.1176	0.6205	159.0500	96.7423
Current	1.1126	141.59	0.6762	1.3164	7.1019	0.6202	157.5400	95.7480
S1	1.1101	141.00	0.6742	1.3128	7.0985	0.6170	156.7700	95.1973
S2	1.1089	139.58	0.6727	1.3095	7.0860	0.6155	155.2700	94.1797

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3001	4.3195	15392	55.9303	33.4753	1.4451	0.6078	3.3318
R1	1.2985	4.2892	15364	55.8127	33.3827	1.4432	0.6040	3.3126
Current	1.2948	4.2510	15349	55.8150	33.3750	1.4406	0.5989	3.2842
S1	1.2941	4.2407	15310	55.6187	33.2117	1.4390	0.5977	3.2815
S2	1.2913	4.2225	15284	55.5423	33.1333	1.4367	0.5954	3.2696

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	41,606.18	-0.04
Nasdaq	17,628.06	0.20
Nikkei 225	36,203.22	-1.03
FTSE	8,309.86	0.38
Australia ASX 200	8,140.90	0.24
Singapore Straits Times	3,593.42	0.64
Kuala Lumpur Composite	1,664.28	0.73
Jakarta Composite	7,831.78	0.25
Philippines Composite	7,175.36	1.00
Taiwan TAIEX	21,850.08	0.42
Korea KOSPI	0.00	#DIV/0!
Shanghai Comp Index	2,704.09	-0.48
Hong Kong Hang Seng	17,422.12	0.31
India Sensex	83,079.66	0.11
Nymex Crude Oil WTI	71.19	1.57
Comex Gold	2,592.40	-0.63
Reuters CRB Index	278.66	0.65
MBB KL	10.66	0.19

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