29 August 2025

Maybank

Global Markets Daily

A Stronger RMB

USDCNH Breaks Key Support, Lifting Asia

As US developments did little to move markets significantly over the week, it instead took a China development to do so. The USDCNH broke a key support level at 7.15 yesterday with the immediate catalyst likely attributed to equity flows out of HK back to the mainland. The tanking in Meituan stocks guided the HSI lower, declining -0.81% but the CSI300 remained resiliently strong, climbing 1.77%. However, in the bigger picture of things, the USDCNH has been moving lower in the last few sessions amid lower USCNY fixings. This comes just after a long period of sideways trading for the pair. The question though is the extent of the pivot by the PBOC to a stronger RMB. At this point, it is a difficult to ascertain the level of this but the movements do represent some normalization looks under way. China's economic situation has been better (relatively) whilst there has been talk about more usage of the RMB in international trade. The trade weighted CNY has been at much lower levels. For the near term, the key support for the USDCNH stands at 7.1000. Any move lower is looking to have an effect on the rest of the Asian FX given their sensitivity to the RMB - particularly, the MYR, THB and KRW. Take note, there was a decoupling between CNY/CNH and Asian FX in the last few months. However, that looks to be reestablishing itself as Asian FX take this CNH strength as a positive cue. USD looks to also being seeing softness concurrently. Given the CNH movements, we are staying cognizant of near term downside when it comes to USD & Asian FX

BSP Cuts, Expect Another to Come Along

BSP cut by 25bps which was in line with expectations and this looked to have been priced in by markets. Therefore, impact was limited on the PHP and the FX has been more driven by the CNH movements. BSP did mention they are less dovish than before but they implied of a further rate cut this year. They also continue to note about the softness in the economy and the impact that US tariffs can have on the global economy. Our economist is expecting another 25bps cut this year and an additional 25bps in 2026.

Data/Events We Watch

US Core PCE Price Index (Jul)

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1683	0.38	USD/SGD	1.2825	-0.29
GBP/USD	1.3513	0.11	EUR/SGD	1.4988	0.12
AUD/USD	0.6532	0.40	JPY/SGD	0.8725	-0.01
NZD/USD	0.5884	0.43	GBP/SGD	1.7327	-0.21
USD/JPY	146.93	-0.33	AUD/SGD	0.8376	0.10
EUR/JPY	171.67	0.05	NZD/SGD	0.7544	0.13
USD/CHF	0.8013	-0.12	CHF/SGD	1.5998	-0.21
USD/CAD	1.3749	-0.30	CAD/SGD	0.9327	0.00
USD/MYR	4.217	-0.43	SGD/MYR	3.2832	-0.09
USD/THB	32.373	-0.30	SGD/IDR	12731.08	0.14
USD/IDR	16345	-0.09	SGD/PHP	44.4471	0.14
USD/PHP	57.12	-0.10	SGD/CNY	5.5617	-0.03

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2802	1.3063	1.3324

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G10: Events & Market Closure

Date	Ctry	Event
25 Aug	UK	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
25 Aug	PH	Market Closure
27 Aug	IN	Market Closure
28 Aug	**PH, KR**	**Policy Decision**

G10 Currencies

- **DXY Index -*Stuck in Range*.** DXY remains stuck within the 97.70-99.00 range. GDP strengthened more than expected to 3.3%q/q. The second print was revised higher from previous estimate 3.0%. Eyes are still on Fed Governor Cook's lawsuit against Trump after he attempted removing her from her position. The Fed said it will abide by the court's decision, highlighting that governors may only be removed "for cause". UST yields fell overnight, in sympathy with the greenback. Perhaps, also adding to some pressure on the USD is Trump's team pressuring Cook to leave including Hessett who said Cook taking leave would be "the honourable thing to do". Trump had also mentioned on a televised cabinet meeting that he would soon "have a majority very shortly". He was referring to a majority of his nominees on the Federal Reserve Board of Governors that would work to cut policy rates. That has likely softened the greenback but it is also clear that the bearish momentum of the USD has run out of steam. The greenback may be dragged by the yuan that seems to be nudged stronger by the PBoC. Jul Core PCE price index would be watched closely tonight to see if the DXY index can break out of the current 97.50-99.00 range.

- **EURUSD - *Consolidative*.** EURUSD was slightly higher at 1.1660 levels, remaining within the 1.14 to 1.18 range. The ECB was cautious of potential upside risks to inflation (while recognizing that there are also downside risks) and as such are likely to adopt a wait and see approach, supporting our view for no further ECB cuts. Moreover, current rates are viewed to be broadly within the territory of neutral rates (R*) and the ECB viewed fiscal expansion in the euro area (defence spending) as having the potential to raise neutral rates. Lastly, ECB views recent EUR strength as structural and unlikely to change soon.

- **GBPUSD - *Inverted H&S?*** GBPUSD was higher at 1.3502 levels, largely trading sideways and remaining within range. 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 GBP500K as a step towards a radical overhaul of stamp duty and council tax. Rising yields add pressure on Chancellor Rachel Reeves ahead of her autumn budget (normally due late Oct/early Nov). Back on the GBPUSD chart, support is at 1.3424 (100dma) followed by 1.3300 with resistance at 1.3530 and 1.3600. We see a potential inverted head and shoulders formation with neckline seen around 1.36-figure that could open the way for further extension towards 1.3790 that could potentially be a double top.

- **USDCHF - *Sideways*.** USDCHF was last seen lower at 0.8030 levels, pressing the lower bound of the 0.8020-0.8160 range. 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. 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 could potentially break out of the 0.8020-0.8160 range to the downside. Next support at 0.7945 and then at 0.7870. Very little directional cue for pair, although SNB is likely to be closely watching outsized CHF appreciation.

- **USDJPY - *Lower.*** Pair was last seen at 146.90 as it declined in line with a move lower in the broad dollar. The latter had occurred concurrently in line with the move lower in the USDCNH. For the near term, we are keeping an eye on the CNH and any further movements. Nonetheless, at this point, USDJPY looks like it could stay ranged between 146.00 – 148.00

amid the confluence of factors. Whilst CNH strength (as it moves with with a softer dollar) and concerns about Fed independence would be on the supportive side, there is also both French and Japanese political uncertainty on the other side. We continue to monitor the political situation related to Ishiba's future on the outcome of the LDP review on the upper house elections and the likelihood of any early LDP leadership election. Pressure on long end yields does no favor for the JPY. Support is at 146.00, 144.00 and 140.00. Resistance is at 148.00 and 150.00. Meanwhile, Aug Tokyo core core CPI was in line with estimates at 3.0% YoY (est. 3.0% YoY, Jul. 3.1% YoY), which continues to back a BOJ hike although that also looks to depend on the bond market stability. Remaining key data releases this week include Jul housing starts (Fri) and Aug consumer confidence index (Fri).

- **AUDUSD - *Two-way Risks*.** AUDUSD rose towards the 0.6540-figure on the back of USD softness. 2Q capex turned out to be softer than expected at +0.2%q/q vs. expected +0.8%. That might have reined in AUD gains a tad. Earlier this week, we had seen some moments of AUD outperformance due to the **Minutes of the RBA meeting on Tue which turned out less dovish than expected, spurring some relative gains for the AUD - the RBA expects to ease policy settings further but the pace remains highly dependent on economic data. The key rate at 3.60% is still considered "somewhat restrictive" and inherently implies more room for cuts. That said, there are uncertainties about the neutral rate and private demand is showing signs of recovering. Our view that RBA may only cut once more in this cycle was validated further by solid Jul labour report and hotter than expected Jul inflation report.** We hold on to our view that there could only be one more cut in this easing cycle and that is supportive of the AUD recovery view. **In addition, we hold a sanguine outlook for the global economy.** The recovery of the AUDUSD in 2H of 2025 would reflect the global recovery - gradual and cautious. A move towards the 0.67-figure cannot be ruled out. Key Support is seen around 0.6470 (100-dma), tested multiple times and back as a support. Interim resistance is seen around 0.6520.

- **NZDUSD - *Slide to Slow*.** NZDUSD was last seen around 0.5890, hardly inspired in terms of direction. Key resistance for the NZDUSD is seen around 0.5950. A break there is required for this falling channel to be violated. Leading indicators still give mixed signals - ANZ activity outlook was a tad weaker for Aug while business confidence rose to 49.7 from previous 47.8. Given that growth recovery is still lacking momentum, inflation potentially easing (including food prices), there is a good chance for RBNZ to cut the OCR another 25bps in Nov. RBNZ has lowered its average OCR projection to 2.55% by 1Q 2026 vs. the trough of 2.85% seen in the May MPS. The "Orr era" of bold decisions still linger given that a 50bps cut was even considered. However, Chief Economist Conway noted that the key rate is "not restrictive" anymore and Hawkesby also cautioned that RBNZ has done enough of rapid policy easing and could "start feeling our way". In addition, Assistant Governor Karen Silk also noted that the central bank is investigating into the slow transmission of the monetary policy easing thus far. This could suggest that the new few cuts may not come in succession and highly dependent on data. RBNZ may want to pause in Oct before another 25bps cut in Nov and then a final one to take it to the trough of 2.50% in Feb. In addition, the statement did see emphasis on the "upside and downside risks to around the central projections being broadly balanced". There is also an alternative scenario that "economic recovery could accelerate as the full effects of interest rate reductions flow through the economy". We think that the pace of easing will be well deliberated given the slowness in the transmission mechanism and there could be a pause for RBNZ to assess the cumulative impact of earlier cuts that could bring the recovery back into traction. Back on the NZDUSD, OIS suggests that the deeper easing cycle of the

RBNZ is already priced. The next leg lower for the NZDUSD depends on Powell's speech and NZ data. We suspect a bottom likely to be formed around 0.5700 and recovery to take hold. Prefer to buy dips.

- **USDCAD - *Rising Wedge Broken Out*.** USDCAD hovered around 1.3750, breaking out of the rising wedge. Last weekend, Carney said that Canada would remove many retaliatory tariffs on US. This could be the start to thaw the ice between the two American nations and we may not want to chase this USDCAD much higher. Separately, BoC Macklem hinted that there could be a shift from the inflation-targeting framework that has been in place since the 1990s at a speech in Mexico City. He said that there needs to be adaptation to address new economic trends and global trade changes and that could happen at the 2026 mandate review. The governor said the committee may look into how the central bank can use "flexibility in the framework" to face supply shocks. There could also be review on the best indicators to measure core inflation and a look into the interaction between monetary policy, housing affordability and inflation. Policy-wise in the near-term, **market implied rates suggest only around 8.5bps cut priced by next month. 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. In news, PM Carney said he had a "productive" call with Trump on trade and a new economic and security pact between the two countries. 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, the rising wedge is broken out and the pair is last seen around 1.3750, testing support around 1.3740. A break there to open the way towards the next at 1.3605. We suspect that the USDCAD bears may take a breather here. We watch for key data releases to nudge markets towards more dovish repricing. At this point, we had shifted towards preference to sell on aggressive USDCAD bids and that has played out well given how USDCAD has fallen since.

- **Gold (XAU/USD) - *Pennant Is Being Broken Out*, *Watch the White-House-Fed Debacle*.** Gold was last seen around 3410, rising on the back of lower USD. The White-House-Fed debacle continues to support safe havens to some extent. Gold is respecting the diagonal sloped support level that forms the lower bound of the ascending triangle, arguably the pennant. The bullion continues to find its foothold at the 100-dma at 3290, last printed 3340 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. A pennant is forming clearly, a continuation pattern typically that could take the bullion well above the 4000. A more aggressive move by the Trump administration could be a reason for gold to be propelled higher.

Asia ex Japan Currencies

SGDNEER trades around +1.79% from the implied mid-point of 1.3063 with the top estimated at 1.2802 and the floor at 1.3324.

- **USDSGD - *Sideways*.** Pair was last seen lower at 1.2828 levels, trading within range. SGDNEER remains well supported at +1.79% above the implied mid-point. MAS should be in a relatively comfortable position (in contrast to the Fed) to maintain current policy stance of slight (0.5% p.a.) appreciation which should provide support for the SGD. Back on the USDSGD chart, support is at 1.2800 and at 1.2700. Resistance at 1.2900 and 1.3000.

- **SGDMYR - *Sideways*.** SGDMYR was last seen higher at 3.2832 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 - Lower.** Pair was last seen at 4.2115 as it moved lower in line with the decline in the USDCNH. The MYR has historically shown strong sensitivity to the CNH given the strong trade links between Malaysia and China. We are staying cognizant of the CNH movements and any strength can give the MYR support. Back on the chart, support at 4.2000 and 4.1000. Resistance at 4.3000 and 4.3600. There are no remaining key data releases this week.

- **1M USDKRW NDF - *Sideways*.** 1M USDKRW NDF was last seen lower at 1386.70 levels following BOK's stand pat. BOK kept its policy rate unchanged at 2.50% amid concerns of housing market and financial stability risks, in line with the broader consensus. We looked for a quarter point cut to provide growth support, but the BOK sees little urgency to ease as it increased its growth outlook slightly to 0.9% for 2025 (prev: 0.8%). The KRW strengthened in the wake of the decision, although it remains at the weaker end of recent ranges. President Lee met with Trump, but his charm offensive did not provide South Korea with better terms on the trade deal. We look for USDKRW lower, alongside a broadly weaker USD in the medium-term. 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 this week. Back on the chart, resistance is at 1400. Support is at 1350.

- **USDCNH - *Break of the 7.15*.** USDCNH was last seen around 7.1234. The drop of the USDCNH after it broke the key 7.1470-support was rather sharp. The CNY fix was correspondingly stronger this morning but the fix ratio seems to have fallen this morning and that could be taken as a subtle hint to take the pedal off yuan. Yuan sentiment has been buoyant amid news that China would send key trade negotiator Li Chenggang to the US to meet with USTR Jamieson Greer and Treasury Department officials along with US business figures. This could be seen as a positive signal that a summit could be held for President Xi Jinping and Trump later this year. When it comes to North American trade partners, China also with the Canadian official and urged constructive steps to address trade concerns. The USDCNY reference rate is set at 7.1030 vs 7.1063 previously. Key support for the USDCNH at 7.1470 is broken and was last seen around 7.1234 with next support seen around 7.1050. Risks seem to be skewed to the downside at this point. The yuan remains an anchor for the region in times of turbulence. The countercyclical adjustment factor seems to be holding steady, albeit still meaningful, underscoring the support the yuan fix is giving to spot prices onshore and offshore. The strong fix comes at a time where most Asia-ex CNY FX have been experiencing declines since the start of 2H 2025. Yuan stability acts as a beacon of stability for the region which is in line with how China likes to position itself in this world- a reliable partner for trade and investment. NPC Standing Committee will hold meetings 8-12 Sep in Beijing and the agenda is to amend cybersecurity laws, revisions to the enterprise bankruptcy legislations, review appointment and removal of officials and to review a State Council report about economic developments (BBG).

- **USDHKD - *Slipping again*.** USDHKD was last seen at 7.7904 this morning. Its aggregate balance hovered around HKD54.1bn at last check, a tad higher as carry trades are being unwound. 1M Hibor continue to surge to around 3.31% this morning and the SOFR-Hibor 1M rate differential was last seen narrower at around 104bps.

- **USDTWD - *Stabilizing*.** USDTWD was last seen at 30.59, hardly moved and gains were capped by the softer USD whilst this pair remained buoyed by net equity outflows seen yesterday (-$465.9mn). Taiwan just named a new economic minister – Kung Ming-hsin who will take over Kuo Jyh-huei. President Lai Ching-te just had a reshuffle of his cabinet that affected 15 other officials. This comes after President Lai Ching-te failed to get opposition KMT legislators removed, allowing the KMT to maintain its joint majority in the Legislature as a coalition with Taiwan People's Party. USDTWD seems to be stabilizing this morning, after the reshuffle and was last seen around 30.50. The 30.20 resistance is broken and the next at 30.50 is being tested before 31.04. Support to remain around 29.60.

- **1M USDINR NDF- *Sideways*.** 1M USDINR NDF was last seen at 87.79 levels. No signs of a trade deal for India yet, with relations with BRICS allies (Brazil, Russia, China) also at stake. Navarro also took aim at India "cozying up to Xi Jinping". China's ambassador Xu Feihong has said that China will firmly stand with India in opposing the 50% tariff on the country. They also firmly stand with India to uphold the multilateral trading system, with the WTO at its core. The uncertainty with the tariff situation is creating upside risks for the USDINR. Back on the chart, resistance at 88.00 and 90.00. Support stands at 87.00 and 86.00. Remaining key data releases include 15 Aug foreign exchange (Fri).

- **1M USDIDR NDF - *Higher*.** 1M USDIDR NDF was last seen at 16410 as it inched up higher. BI has noted that they are monitoring markets closely and that they remain in the market and stabilize the currency via interventions in the spot, bond, DNDF and offshore NDF. For now, we stay cognizant of any two-way risks on the IDR amid the mix of external and domestic factors. Back on the chart, support at 16200, 16100 and 16000. Resistance at 16400 and 16500. There are no remaining key data releases this week.

- **1M USDPHP NDF - *Sideways*.** Pair was last seen at 57.10 as it came off its high yesterday amid both strengthening in the CNH and a slightly lower dollar. BSP cut by 25bps which was in line with expectations and this looked to have been priced in by markets. Therefore, impact was limited on the PHP and the FX has been more driven by the CNH movements. BSP did mention they are less dovish than before but they implied of a further rate cut this year. They also continue to note about the softness in the economy and the impact that US tariffs can have on the global economy. Our economist is expecting another 25bps cut this year and an additional 25bps in 2026. Take note market is already expecting another 25 – 50bps of cuts. 1M NDF has remain around the 56.50 – 57.50 range and for now we think it may continue to do so amid the mix of global factors. Whilst CNH strength (as it moves with with a softer dollar) and concerns about Fed independence would be on the supportive side, there is also both

French and Japanese political uncertainty on the other side. There are no remaining key data releases this week.

- **USDTHB - *Lower*.** Pair was last seen at 32.30 as it edged lower in line with a stronger CNH. The THB has historically shown strong sensitivity to the CNH given the strong trade links between Thailand and China. We are staying cognizant of the CNH movements and any strength can give the HB support. Gold prices have also remained elevated. As it is, pair as whole is still trading around the recent range of about 32.00 - 33.00 and we think that it can still remain so at this point. The latter is facing a confluence of factors that include concerns about Fed independence, easing Fed rates, CNH strength, the French and Japanese political situation. Support at 32.00 and 31.00. Resistance at 33.00 and 33.50. Meanwhile, on the domestic political front, the constitutional court would decide on Paetongtarn's ethics case on Friday. At this point, we continue to monitor the country's political situation. Remaining key data releases this week include Jul trade data (Fri), Jul BoP CA/overall balance (Fri) and 22 Aug gross international reserves/forward contracts (Fri).

- **USDVND - *Range for Now*.** USDVND was last seen around 26350, recovering from its recent pullbacks. There could be some two-way trades within the 26300-26440 range for now as bullish momentum eases. Uptrend is still intact. A break-out of the range could open the way towards next support around 26210 or next resistance at 26500. SGDVND edged higher this morning, last seen around 20540 with support at 20440 and resistance at 20610. MYRVND was last seen around 6260, back to test recent highs of 6278. We see two-way risks from here as MYRVND could potentially break out higher above this key resistance due to a flag formation or it could also be a bearish triple top formation that could bring this cross below 6215. Earlier this week, Vietnam has finally passed the decree to end the state monopoly on gold, allowing SBV to issue lincenses to qualified commercial banks and enterprises to product, import and export gold bullions within allocated annual quotas. We see this as potentially supportive of the VND but it really depends on how fast the supply conditions could be eased to narrow the domestic-international gold price premium that is currently around 19%. The premium has dropped below 10% at one point last year and that coincided with a period of stability for the USDVND.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 4/28	2.98	2.99	+1
5YR MI 5/30	3.08	3.08	Unchanged
7YR M0 7/32	3.27	3.30	+3
10YR MS 7/35	3.39	3.39	Unchanged
15YR MS 4/39	3.59	3.59	Unchanged
20YR MX 5/44	3.74	3.74	Unchanged
30YR MZ 7/55	3.88	3.88	Unchanged
IRS			
6-months	3.15	3.15	-
9-months	3.13	3.13	-
1-year	3.10	3.09	-1
3-year	3.04	3.02	-2
5-year	3.11	3.09	-2
7-year	3.18	3.16	-2
10-year	3.28	3.27	-1

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

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- Ringgit government bonds traded weaker led by the 20y GII which rose 3bp on the day following tepid demand at auction. The sale drew a 1.84x bid/cover – the lowest for a 15-30y MGS/GII auction YTD - and auction results tailed with a cut-off yield notably above the last given WI level prior to the close. Overall, the GII curve ended 1-3bp higher in the 15-30y sector, while MGS long duration held steady.

- MYR IRS closed 1-2bp lower reversing the recent gains as paying/hedging interest took a pause despite a lacklustre local bond market. 3M KLIBOR was unchanged at 3.21%. The 5y IRS traded at 3.09-3.0975%.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.44	1.45	+1
5YR	1.55	1.55	-
10YR	1.80	1.81	+1
15YR	1.89	1.90	+1
20YR	1.90	1.91	+1
30YR	1.98	1.99	+1

Source: MAS (Bid Yields)
**5y SGS shifted to new benchmark bond with longer tenor*

- SGS yields rose by 1bp across the curve despite lower US rates at Asia close. The 6-month T-bill auction drew a robust 2.39x bid/cover, matching the level at the previous auction a fortnight ago, while the cut-off yield declined further to 1.44%, broadly in line with expectations. Overnight SORA stayed below 1.00% for a second straight day, last at 0.87% as of 27 August.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	5.30	5.29	(0.01)
2YR	5.33	5.31	(0.02)
5YR	5.71	5.65	(0.05)
10YR	6.33	6.31	(0.02)
15YR	6.70	6.69	(0.01)
20YR	6.83	6.83	(0.00)
30YR	6.86	6.86	(0.00)

** Source: Bloomberg, Maybank Indonesia*

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The prices of most Indonesian government bonds strengthened yesterday. A rally on Indonesian government bond market was suspected by the global investors' inflow that seeking attractive yields amidst investors' strong confidences for incoming Fed's policy rate cut during intensifying political tension in Jakarta. The yield of Indonesian 5Y government bond dropped by 5 points to 5.65% yesterday. For today, we foresee that Indonesian government bonds are prone to get correction for anticipating 1.) the profit taking mode at the end of month period and 2.) "wait n see" mode for seeing escalation political tension since yesterday. The yield of 10Y government bond is potentially to reach around 6.30%-6.36% today.

Economic Update: Bank Indonesia's Latest Economic View: Conducive For Applying More Accommodative Stances

Bank Indonesia has implemented

1.) The BI Rate has been cut five times, each by 125 bps, since September 2024 to 5.00%. This is the lowest BI Rate since 2022. Bank Indonesia continues to monitor the scope for future BI Rate cuts. To date, the yield on 10-year government securities has fallen to 6.30% as of August 21-25 and is expected to continue declining, in line with the downward trend of global central banks.

2.) Bank Indonesia continues to maintain the Rupiah's strength and stability against the US dollar, from around 17,000 in early April 2025 to around 16,300 currently. Bank Indonesia continues to ensure the Rupiah remains stable at around 16,300 by intervening, both via offshore NDF and through spot and domestic DNDF

3.) Bank Indonesia has purchased Rp186 trillion in government securities as part of its monetary policy to expand liquidity. Bank Indonesia continues to coordinate policy with the Ministry of Finance to synergize prudent monetary and fiscal policies, including how the purchase of government securities can support the government's people-oriented economic programs.

4.) Bank Indonesia has also provided Rp384 trillion in macroprudential liquidity incentives to banks to channel credit to AstaCita priority sectors, including coordinating with the Financial Services Authority (OJK) to encourage banking lending.

5.) Bank Indonesia continues to digitize its payment system, including support for AstaCita's national financial digitalization program. QRIS is already used by 57 million users and 40 million merchants for MSMEs. QRIS is currently used in Japan, in addition to Singapore and Malaysia. Bank Indonesia will seek to expand QRIS use with China and Saudi Arabia to support Umrah and Hajj pilgrims, as well as in relation to the Local Currency Transaction policy.

Therefore, Bank Indonesia continues to support government programs, maintain stability, encourage economic growth, and coordinate fiscal and monetary policies within this State Budget.

Bank Indonesia's view on the macroeconomic assumptions in the 2026 Draft State Budget (RAPBN). Globally, Bank Indonesia expects the Fed Funds Rate to be lowered twice to 4.00% this year, then twice to 3.50% next year, in line with declining inflation and economic growth in the United States. The United States fiscal deficit is expected to decline from 7% to 6.7%, resulting in lower U.S. Treasury yields, which are also lower than before, as short-term Treasury yields follow the Fed Funds Rate. The US dollar's strengthening trend has also eased globally, with the DXY Dollar Index currently at 98. This condition supports Indonesia's external strengthening.

Bank Indonesia, after observing the Indonesian economy growing 5.12% in 2Q25, estimates economic growth in the range of 4.6%-5.4%, with a potential to reach 5.1% this year. Next year, Bank Indonesia projects economic growth of 4.7%-5.5%, or around 5.3%, in line with the downward trend in monetary interest rates and the expansion of monetary liquidity. With fiscal coordination, Bank Indonesia also believes that the 5.4% economic growth target in the 2026 Draft State Budget (RAPBN) can be achieved through synergy between monetary and fiscal policies, along with real sector policies.

The rupiah is expected to remain stable with a strengthening trend, based on the following reasons:

• Indonesia's balance of payments remains healthy, with a low deficit of around 0.8%-1.1% of GDP

• Low inflation

• High economic growth

• Bank Indonesia's commitment to maintaining rupiah stability. Bank Indonesia continues to strive to maintain the USD/IDR position at around 16,300, so the rupiah is expected to move in the range of 16,000-16,500 for this year and next year.

Bank Indonesia, along with the government, continues to strive to maintain low inflation at around 2.5% ± 1% for this year and next. Bank Indonesia estimates inflation at 2.5% this year. Core inflation is also expected to remain low because demand remains below national output capacity and inflation expectations are anchored. Volatile food inflation is under control thanks to the contribution of the National Movement to Control Food Inflation and the deployment of more than 40 regional Bank Indonesia offices to support food inflation control.

Overall, Bank Indonesia estimates economic growth of 4.7%-5.5% in 2026. The USD/IDR exchange rate is in the range of 16,000-16,500. Inflation is expected to remain in the range of 1.5%-3.5%, in line with the target of 2.5%±1%. Bank Indonesia, as part of the Unitary State of the Republic of Indonesia, will continue to strengthen synergy with the government, will support the AstaCita program, and maintain stable economic growth. Monetary policy will continue to be directed not only at maintaining stability but also at encouraging economic growth, through exchange rate stability, lower interest rates, and monetary expansion, including the purchase of government securities from the secondary market, macroprudential liquidity policies, and payment systems by digitizing for the national digital financial economy.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1738	147.86	0.6559	1.3557	7.1680	0.5919	172.1967	96.3040
R1	1.1710	147.39	0.6546	1.3535	7.1441	0.5902	171.9333	96.1420
Current	1.1661	146.91	0.6538	1.3502	7.1253	0.5891	171.3100	96.0400
S1	1.1642	146.56	0.6511	1.3487	7.1073	0.5857	171.2633	95.7640
S2	1.1602	146.20	0.6489	1.3461	7.0944	0.5829	170.8567	95.5480

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.2885	4.2385	16409	57.2973	32.5550	1.5019	0.5925	3.3050
R1	1.2855	4.2277	16377	57.2087	32.4640	1.5003	0.5919	3.2941
Current	1.2831	4.2145	16445	57.0700	32.3250	1.4962	0.5912	3.2852
S1	1.2805	4.2112	16323	56.9937	32.2710	1.4961	0.5908	3.2775
S2	1.2785	4.2055	16301	56.8673	32.1690	1.4935	0.5903	3.2718

**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	5.00	17/9/2025	Easing
BOT 1-Day Repo	1.50	8/10/2025	Neutral
BSP O/N Reverse Repo	5.00	9/10/2025	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	23/10/2025	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	8/10/2025	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	45,636.90	0.16
Nasdaq	21,705.16	0.53
Nikkei 225	42,828.79	0.73
FTSE	9,216.82	-0.42
Australia ASX 200	8,979.97	0.22
Singapore Straits Times	4,253.78	0.19
Kuala Lumpur Composite	1,587.07	-0.05
Jakarta Composite	7,952.09	n/a
Philippines Composite	6,190.19	-1.33
Taiwan TAIEX	24,236.45	-1.16
Korea KOSPI	3,196.32	0.29
Shanghai Comp Index	3,843.60	1.14
Hong Kong Hang Seng	24,998.82	-0.81
India Sensex	80,080.57	-0.87
Nymex Crude Oil WTI	64.60	0.70
Comex Gold	3,474.30	0.75
Reuters CRB Index	301.75	0.34
MBB KL	9.95	1.63

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