Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Staying on the Edge

Broad Dollar Edges Up, Trump Urges Putin – Zelenskiy Meeting

Overnight, broad dollar climbed higher as markets await for Powell's speech come Friday at the Jackson Hole symposium. President Trump continued to push hard at the Fed to ease more aggressively as he slammed Powell on social media, claiming that the latter is hurting the US housing industry. It remains to be seen whether the Fed Chair or other Fed officials would cave in more to the Trump administration pressure although we are staying wary of the risks that they do so. There was little new developments meanwhile in the Ukraine situation to have much of an impact on the markets overnight. Trump continues to insist on a Putin and Zelenskiy meeting as he said the two should show more "flexibility". Meanwhile, the US had widened its steel and aluminum tariffs to include motorcycles, metals and tableware - which took effect on Monday. It is looking difficult for companies to comply with such regulations and we continue to watch the situation regarding this. The broad dollar itself is likely to remain roughly around the 97.00 - 98.00 levels building up to Powell's speech on Friday. Attention is being paid whether the Fed Chair would pivot more dovish to point to a 25bps cut or more than that. Any sign that the Fed could go by more than 25bps would support a dollar downward move but if not, the broad greenback could stay sideways. Nonetheless, even in the latter scenario, there would still be rising downside risks given that the pressure on the Fed to cut rates would persist. FOMC meeting minutes due later today.

RBNZ Eases, 1Y &5Y LPR Unchanged, Expect BI to Ease

RBNZ as expected cut by 25bps as they looked to provide amid risks to the economic recovery whilst inflation has eased. 1Y and 5Y LPR also stayed unchanged. The focus today would be on the BI rate decision. Our economist is expecting that the central bank would cut by 25bps given that the IDR can be deemed to have been relatively stable especially as it held quite below the 16500 mark. However, we also recognize that BI may wish to watch the Fed still especially ahead of Powell this Friday. Therefore, they may also choose to hold today instead.

Data/Events We Watch

BI Policy Decision, UK CPI (Jul)

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1647	-0.12	USD/SGD	1.285	0.05
GBP/USD	1.3491	-0.10	EUR/SGD	1.4965	-0.07
AUD/USD	0.6454	-0.57	JPY/SGD	0.8701	0.18
NZD/USD	0.5893	-0.49	GBP/SGD	1.7336	-0.04
USD/JPY	147.67	-0.15	AUD/SGD	0.8293	-0.54
EUR/JPY	171.99	-0.27	NZD/SGD	0.7571	-0.45
USD/CHF	0.8077	0.02	CHF/SGD	1.5907	0.01
USD/CAD	1.3868	0.47	CAD/SGD	0.9265	-0.43
USD/MYR	4.2238	0.03	SGD/MYR	3.2918	0.00
USD/THB	32.51	0.14	SGD/IDR	12670.04	0.24
USD/IDR	16245	0.53	SGD/PHP	44.5063	0.16
USD/PHP	57.111	0.12	SGD/CNY	5.589	-0.08

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2843	1.3105	1.3367

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com

Alan Lau, CFA
(65) 6320 1378
alanlau@maybank.com

Fiona Lim
(65) 6320 1374
fionalim@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

G10: Events & Market Closure

Date	Ctry	Event
20 Aug	**NZ**	**RBNZ Policy Decision**

AXJ: Events & Market Closure

Date	Ctry	Event
18 Aug	ID	Market Closure
20 Aug	**ID**	**BI Policy Decision**
21 Aug	PH	Market Closure

SEE PAGE 12 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

G10 Currencies

- **DXY Index - *In a Frustrating Range*.** The USD broke out of the falling wedge, rose and was last seen around 98.40 amid weaker risk sentiments. We expect the USD to consolidate ahead of Powell's speech on Fri night at the Jackson Hole economic symposium 2025. Eyes are on whether Powell will join the growing chorus of dovish voices or stand his ground to "wait and see". Ahead of that, we have the Minutes of the FOMC meeting released on Wed night (ahead of Asia daybreak) and that could give us a sense of where the consensus leans towards - growth or inflation concerns. For now, the DXY index may remain within the 97.50-99.00 range, albeit bid on news that the US' sovereign credit rating had just been affirmed at AA+/A-1+ with outlook stable. S&P's rating affirmation for the US could lend some positivity for the USD after the OBBBA casted doubts on the US debt sustainability. The more lasting drivers could still be the Minutes of the FOMC meeting that could provide a sense of where the consensus leans and asalso on Powell's speech on Fri. Data-wise, Wed night has Minutes of the FOMC meeting. Thu has weekly claims, prelim. PMIs and Philly Fed outlook for Aug. At home in news, US soybean farmers are reportedly near a
trade and financial precipice" according to the President of the American Soybean Association, warning that the US soybean farmers cannot withstand a prolonged trade war with China, their largest customer. According to the Association, China has not purchased a single cargo of soybeans from the next harvest which starts in Sep, compared to an average 14% order before crop gathering starts in typical years.

- **EURUSD - *Consolidative*.** EURUSD slid to levels around 1.1640, showing signs of softening within the 1.14-1.18 range. Perhaps it was the lack of ceasefire in talks so far that soured EUR sentiment. Trump hosted Ukraine Zelenskiy and other top European leaders in an attempt to halt the war in Ukraine. Trump ruled out a NATO membership for Ukraine but suggested that the US could support security guarantees for Ukraine in order to prevent further Russian aggression. He later **elaborated that it could be in the form of "air support from the US" but Zelenskiy would have to give up plans to retake Crimea and join NATO.** European officials intend to send British and French troops to Ukraine under a peace agreement while Trump had a phone call with Hungary Viktor Orban over his blockade of Ukraine's EU accession (BBG). Putin told Trump that he would be ready to meet Zelenskiy in two weeks according to Merz. Zelenskiy noted that a bilateral meeting should be unconditional and territorial issues with be discussed with Putin. Trump had also ordered aides to set up a trilateral meeting with all three leaders. With the ECB likely done with its easing cycle and the Eurozone getting a rather competitive tariff deal relative to other trading partners of the US, the EURUSD may continue to remain supported on dips. A breakout of the 1.1600-1.1750 range could see this pair trade within wider 1.1430-1.1830 range. Data-wise, Jul CPI is due on Wed, Eurozone Mfg, services prelim. PMI for Thu.

- **GBPUSD - *Softening*.** GBPUSD was around 1.3480, reversing out its recent Aug gains. The BoE-Fed divergence remains supportive of cable but with OIS already suggesting little expectation for any further cut this year by the BoE, focus could be shifting towards the Autumn budget. The Treasury is considering a new tax on the sale of homes worth more than GB500K as a step towards a radical overhaul of stamp duty and council tax. The rate on 30y UK inflation-linked bonds had risen to 2.56% (highest since 1998), adding pressure on Chancellor of the Exchequer Rachel Reeves ahead of an autumn budget. Back on the GBPUSD chart, GBPUSD has slipped to levels around 1.3480 and could be en-route to head towards 1.3390. Week ahead has Jul CPI on Wed, prelim. Mfg. services PMI for Thu and retail sales for Jul on Fri.

- **USDCHF - *Sideways*.** USDCHF remained stuck in two-way trades, last seen around 0.8090. Earlier released sport event-adjusted GDP expanded +0.1%q/q from previous +0.8%, above the expected -0.1% contraction expected for 2Q. However, the outlook is less certain. Thus far, the Swiss government had failed to get a trade deal with the US government. In addition, Defense Minister Martin Pfister said that its order of 36 Lockheed Martin Corp F35 stealth fighters may be cut after the US refused to consider a fixed price for the transaction. Into this week, Reuters reported that the Economy Minister Guy Parmelin and Health Minister Elizabeth Baume-Schneider will meet Pharmaceutical executives from Roche and Novartis according to sources cited. This meeting was confirmed by the Health Minister but no details were given. We see no further cuts from SNB this year unless inflation heads into negative territory, which is a possibility but not our base case. On the USDCHF chart, USDCHF has been consolidating within the 0.8020-0.8160 range. Support is at 0.8100 followed by 0.8000. Very little directional cue at this point is seen for the pair. Week ahead has Jul trade on Thu.

- **USDJPY - *Sideways*.** Pair was last seen at 147.61. JPY has pretty much remained in a consolidative pattern in the last few sessions. Markets at this point looks to be assessing the balance of risks to the currency related to the political situation and the likelihood of further dollar weakness and possibility of further Fed rate cuts. Expect the pair to stay ranged into Friday as markets await Powell's Jackson Hole speech then. Nonetheless, we stay cognizant of downside risks for the pair though as dollar downward momentum can pick up whilst deeper Fed cuts are a risk too. Back on the chart, support is at 145.00 and 142.00. Resistance at 150.00 and 152.00. Remaining key data releases this week include Jul Tokyo condominiums for sale (Wed), Japan/foreign buying of Japan/foreign bonds/stocks (Thurs), Aug P S&P Global PMI (Thurs), Jul F machine tool orders (Thurs) and Jul CPI (Fri).

- **AUDUSD - *Trend Channel At Risk*.** AUDUSD slipped and was last seen around 0.6450. We continue to view dips as opportunities to buy, especially after the last policy meeting earlier in Aug. Last seen at 0.6450. Our view that RBA may only cut once more in this cycle was validated further by the Jul labour data - Au labour report for Jul was just out with jobless rate back lower at 4.2% (vs. prev. 4.3%). Net employment addition came in at 24.5K, well in line with expectation, much of the employment added was full-time hire at +60.5K aded in the month. Participation rate steadied at 67.0% with the prior print revised lower. RBA had cut cash target rate by 25bps on Tue, in line with expectations including our own, taking the policy rate from 3.85% to 3.60%. This was already well anticipated after the central bank surprised markets by holding the cash target rate unchanged at the Jul meeting. The decision was unanimous. Key to RBA's assessment is the outlook for labour market conditions. Various models employed by the reserve bank along with some metrics continue to suggest that the labour market conditions remain tight. Meanwhile, there is also the possibility for global growth to turn out weaker than expected given the uncertain impact of tariffs on global activity and inflation. All things considered, RBA's SoMP was arguably balanced. We had called for the AUD's climb to continue. According to Nikkei, Treasury Secretary Scott Bessent made known that most US trade talks will be largely done by October and that would also signal that much of the US trade conflict should be coming to some form of closure as well. With greater clarity from here, central banks and governments around the world would be able to provide the monetary and fiscal support should their respective economies require. The recovery of the AUDUSD in 2H of 2025 would also reflect that of global recovery - gradual and cautious, possibly guided by the path of the rising trend channel that it has been trading within, notwithstanding the false break due to Liberation Day. Near-term, there is risk, especially with USD making a rebound. That said, we continue to look for a gradual recovery this year. A move towards the 0.67-figure cannot be ruled out. Key Support is seen around 0.6430-0.6440 (100-dma, red line). Interim resistance is seen around 0.6550 is broken the 0.66-figure beckons. Week ahead has Westpac consumer for Aug, Thu has prelim. PMIs.

- **NZDUSD - *RBNZ Cuts and Signals Further Easing*.** The NZDUSD edged lower in the face of a broad USD rebound but it was the RBNZ dovish rate cut that saw the NZD tumbled to levels around 0.5840, at last sight. With growth recovery still lacking momentum, inflation potentially easing (including food prices), there is a good chance for RBNZ to cut the OCR another 25bps by the end of the year. Projections for the average OCR had been adjusted to 2.55% in the 1Q of 2026. NZDUSD slid below 0.5850-support and could be at risk of forming a downtrend from here, towards 0.5770. AUDNZD had slipped to levels around 1.0950 and we had warned that this pullback was tentative and likely to reverse due to RBA-RBNZ policy divergence. A break out above 1.0975 would open the way towards 1.1050. Our bet was to the upside and this is playing out on policy divergence, in line with our expectations.

- **USDCAD - *Upside Risks*.** USDCAD rose and was last seen around 1.3880, buoyed the swings of the USD and playing out our caution for upside risks. Jul CPI eased more than expected to 1.7%y/y from previous 1.9% with underlying inflation still holding steady around 3.0%y/y/y. **Thus far, market implied rates suggest only around 10bps cut priced by next month and overnight summary of deliberations did not change that much. A rate cut was debated but views were divided.** We have quite a bit of conviction that a rate cut in Sep would happen and that is clearly underpriced by markets. Meanwhile, PM Carney is also planning to visit Mexico on 18 Sep to boost trade and strengthen relations with the country amid US tariffs. Back on the USDCAD, interim resistance at 1.3860 is tested and the next is eyed at 1.3900 and then at 1.40. Support at 1.3740. We see two-way trades within 1.36-1.39 before key data releases nudge markets in more dovish repricing and risks to the USDCAD to remain skewed to the upside. Data-wise, CFIB business barometer for Aug on Thu and Jun retail sales on Fri.

- **Gold (XAU/USD) - *A Pennant*.** Gold was last seen around 3310, little moved amid a lack of cues. The bullion continues to find its foothold at the 100-dma at 3290, last printed 3317 and some concerns of stagflation in the US economy could be underpinning gold as well. Our medium term remains for a slowdown in the US economy, increasing focus on rate cuts that would potentially some support for gold. We see two-way trades within 3270-3435 in the interim. We see a pennant forming, a continuation pattern typically that could take the bullion well above the 4000.

Asia ex Japan Currencies

SGDNEER trades around +1.87% from the implied mid-point of 1.3105 with the top estimated at 1.2843 and the floor at 1.3367.

- **USDSGD - *Sideways*.** Pair was last seen around 1.2860 as it traded sideways. USDSGD looks to remain sideways ahead of the Powell's Jackson Hole speech on Fri. Any signs from Powell of more aggressive Fed cuts beyond 25bps in Sep can guide more downside for USD and upside for the SGD. However, it remains extremely unclear the hints (if any) that the Fed chair would provide. Support is at 1.2800 with the next support level after that at 1.2700. Resistance at 1.3000 and 1.3200. Take note that SGDNEER remains near the top end of its band at around 1.87%. Key data releases this week include COE auction (Wed).

- **SGDMYR - *Higher*.** SGDMYR was last seen around 3.2879 levels. SGD and MYR have been the more resilient currencies (thanks to solid fundamentals and increased cooperation between the neighbours e.g. JS-SEZ) in the ASEAN space against the uncertain backdrop. We expect the resilience to continue. Resistance at 3.30, 3.33 and 3.35. Support at 3.27 followed by 3.25.

- **USDMYR - Sideways.** Pair was last seen at 4.2305 as it edged up in line with the broad dollar. Expect pair to remain sideways building up to Powell's Jackson Hole speech. External factors remain a major driver of the pairs. Downside risks can be at play if Powell is to imply more strongly the likelihood of deeper cuts than just what has been priced in by markets (two 25bps cut by year end). However, it remains extremely unclear the hints (if any) that the Fed chair would provide. Back on the chart, we watch if the pair can break decisively below the 4.2000 support with the next level at 4.1000. Resistance at 4.3000 and 4.3600. Remaining key data releases include Jul CPI (Fri) and 15 Aug foreign reserves (Fri).

- **1M USDKRW NDF - *Sideways*.** 1M USDKRW NDF was last seen at 1397 level. At home, BoK said that the economy had rebounded in 2Q but still faces headwinds from US trade talks with major economies. Financial stability risks were also highlighted in light of rising delinquency rates amongst small businesses and regional developers. This was said to the parliamentary committee ahead of the policy decision next week. Back on the chart, resistance is at 1400. Support is at 1350. We see two-way trades.

- **USDCNH - *Sideways*.** USDCNH was last seen around 7.1900, still stuck in consolidation. This pair was lifted a tad by the S&P affirmation of US rating outlook last morning and broad USD gains continue to keep this pair underpinned. That said, price action remained stuck within 7.15-7.20. USDCNH remains stuck in consolidation within 7.15-7.20 with vol suppressed by the daily fix. The USDCNY reference rate is set at 7.1384 vs 7.1359 previously. Gap between actual and median estimate widened around 521pips, underscoring strong countercyclical adjustment factor. Key support for the USDCNH remains at 7.1470. Resistance at 7.2220 (100-dma) before the next at 7.2540. The yuan remains an anchor for the region in times of turbulence. In news, US soybean farmers are reportedly near a trade and financial precipice" according to the President of the American Soybean Association, warning that the US soybean farmers cannot withstand a prolonged trade war with China, their largest customer. According to the Association, China has not purchased a single cargo of soybeans from the next harvest which starts in Sep, compared to an average 14% order before crop gathering starts in typical years. Separately (and in contrast), Treasury Secretary Scott Bessent also spoke about how the tariff status quo with China seems to be working pretty well.

- **USDHKD – *Stabilizing*.** USDHKD hovered around 7.8030 this morning and was last seen this morning. Its aggregate balance has been reduced to HKD53.7bn at last check. Carry trades are being unwound. 1M Hibor hovered around 2.57% this morning but the SOFR-Hibor 1M rate differential was last seen around 177bps. It was a matter of time for USDHKD to start pulling away from the upper bound.

- **USDTWD – *Gradual Creep Higher*.** USDTWD steadied this morning, last seen at 30.20. $491mn net outflow of equities recorded for 19 Aug, taing the mtd net inflow lower to USD1.7bn. The 30.20 resistance is being tested and the next is seen at 30.60. Support to remain around 29.60. Week ahead has export orders for Jul on Wed and unemployment rate for Jul on Fri. In news, the Ministry of Foreign Affairs said that high level contacts and overseas visit had been made to promote Taiwan's membership into the CPTPP and Taiwanese companies have urged to partner firms in the CPTPP member states that were perceived to be less supportive of Taiwan.

- **1M USDINR NDF- *Sideways*.** USDINR 1M NDF was last seen at 87.30 as it remains just below the 88.00 mark amid purported RBI support. The somewhat positive progress on the Trump-Ukraine+other Europe meeting that is paving the way towards a Ukraine-Russia meeting likely providing some support for the INR. Trump had doubled the tariff on India to 50% for its purchase of Russian oil and that may be reversed should Ukraine and Russia agree to a peaceful outcome. Meanwhile, domestically, India officials have said that the proposed GST tax cuts announced by PM Modi – which will see the tax categories reduce from four to two – would help benefit multiple sectors. Back on the chart, we expect the 1M USDIDR NDF to remain just below the 88.00 amid the likely ongoing RBI support. Nonetheless, given the uncertainty still on the US – Russia and India tariff situation, we are staying cautious of any upside pressure. Resistance at 88.00 and 90.00. Support stands at 87.00 and 86.00. Bias to the downside. Key data releases include Jul right infrastructure industries (Wed), Aug P HSBC PMI (Thurs) and 15 Aug foreign exchange (Fri).

- **1M USDIDR NDF – *Higher*.** 1M USDIDR NDF was last seen at 16307 as it edged up higher in line with the broad dollar. Focus for the pair now is on US developments especially regarding Powell's Jackson Hole Friday speech. Any signs from Powell of more aggressive Fed cuts beyond 25bps in Sep can guide more downside for USDAsians including USDIDR. However, it remains extremely unclear the hints (if any) that the Fed chair would provide. Into Friday, expect pair to be somewhat trading sideways. BI decision is due today and our economist is expecting that the central bank would cut by 25bps given that the IDR can be deemed to have been relatively stable especially as it hold quite below the 16500 mark. However, we also recognize that BI may wish to watch the Fed still especially ahead of Powell this Friday. Therefore, they may also choose to hold today instead. Back on the chart, support at 16100 and 16000. Resistance at 16400 and 16500. Key data releases this week include 2Q BoP CA balance (Thurs).

- **1M USDPHP NDF – *Higher*.** Pair was last seen at 57.25 as it rose higher in the prior session. Focus for the pair now is on US developments especially regarding Powell's Jackson Hole Friday speech. Any signs from Powell of more aggressive Fed cuts beyond 25bps in Sep can guide more downside for USDAsians including USDPHP. However, it remains extremely unclear the hints (if any) that the Fed chair would provide. Into Friday, expect pair to be somewhat trading sideways. Back on the chart, support is at 56.50 and 55.50. Resistance at 57.50, 58.50 and 59.00. There are no remaining key data releases this week.

- **USDTHB - *Higher*.** Pair was last seen at 32.59 as it inched up overnight in line with the broad dollar. Focus for the pair now is on US developments especially regarding Powell's Jackson Hole Friday speech. Any signs from Powell of more aggressive Fed cuts beyond 25bps in Sep can guide more downside for USDAsians including USDPHP. However, it remains extremely unclear the hints (if any) that the Fed chair would provide. Into Friday, expect pair to be somewhat trading sideways. Back on the chart, support is at 32.00 and 31.00. Resistance is at 33.00 and 33.50. Key data release this week include Jul car sales (19 – 24 Aug), Jul customs trade data (19 – 26 Aug) and 15 Aug gross international reserves/forward contracts (Fri).

- **USDVND - *Buoyant*.** USDVND was last seen around 26320, making fresh record highs almost daily. Fitch Ratings warned that the current push for rapid growth could potentially lead to policy decision that could worsen already high debt levels. On a trade weighted basis, we continue to look for VND to weaken against relative trading peers in an environment of weaker USD. SGDVND remained rather elevated, last seen around 20464. Resistance at 20610. MYRVND fell as well as MYR too reacts more to external development than VND, last seen around 6222. Key resistance is seen at 6300. Support at 6085.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 4/28	2.95	2.98	+3
5YR MI 5/30	*3.07/04	3.04	Unchanged
7YR M0 7/32	3.26	3.26	Unchanged
10YR MS 7/35	3.37	3.39	+2
15YR MS 4/39	3.57	*3.59/57	Not Traded
20YR MX 5/44	3.73	3.74	+1
30YR MZ 7/55	3.89	3.87	-2
IRS			
6-months	3.14	3.14	-
9-months	3.10	3.11	+1
1-year	3.08	3.09	+1
3-year	2.99	3.01	+2
5-year	3.06	3.08	+2
7-year	3.14	3.16	+2
10-year	3.25	3.27	+2

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

- Ringgit government bonds traded weaker, with Malaysia's strong rebound in exports (+6.8% YoY) contributed to the intraday yield uptick. The 5y MGS auction was announced with a slightly larger than expected MYR5b size. The WI was last seen at 3.10/07% with no trades done. Benchmark belly bonds and off-the-run long-ends received some dip-buying demand by local real money.

- MYR IRS shifted another 1-2bp higher across the curve as hedging/paying interest picked up mainly in the 5y point. 3M KLIBOR was unchanged at 3.21%. The 1y IRS traded at 3.07%, and the 5y at 3.055-3.0825%.

Analysts

Winson Phoon
(65) 6231 5831
winsonphoon@maybank.com

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.53	1.57	+4
5YR	1.61	1.67	+6
10YR	1.88	1.95	+7
15YR	1.96	2.02	+6
20YR	1.97	2.03	+6
30YR	2.03	2.09	+6

Source: MAS (Bid Yields)

- SGS saw an abrupt reversal, posting its steepest single-day selloff in over a month and halting the seemingly one-sided downtrend in SGD rates. At the close, the SGS curve shifted 4-7bp higher, led by a 7bp jump in the 10y SGS yield to 1.95%. Overnight SORA was last seen at 1.25% on 18 August at the time of writing.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	5.50	5.53	0.02
2YR	5.61	5.61	(0.00)
5YR	5.91	5.94	0.02
10YR	6.39	6.41	0.02
15YR	6.78	6.80	0.03
20YR	6.83	6.85	0.02
30YR	6.90	6.90	0.01

** Source: Bloomberg, Maybank Indonesia*

Analyst
Myrdal Gunarto
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

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Most Indonesian government bonds weakened yesterday. The market players seemed grabbing profit taking momentum after the end of 80th National Independence Day euphoria and relative silent releases of key global macroeconomic data. On the global side, the latest development showed that The U.S. President Donald Trump urged Russian Leader Vladimir Putin and Ukrainian Leader Volodymyr Zelenskiy to show "flexibility" as he pushes for a summit. Switzerland said it'd grant the Russian leader immunity from arrest under its proposal to host.

Then, we also suspected that the market players took momentum for realizing their profits before Bank Indonesia's monetary policy rate decision today. Actually, Indonesian environment is quite conducive recently, as shown by our investment indicators that exhibiting "risk on" signal with the low level of global financial markets' volatility index (VIX Index) at 15.57 yesterday, widening the yield gap from 208 bps on 15 Aug-25 to be 211 bps today between Indonesian 10Y government bond with the U.S. 10Y government bond, an undervalued of DXY Dollar index at 98.33 today, relative cheap of Brent oil prices at US$66.07/barrel, and lower than 70 of Indonesian 5Y CDS position. Hence, we see now as a good time for investors to gradually accumulate short-tenor series, especially 1Y, 2Y, 3Y, and 5Y series of Indonesian government bonds.

Indonesian government successfully met its absorption target by Rp9 trillion from the latest Sukuk auction yesterday. We also saw a strong investors' enthusiasm for participating this auction to seek attractive yields with a low investment risk, ahead of Bank Indonesia's monetary policy meeting agenda today. Investors' total incoming bids reached Rp33.12 trillion, mostly to PBS030 (3Y Sukuk Series) that reached Rp10.24 trillion. However, the government preferred mostly absorbing for other series, namely PBS039 (16Y Series) by Rp3.0 trillion and awarding weighted average yield by 6.78917%. For PBS030, the government decided only absorbing Rp2.6 trillion of investors' total bids and awarding the weighted average yield by 5.67990%.

Bank Indonesia's Policy Rate Preview: A Stable 5.25% of BI Rate to Maintain Macroeconomic Stability

Today, Bank Indonesia is scheduled to hold its monetary policy rate (BI Rate) meeting. We expect Bank Indonesia to maintain its BI Rate at 5.25% amid various global risks, such as the impact of rising global import tariffs and the Fed's high interest rate climate, which continue to threaten the domestic economy, particularly through the transmission of financial system stability through fluctuations in the Rupiah exchange rate, investment yields, and imported inflationary pressures, which could then spread to real sector performance.

The Rupiah's movement and local investment yields are currently vulnerable to fluctuations due to profit-taking by global investors in the domestic stock and bond markets, which have experienced a drastic rally in recent weeks. The attractiveness of investment in the domestic financial market will remain strong if the benchmark rate and risk-free rate, as indicated by the BI Rate, remain stable and remain unchanged. This is despite the Rupiah's strengthening in recent weeks, supported by moderate inflation at 2.37% in Ju-25.

Meanwhile, imported inflation pressures remain relatively subdued, as global energy prices, particularly Brent oil, remain hovering around US$66 per barrel. Global food prices have yet to show drastic fluctuations, further supported by recent undervalued of US$ on the global FX market.

Regarding the domestic real sector, we see a stronger government role in encouraging more aggressive economic activity, particularly through greater implementation of its priority development programs. Several real sector indicators, such as the PMI Manufacturing Index, remain below the expansion zone as of July 25, and car and motorcycle sales data have yet to surpass pre-2024 levels. This is further compounded by the single-digit credit growth trend and the subdued cement sales. The government's priority development programs, particularly the Free Nutritious Meal Program, Food and Energy Self-Sufficiency, Public School Construction, Free Health Checks and Healthcare Services for the Poor, the promotion of economic activity at the village/sub-district level through cooperatives and MSMEs, universal defense, investment activities, and downstreaming, are expected to have a strong impact on driving the domestic economy. We also observed that domestic economic liquidity, as reflected in broad money supply (M2) activity, immediately increased from 4.9% YoY in May-25 to 6.5% YoY in Jun-25, as the government appeared more aggressive in financing the economy by drawing liquidity from receivables held in Bank Indonesia accounts.

Therefore, a conducive interest rate climate for economic expansion, reinforced by maintained domestic macroeconomic stability, is needed. Considering these factors, we estimate that Bank Indonesia will maintain the BI Rate at 5.25% at this month's monetary meeting.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1714	148.40	0.6514	1.3553	7.1968	0.5945	173.1300	96.4887
R1	1.1680	148.04	0.6484	1.3522	7.1919	0.5919	172.5600	95.8933
Current	1.1636	147.52	0.6440	1.3476	7.1898	0.5837	171.6400	94.9960
S1	1.1626	147.38	0.6437	1.3469	7.1822	0.5879	171.5600	94.9143
S2	1.1606	147.08	0.6420	1.3447	7.1774	0.5865	171.1300	94.5307

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.2877	4.2378	16270	57.2297	32.6560	1.5012	0.5890	3.3011
R1	1.2863	4.2308	16258	57.1703	32.5830	1.4988	0.5887	3.2964
Current	1.2858	4.2305	16296	57.2330	32.5900	1.4961	0.5888	3.2907
S1	1.2831	4.2195	16230	57.0363	32.4540	1.4951	0.5880	3.2869
S2	1.2813	4.2152	16214	56.9617	32.3980	1.4938	0.5876	3.2821

**Values calculated based on pivots, a formula that projects support/resistance for the day.*

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	3.3000	Oct-25	Neutral
BNM O/N Policy Rate	2.75	4/9/2025	Neutral
BI 7-Day Reverse Repo Rate	5.25	20/8/2025	Easing
BOT 1-Day Repo	1.50	8/10/2025	Neutral
BSP O/N Reverse Repo	5.25	28/8/2025	Easing
CBC Discount Rate	2.00	18/9/2025	Neutral
HKMA Base Rate	4.75	-	Easing
PBOC 1Y Loan Prime Rate	3.00	-	Easing
RBI Repo Rate	5.50	1/10/2025	Easing
BOK Base Rate	2.50	28/8/2025	Easing
Fed Funds Target Rate	4.50	18/9/2025	Easing
ECB Deposit Facility Rate	2.00	11/9/2025	Neutral
BOE Official Bank Rate	4.00	18/9/2025	Easing
RBA Cash Rate Target	3.60	30/9/2025	Easing
RBNZ Official Cash Rate	3.00	20/8/2025	Easing
BOJ Rate (Lower bound)	0.00	19/9/2025	Tightening
BoC O/N Rate	2.75	17/9/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	44,922.27	0.02
Nasdaq	21,314.95	-1.46
Nikkei 225	43,546.29	-0.38
FTSE	9,189.22	0.34
Australia ASX 200	8,896.16	-0.70
Singapore Straits Times	4,216.19	0.69
Kuala Lumpur Composite	1,590.24	0.33
Jakarta Composite	7,862.95	n/a
Philippines Composite	6,277.67	-0.18
Taiwan TAIEX	24,353.50	-0.53
Korea KOSPI	3,151.56	-0.81
Shanghai Comp Index	3,727.29	-0.02
Hong Kong Hang Seng	25,122.90	-0.21
India Sensex	81,644.39	0.46
Nymex Crude Oil WTI	62.35	-1.69
Comex Gold	3,358.70	-0.57
Reuters CRB Index	294.05	-0.67
MBB KL	9.80	0.20

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Published by:

Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange
Singapore
Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com
(+65) 6320 1379

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com
(+65) 6320 1374

Alan Lau
FX Strategist
alanlau@maybank.com
(+65) 6320 1378

Shaun Lim
FX Strategist
shaunlim@maybank.com
(+65) 6320 1371

Indonesia
Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales
Malaysia
Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Tan Yew Yan
Head, Sales Corporates & CFS
yewyan.tan@maybank.com

Singapore
Sheetal Dev Kaur
Head, Corporates Sales (MBS)
skaur@maybank.com
(+65) 63201335

Tan Huilin
Head, Sales FI
TanHuilin@maybank.com
(+65) 63201511

Janice Loh Ai Lin
Head, Sales (MSL)
jloh@maybank.com.sg
(+65) 6320 1336

Shanghai
Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Indonesia
Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Philippines
Angela R. Ofrecio
Head, Global Markets Sales
Arofrecio@maybank.com
(+632 7739 1739)

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6231 5831