Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Tariffs after Tariffs…

Keeping Market Players on Their Toes

Late last Fri, Trump announced that he planned to impose tariffs on countries that tax US product, a sign that he wants to broaden the trade war beyond China via the use of "reciprocal tariffs". There is a lack of details how he wants to go about it and whether this is an effort to bring more countries to the negotiating table to bring tariffs lower or to trigger more trade friction with multiple trade partners. This came after Trump declared a "joint venture" with Japan's PM Ishiba on LNG exports from Alaska. The leaders also clarified that Nippon's acquisition of US Steel is an investment into the company and that Nippon would not have a majority stake in US Steel. Separately, Trump told the press that he would impose 25% tariffs on all steel and aluminum on a flight to New Orleans. That had lifted the USD modestly, with THB, MYR, KRW on the backfoot. With the US labour market showing resilience, the USD and UST yields rose as well. 10y yield is back higher, last seen at 4.48%.

Festive Blip That bumps the China CPI Higher

China's tariff on US LNG and coal kicks in today. It is a rate of 15% applied on around $14bn of US goods. We continue to watch the rhetoric concerning the trade war that has already started between the two nations. Meanwhile, China's own Jan inflation prints looked a tad healthier on the headlines but that was mostly due to base effects of the Spring Festival. The Spring Festival lands on Feb in 2024 and as such, there was favourable base effects for the Jan CPI. CPI inflation rose significantly to +0.5%y/y in Jan, (vs Consensus: +0.4%, Dec2024: +0.1%), reversing the trend which saw the headline number gradually fall towards zero. Our economist looks for greater fiscal stimulus that could offset impact of the 10% tariff.

Data/Events We Watch Today

We watch CH new yuan loans, money supply, aggregate financing for Jan is due anytime by 15 Feb. Tonight we will have NY Fed 1Y inflation expectations.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0328	-0.53	USD/SGD	1.354	0.25
GBP/USD	1.2402	-0.27	EUR/SGD	1.3982	-0.29
AUD/USD	0.6274	-0.14	JPY/SGD	0.8941	0.27
NZD/USD	0.566	-0.26	GBP/SGD	1.6794	0.00
USD/JPY	151.41	0.00	AUD/SGD	0.8494	0.08
EUR/JPY	156.38	-0.57	NZD/SGD	0.7664	-0.01
USD/CHF	0.9099	0.54	CHF/SGD	1.4873	-0.34
USD/CAD	1.4293	-0.10	CAD/SGD	0.9478	0.39
USD/MYR	4.4397	0.10	SGD/MYR	3.2892	0.39
USD/THB	33.874	0.21	SGD/IDR	12067.02	-0.05
USD/IDR	16283	-0.35	SGD/PHP	42.9653	-0.10
USD/PHP	58.007	-0.26	SGD/CNY	5.3799	-0.35

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3413	1.3686	1.3960

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G10: Events & Market Closure

Date	Ctry	Event
12-13 Feb	US	Fed Powell Testifies to Congress

AXJ: Events & Market Closure

Date	Ctry	Event
11 Feb	MY	Market Closure
12 Feb	TH	Market Closure
13 Feb	PH	BSP Policy Decision

The Trump Tracker 2025

Date	Market-Moving Events Since Trump's Inauguration on 20th Jan 2025	Impact on Markets
20th Jan	Declares National Energy Emergency, roll back on Biden's climate regulations, enable new O&G development on federal lands	Negative for Oil, Better for Inflation Outlook if crude production expands
27th Jan	Trump threatened to impose 25% tariff on Columbia but did not do so eventually after Columbia reportedly agreed "to all of President Trump's terms" including the "unrestricted acceptance" of immigrants who entered the US illegally within a few hours of the threat.	DXY clocked the low for Jan that day but headed higher thereafter in anticipation of tariffs on Canada and Mexico.
30th Jan	Eases Regulations on Crypto-Currency Industry. SEC rescinded an accounting rule (SAB 121) which required banks and FIs to treat cryptocurrencies as a liability on their balance sheet.	Supportive of cryptocurrencies but arguably, great expectations may already be in the price. Last check, bitcoin has been gyrating around $100,000, within $90-110K, after rising around 60% since Trump won the elections.
1st Feb - 3rd Feb	To impose tariffs on China, Canada and Mexico. Trump had issued executive order on 1st Feb (Sat) under the International Emergency Economic Powers Act to impose 25% tariffs on most goods from Canada and Mexico as well as 10% tariffs on goods from China that will take effect on Tue. Canada's energy and oil exports will be taxed at 10%. On top of that, the US legislators have halted the de minimis provision that allows packages worth under $800 to be exempted from tariffs. Trump said tariffs on EU goods could happen "pretty soon" while trade issues with the UK can be worked out.	USDCAD and USDMXN rose on 3rd Feb (Mon) before making a complete reversal by the end of the session when it was made known that tariffs on the two countries are to be delayed for a month. USDCAD was up 2.5% from open to high, while USDMXN was up 4.6% during the session.
4th Feb	Trump wants access to Ukraine's rare earths resources in return for aiding its defence against Russia.	An end to the war in Ukraine would be positive for EUR. However, recent tariff threats are likely to weigh.
4th Feb	Tariffs on China take effect. Trump mentioned about talks with Xi but in the end, the 10% tariff on China came into effect on 4th Feb. China's Retaliation. Almost immediately, China announced a probe into Google, added several US companies to a "blacklist" of entities, impose new export controls on critical minerals[1]. imposed 10% tariffs on US products, including coal, LNG and agricultural equipment with effect from 10 Feb.	USDCNH rose at first when US tariffs on China took effect. China's retaliatory moves were seen as mild and restrained, resulting in some retracements. We suspect that markets are confident that PBoC would continue to defend the yuan for now and this is a reflection of cautious optimism that there could be a quick deal. In addition, China also pledged to take the case to the WTO. Its foreign ministry pointed out that "fentanyl is America's problem".
7th Feb	Trump said "reciprocal tariffs" that could "affect everyone could be announced the following week.	USD started the week on 10th Feb stronger in anticipation of it.
9th Feb	Trump told the press that he would impose 25% tariffs on all steel and aluminium.	

Note[1]: Critical minerals include tungsten, tellurium, bismuth, molybdenum and indium products.

Sources: Bloomberg, various news sources, Maybank FX Research & Strategy

G10 Currencies

- **DXY Index – *Range-Bound*.** DXY index rebounded and was last seen around 108.40. NFP was up by a smaller 143K vs. previous 307K (revised higher). Average hourly earnings accelerated more than expected to +0.5%m/m from previous +0.3%. Year-on-year, wage growth steadied at 4.1%. Unemployment rate fell to 4.0% from previous 4.1%. Adding to the boost for the greenback was tariff headlines – Last Fri, Trump announced that he planned to impose tariffs on countries that tax US product, a sign that he wants to broaden the trade war beyond China via the use of "reciprocal tariffs". There is a lack of details how he wants to go about it and whether this is an effort that can bring more countries to the negotiating table to bring tariffs lower or to trigger more trade friction with multiple trade partners. This came after Trump declared a "joint venture" with Japan's PM Ishiba on LNG exports from Alaska. The leaders also clarified that Nippon's acquisition of US Steel is an investment into the company and that Nippon would not have a majority stake in US Steel. Separately, Trump told the press that he would impose 25% tariffs on all steel and aluminum on a flight to New Orleans. That had lifted the USD modestly, with THB, MYR, KRW on the backfoot. With the US labour market showing resilience, the USD and UST yields rose as well. 10y yield is back higher, last seen at 4.48%. Back on the daily chart, key support for the DXY index remains at 107, well within the 107-110 range that can hold this week. Week ahead has NY Fed 1Y inflation expectations (Jan), NFIB Small Business Optimism (Jan), Fed's Hammack Speaks on Economic Outlook (Jan) today. Tue has Fed Williams gives keynote remarks, Fed Bowman speaks on Bank regulation, CPI (Jan). On Wed, Fed Williams gives keynote remarks, Fed Bowman speaks on Bank regulation, CPI (Jan), Fed Powell testifies to House Financial Services Fed Powell testifies to House Financial Services. Thu has PPI final demand (Jan), initial jobless claims, continuing claims. Fri has Retail sales (Jan), industrial production(Jan).

- **EURUSD – *Trapped in Range 1.0180-1.0530*.** EURUSD softened tolevels around 1.0305 on broad USD strength. A healthy Jan labour report from the US as well as Trump's mention of reciprocal tariffs as well as tariffs on steel/aluminium. EUR continues to face pressures with the bloc likely to be next in Trump's crosshairs for action. At home, ECB is facing a challenging task of balancing inflation control and growth support, with latest data suggesting prices in Europe are resurging. French PM Bayrou survived two no-confidence votes meaning the 2025 budget bill will be adopted. Estimates of the budget deficit are between 5.5% to 6.0% of GDP. This should be taken as positive for the EUR, although various other headwinds (German political uncertainty, possible tariffs, lacklustre growth, ECB cuts) continue to linger. ECB speakers were mixed as Centeno said that rates could need to be cut below neutral levels to support growth and Chief Economist Lane said that the ECB should remain agile as two-way risks for inflation are possible. ECB's wage tracker meanwhile predicted a sharp slowdown in wage growth, underscoring Lane's point of bi-directional inflation risks. Looking at the bigger picture, political woes in France and Germany should in our view continue to weigh on the EUR amid a more challenging external environment and uncertainty over Trump tariff policy. Trump has made explicit mention that he plans to address what he views as trade imbalances between the US and the EU. Trump mentioned EU tariffs on US goods being unfair and had an overarching message that tariffs would be imposed on goods not produced in America. Still, the divergent monetary policy outlooks and the political uncertainties surrounding the French and the German should continue to weigh on the EURUSD. On the EURUSD chart, We see-two way trades with some bias to the downside within 1.180-1.0530 range. Week ahead has ECB Lagarde speaks in EU parliament on Mon, Tue has ECB Schnabel speaks on panel in Nuremberg. Wed has ECB Elderson speaks, ECB Nagel Speaks.

Thu has ECB Cipollone speaks, ECB publishes economic bulletin. Fri has EZ GDP (4Q P). Sat has ECB Panetta speaks.

- **GBPUSD - *1.25 resistance likely to cap*.** GBPUSD was last seen lower at 1.2435 levels, weighed by broader USD strength. Also, recall that the BOE cut rates by 25bps to 4.50% last week. The MPC voted 7-2 in favour of a 25bps easing, with the 2 dissenting members, Dhingra and Mann preferring a 50bps cut. Notably, Mann has been widely known as a hawk. The statement did contain some hawkish warnings as it expects inflation to sharply rise later this year and it downgraded growth prospects. Bailey mentioned that the approach to further rate cuts will be “gradual and careful”, mirroring language in the BOE statement. We see three more cuts for the BOE this year, and see the policy rate ending at 3.75%. This is broadly in line with current market pricing although slightly more hawkish than the 4.00% that the BOE signalled. Nevertheless, we maintain our view that the GBP could be somewhat sheltered from tariffs as it avoids specific trade action from the Trump administration. Eyes are on Chancellor of the Exchequer Rachel Reeves and how she will deal with the rising borrowing costs due to higher gilt yields. She had mentioned that her fiscal rules (self-imposed) were non-negotiable. There have been some concerns that the rise in the gilt yields have taken up the fiscal headroom and may force the labour-led government to reduce spending ahead of a fiscal update from the OBR on 26 Mar. The prospect for further cut in fiscal spending weigh on risk appetite and the GBP. Back on the cable chart, rebounds to meet resistance at 1.2450 followed by 1.2500. Support is at 1.2370 (21-dma). Week ahead has S&P Global report on jobs on Mon. Tue has BRC Sales (Jan), Boe Mann. Bailey. Wed has BoE Greene speaks. Thu has IP (Dec), Mfg production, construction output, trade (Dec). GDP (4Q P).

- **USDCHF - *Rising on Stronger USD*.** USDCHF rose to levels around 0.9120 levels. CHF as a safe-haven should continue to stay resilient as long as tariff fears and threats are still at play. We expect the traditional safe-havens to be better supported on heightened volatility and uncertainty. It could however take some time to catch up with the USD. On the USDCHF chart, resistance is at 0.91 and support is at 0.90. Data for the week includes domestic sight deposits today , Jan CPI on Thu.

- **USDJPY - *Higher, Potential Downside But Also Stay Cautious*.** The pair was last seen higher at 152.09 amid a climb back up in UST 10Y yields as mixed US jobs data created some market jitteriness on the Fed holding for longer. Trump’s threats on reciprocal tariffs and the announcement of US 25% tariffs on all imports of steel and aluminum did not help the situation either. A bearish trend channel for the USDJPY and the UST yields looks to be intact and for now, we believe there can still be further downside in the near term. However, we would also like to note caution about the USDJPY given US policy uncertainty can risk pushing UST yields higher and also the currency pair. Meanwhile, President Trump met Japanese Shigeru Ishiba end last week and the meeting to look to have given out warm vibes between the two side. The Japanese PM Ishiba appeared to also have focused the meeting on how Japan can help Trump meet his “America First” agenda. Whilst, it may look positive between the two sides, we do note that the outcome of the meeting so far does not exactly bold positively actually for Japan or the JPY. Japan as it is remains on the crosshair Trump tariffs given that the reciprocal tariffs that the President has talked about could involve Japanese goods. Japan runs quite a trade deficit too with the US. Additionally, Trump said that Nippon Steel cannot have a majority stake in US steel. If anything, Trump said that Nippon Steel would instead “heavily invest” in the company. Back on the chart, support is at 150.00 and 147.00. Resistance is at 155.00 and 158.00. Economic data was positive this morning as Dec household spending is at 2.7% YoY (est. 0.5% YoY, Nov. -0.4% YoY), which supports BOJ tightening.

Key data releases this week include Jan Eco Watchers survey (Mon), Jan M2/M3 (Wed), Jan P machine tool orders (Wed), Jan PPI (Thurs) and Japan/foreign buying of Japan/foreign bonds/stocks (Fri).

- **AUDUSD -** ***Softening***. AUDUSD hovers around 0.6260, on the back of weaker risk sentiment and broad USD rise. Talks of reciprocal tax and taxes on steel and aluminum by Trump had weighed on sentiments and the AUD. Meanwhile, China's tariffs on the US LNG and coal would take effect today. Trump was almost nonchalant about China's retaliatory moves and mentioned that there is no hurry to have a talk. Recall that China had looked eager to strike a deal with the US by pledging to invest more in the country, ensuring that the yuan would not be devalued to support exporters. AUDUSD remains within the 0.6130-0.6315 range that has arguably held since Dec. A break-out here could open the way towards 0.6320 before 0.6450. Regardless, we remain cautious on the currency for 1H 2025 as trade frictions between the US and China impact Australia's resource exports and RBA could risk cutting more than expected. Since the last trade war in 2018, non-commercial positions of the AUD has hardly been in net long. Further signs of de-coupling between Australia's traditional ally and biggest trading partner could hurt AUD sentiment this year. Data-wise, Westpac consumer confidence (Feb), NAB business confidence (Jan) on Tue. Wed has Home loans (4Q), owner-occupier loan (4Q), investor loan value (4Q). Thu has Consumer inflation expectation (Feb).

- **NZDUSD -** ***Steady***. NZDUSD softened in tandem with the AUDUSD and was last seen around 0.5640. Support remains at 0.5590 before 0.5540. This pair is testing the 50-dma. Pro-cyclical NZD is swung by the sentiment that has seen turnaround since Trump agreed to delay tariffs on Canada and Mexico for a month but talks of reciprocal tariffs and tariffs on steel/aluminum have weakened risk appetite this morning. Range-trading within the 0.5540-0.5700 could continue but we eye key resistance around 0.5690 (50-dma). 0.5720 is the next resistance before 0.5860 (100-dma). This 50-dma has been capping the pair for a while. A break here could mean an end to consolidation and a bullish reversal. Aggressive rate cuts expected of RBNZ vs. the Fed's milder easing trajectory could continue to keep the NZDUSD from rising significantly in an environment of US exceptionalism. Given that swaps are already expecting 110-120bps cut this year, rate cuts are also likely sufficiently priced in the NZD and as such, we see little impetus for further NZD decline as well. We continue to look for NZD to outperform AUD as dovish trajectory of the RBNZ for 2025 is sufficiently priced while markets are only starting to price in more rate cuts by RBA. Even with soft inflation report from the NZD and strong AU labour report, still look for AUDNZD to head towards 1.0970 (200-dma) before the next at 1.0880. Data-wise, we have Treasury Chief Economist Stephens speaking on Wed. Thu has Finance Minister Willis to speak, card spending (Jan), 2Y inflation expectations. Fri has business NZ Mfg PMI (Jan), food prices (Jan).

- **USDCAD -** ***Two-way Action***. USDCAD edged higher and last printed 1.4350. Talks of reciprocal tariffs and tariffs on steel/aluminum weighed on the CAD. We also bear in mind that Trump's delay of 25% tariffs on Canada will expire in early Mar unless there is a deal that satisfies Trump. Canada's energy and oil exports will be taxed at a lower rate of 10%. Back on the USDCAD chart, the pair needs to break the 1.43-support to open the way towards 1.4170. There is little directional cue on the momentum indicators and it is hard to see a lot more gains for the CAD as politicians at home and business leaders cautioned about high-stakes negotiations ahead and potential retaliatory plans. Trudeau is said to convene an economic summit on Friday to promote Canada's trade with the rest of the world and reduce its dependence on the US. This is in line with the "buy Canadian" movement where the locals started to boycott American goods and switch to local produce. Data-wise, Tue has Building permits (Dec). Thu has BoC Summary of Deliberations. Fri has Mfg sales (Dec).

- **Gold (XAU/USD) -** ***Rush to Buy ahead of Tariffs*.** Gold maintained its elevation around 2870. We continue to remain bullish on the bullion in times of heightened uncertainties. There was reportedly a shortage the bullion due to rush of gold shipment in anticipation of tariffs. The gold stockpiling has allegedly resulted in a shortage of gold in London. Gold in the BoE is said to be trading at a discount to wider market amid fears over potential Trump tariffs and growing queues at the central bank. In spite of the tentative deal between US and Mexico/Canada that allowed for a delay in tariffs, the pullback in the USD has likely given gold a boost. We continue to hold the view that the demand for gold in times of heightened volatility will be strong and sticky. Next resistance at 2910.70. Support at 2780 before 2730 (21-dma).

Asia ex Japan Currencies

SGDNEER trades around +0.87% from the implied mid-point of 1.3686 with the top estimated at 1.3413 and the floor at 1.3960.

- **USDSGD - *Higher*.** USDSGD was last seen slightly higher 1.3567 levels, as the USD steadied. MAS eased for the first time since 2020 (24 Jan 2025) and the market reaction has been rather muted – a possible indication that this move was expected. The move looks to be one that is calculated to be a tad more growth supportive while continuing to hold the reins on inflation. The trade-weighted SGDNEER is at +0.99% above the mid-point this morning and looks to remain supported in line with our expectations. We expect that SGD could be sheltered given the correlation of SG/US rates. Moreover, Singapore is unlikely to be singled out by the US for additional tariffs given that it has a bilateral trade deficit with the US. Regional safe-haven properties are also likely to be supportive for the SGD. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue even with this easing. We do not expect SGDNEER to weaken too much further even with MAS easing (slight slope reduction). 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 1.3600 and 1.3700. Support at 1.3500 and 1.3450.

- **SGDMYR - *Ranged*.** SGDMYR was last seen slightly higher at 3.2976 levels this morning. SGD does better on tariff fears and when the fears ease MYR tends to do better which affects the movement of the cross. Resistance at 3.30. Support at 3.28.

- **USDMYR - *Higher*.** Pair was last seen at 4.471 as it gapped up in line with the broad dollar. External developments are likely to continue to stay the main focus regarding the MYR, especially those related to the US and China. We do note domestic fundamentals are strong (robust growth, strong investment interest and pick-up of inflation, which lead to less easing pressure on BNM) and acts as a support for the currency. Back on the chart, resistance at around 4.5000 (around 200-dma) and 4.6300. Support at 4.3600. Key data releases this week include 4Q F GDP and 2024 F GDP (Fri) and 4Q BoP CA balance (4Q).

- **1M USDKRW NDF - *Higher*.** 1M USDKRW NDF was last seen lower at 1454.27. President Yoon has been indicted, and elections will need to be held within 60 days should he be removed from office. Yoon's impeachment hearings are ongoing. However, there remains plenty of concerns for the KRW. The political situation is highly uncertain with a snap election likely. There also remains risks that the BOK could cut rates in the coming months given the economic concerns. We see markets are likely to stay cautious too and so are we too amid these concerns on the KRW. For near term, we are watching how both the political and Trump tariff developments pan out. Back on the chart, resistance is at 1450. Support is at 1440.

- **USDCNH - *Rising*.** USDCNH edged higher to levels around 7.3140. Fix is at 7.1701, 1310 pips below estimate. With small Chinese shipment allowed into the US tax free for now, the yuan sentiment should have been bolstered. However, Trump has brought up reciprocal tariffs and tariffs on steel and aluminum and that is once again weighing on sentiment. In addition, UST yields were lifted by the rather healthy labour report from the US as well. With the USDCNH still within the 7.22-7.38 range, markets arguably optimistic that a tentative US-China deal could come into fruition within coming days. Trump was almost nonchalant about the retaliatory moves by China and mentioned that there is no hurry to have a talk. Recall that China had looked eager to strike a deal with the US by pledging to invest more in the country, ensuring that the yuan would not be devalued to support exporters. We also keep an eye on the next key date – 1 Apr for

Trump administration's assessment of China's compliance with the first trade agreement, potential for tariff modifications and its PNTR status. Back on the USDCNH, pair remains around 7.30. Should a deal be struck, we cannot rule out a move lower towards 7.2180 (200-dma). If not, expect this pair to remain buoyant. Keeping the yuan from depreciating would be a sign of goodwill but PBoC may allow the fix to rise above the 7.20 at one point should tensions escalate or talks come to an impasse. With a multi-front trade war, the USD is actually strengthening against most currencies, and not just against CNY. There is little reason for PBoC to hold the line against such broad market forces. Meanwhile, China's own Jan inflation prints looked a tad healthier on the headlines but that was mostly due to base effects of the LNY. The Spring Festival lands on Feb in 2024 and as such, there was favourable base effects for the Jan CPI. CPI inflation rose significantly to +0.5%y/y in Jan, (vs Consensus: +0.4%, Dec2024: +0.1%), reversing the trend which saw the headline number gradually fall towards zero. Our economist looks for greater fiscal stimulus that could offset impact of the 10% tariff.

- **USDVND – *Two-way Trade*.** USDVND rose and was last seen around 25320. Trump's talks of reciprocal tariffs along with tariffs on steel/aluminum had weighed on VND sentiment. The fluidity of the US-China situation could also mean there could be more two way trades for the yuan as well as for the dong. Resistance at 25350 before 25430.

- **1M USDIDR NDF – *Sideways, Cautious*.** 1M USDIDR NDF was last seen at 16364 as it continued to trade at levels seen in the last few sessions. External events for now can have quite an impact on the IDR as markets continue to monitor Trump administration policies on trade and rates. Markets also await the US jobs data due later. We stay cautious on the IDR at this point. Back on the chart, resistance is at 16500 (around 2024 high) and 16750. Support at 16200 and 15800. Meanwhile, Jan foreign reserves rose to $156.1bn (Feb. $155.7bn) reflecting the level of ammunition authorities have to stabilize the currency. Key data releases this week include Jan consumer confidence (Tues) and Jan local auto sales (11 – 15 Feb).

- **1M USDPHP NDF – Sideways, Cautious.** The 1M USDPHP NDF was last seen at 58.21 as it traded at levels seen in the last few sessions. External events especially related to US policies (especially those that impact UST yields) for the 1M USDPHP NDF. We are cautious on the pair given the uncertainty associated with the Trump tariffs and policies and how it can affect UST yields and the sentiment towards the EM space. Domestically, we continue to keep a close eye on the political developments in relation to Sara Duterte's impeachment. Back on the chart, resistance is at 59.50 (around the recent Dec high) and 60.00. Support is at 58.00 (around 200-dma and 100-dma) and 57.00. On the data front, Jan foreign reserves declined to $103.0bn (Feb. $106.3bn). There is a BSP policy decision due on Thurs 13 Feb where we expect them to cut rates by 25bps to 5.50% although this has already priced in by markets and should have limited impact on the currency itself. Instead, focus instead would be on the Governor's forward guidance although he could appear cautious. Key data releases this week include Dec bank lending (Tues) and Dec M3 (Tues).

- **1M USDINR NDF- *Currency Flexibility?*** USDINR 1M NDF was last seen higher at 88.20 levels this morning. RBI Chief has hinted at some willingness to allow more flexible currency moves. The central bank announced plans to inject about US$18b of liquidity to ease a crunch in their banking system that arose largely from aggressive FX intervention. Liquidity shortfall is estimated to be about 3 trillion rupees and the planned liquidity injection will take place via OMO purchases of bonds (US$6.9b), FX swaps (US$5b) and repos (US$5.8b). This large shortfall due largely to intervention shows that Governor Sanjay is perhaps not letting go of the reins on the INR as much as some might suggest. India's budget was released on Sat and tax cuts of up to 1 trillion rupees for the middle class were announced. Individuals with annual income of up to 1.2m INR (~14k USD) will effectively be exempt from paying taxes. The shortfall in government revenue is expected to be offset by transfers from the RBI and government-owned banks. Eyes will now turn to the RBI decision this Fri (7 Feb 2025) where expectations of a 25bps cut to align with their neutral stance are now more likely. Growth support is likely to be a major concern for the RBI, as more generally central banks have shown a preference to opt to be more growth supportive and are generally less worried about inflation. INR could face some near-term pressures as expectations of easing build, although it remains one of the more sheltered against the impact of US tariffs. Also contrary to what some might suggest, we think RBI maintains a relatively tight grip on the INR Resistance at 89.00. Support at 84.50 before the next at 84.00.

- **USDTHB -** ***Higher*, *Cautious*.** Pair was last seen at 33.86 as it edged up higher in line with the broad dollar and UST yields. Gold though continued to trade elevated, providing support for the THB. Meanwhile, on domestic matters, PM Paetongtarn Shinawatra has said that that she has no immediate plan to reshuffle her five-month old cabinet despite earlier talk of it happening. Pair as a whole still within recent ranges of 33.50 - 34.00. However, we are also wary uncertainty related to Trump tariffs. Back on the chart, resistance at 34.00 with the next level after that at 34.40. Support is at 33.60 and 33.30. Key data releases this week include Jan consumer confidence (Thurs) and 7 Feb gross international reserves/forward contracts (Fri).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.44	3.44	Unchg
5YR MI 8/29	3.61	3.62	+1
7YR MO 7/32	3.78	3.78	Unchg
10YR MS 7/34	3.80	3.81	+1
15YR MS 4/39	3.97	3.96	-1
20YR MX 5/44	4.05	4.05	Unchg
30YR MZ 3/53	4.19	4.18	-1
IRS			
6-months	3.62	3.62	-
9-months	3.58	3.58	-
1-year	3.55	3.55	-
3-year	3.48	3.48	-
5-year	3.52	3.53	+1
7-year	3.60	3.60	-
10-year	3.69	3.69	-

Source: Maybank

**Indicative levels*

***Daily Trade Data: 1) Government bonds and 2) PDS/corporate bonds*

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- Ringgit bonds continued to trade sideways. Market activity declined as investors remained on the side lines ahead of the US jobs data, which turned out to be resilient. The 5y and 7y GIIs underperformed ahead of the upcoming 7y GII auction. BNM announced the reopening of the GII 10/31 with an issue size of MYR5b. The WI traded at 3.78%, up by 2bp from prior session's closing level, and last quoted at 3.79/78%. Nevertheless, the long-end remained supported.

- MYR IRS closed almost unchanged with very little trading interest ahead of US jobs report. 3M KLIBOR was unchanged at 3.67%. There were no trades in IRS. 5y IRS closed at 3.535/515%.

- The PDS market was active. GG saw familiar names including Danainfra, Prasarana and MRL trading rangebound in sizeable amount. AAA-rated names outperformed with better buying interest. Pengurusan Air SPV spread narrowed 2bp, while TNB Power Gen 3/43 saw MYR30m exchanged 1bp lower in yield. In addition, PLUS long tenor spread tightened 1bp. In AA3/AA-, BGSM Mgt 6/34 spread tightened 2bp for MYR20m. In A1/A+, DRB-Hicom mid-tenor bonds were dealt at MTM.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.76	2.78	+2
5YR	2.76	2.80	+4
10YR	2.82	2.85	+3
15YR	2.83	2.86	+3
20YR	2.83	2.86	+3
30YR	2.80	2.82	+2

Source: MAS (Bid Yields)

- GS held largely stable but experienced some selling toward the close on Friday probably to lighten up positions ahead of the US jobs report. 5y SGS yield rose the most by 4bp to 2.80% while 10y SGS yield increased 3bp to 2.85%. The overnight SORA rose 10bp to 2.48% on 6 February.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.78	6.70	(0.08)
2YR	6.73	6.66	(0.07)
5YR	6.72	6.65	(0.07)
10YR	6.90	6.87	(0.03)
15YR	6.97	6.96	(0.02)
20YR	7.06	7.04	(0.03)
30YR	7.07	7.05	(0.02)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened on the last trading day of last week (07 Feb-25). The domestic government bond market remained appreciating amidst unfavourable movement on the local equity market. It's supported by by robust position of national foreign reserves, positive environment on foreign direct investment activities, and consistent surplus on the country's trade balance. Bank Indonesia reported higher position of the country's foreign reserves position from US$155.7 billion in Dec-24 to be US$156.1 billion in Jan-25. Going forward, we expect a positive sentiment on Indonesian bond market to continue until a resurgences on the controversial statements by the U.S. President Donald Trump about the economic policy. We thought a short-medium tenors of Indonesian government bonds, such as FR0104 and FR0103, to be main target for investors' investment collection. Actually, Indonesia becomes one of favorable destination for the global investors due to its solid fundamental background. The yield of 10Y Indonesian government bond has fair level around 6.76%-7.20%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0451	153.08	0.6323	1.2539	7.3273	0.5718	158.8933	96.2253
R1	1.0389	152.24	0.6298	1.2470	7.3153	0.5689	157.6367	95.5897
Current	1.0312	151.97	0.6266	1.2393	7.3053	0.5651	156.7200	95.2240
S1	1.0286	150.75	0.6251	1.2355	7.2875	0.5636	155.4967	94.4057
S2	1.0245	150.10	0.6229	1.2309	7.2717	0.5612	154.6133	93.8573

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3609	4.4569	16369	58.1737	34.1173	1.4065	0.6112	3.3000
R1	1.3575	4.4483	16326	58.0903	33.9957	1.4023	0.6099	3.2946
Current	1.3553	4.4605	16289	58.0910	33.8470	1.3976	0.6090	3.2913
S1	1.3496	4.4283	16258	57.9493	33.6637	1.3956	0.6079	3.2810
S2	1.3451	4.4169	16233	57.8917	33.4533	1.3931	0.6071	3.2728

**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	Apr-25	Neutral
BNM O/N Policy Rate	3.00	6/3/2025	Neutral
BI 7-Day Reverse Repo Rate	5.75	19/2/2025	Easing
BOT 1-Day Repo	2.25	26/2/2025	Neutral
BSP O/N Reverse Repo	5.75	13/2/2025	Easing
CBC Discount Rate	2.00	20/3/2025	Neutral
HKMA Base Rate	4.75	-	Easing
PBOC 1Y Loan Prime Rate	3.10	-	Easing
RBI Repo Rate	6.25	A Field Not Applic	Easing
BOK Base Rate	3.00	25/2/2025	Easing
Fed Funds Target Rate	4.50	20/3/2025	Easing
ECB Deposit Facility Rate	2.75	6/3/2025	Easing
BOE Official Bank Rate	4.50	20/3/2025	Easing
RBA Cash Rate Target	4.35	18/2/2025	Neutral
RBNZ Official Cash Rate	4.25	19/2/2025	Easing
BOJ Rate (Lower bound)	0.00	19/3/2025	Tightening
BoC O/N Rate	3.00	12/3/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	44,303.40	-0.99
Nasdaq	19,523.40	-1.36
Nikkei 225	38,787.02	-0.72
FTSE	8,700.53	-0.31
Australia ASX 200	8,511.43	-0.11
Singapore Straits Times	3,861.42	0.81
Kuala Lumpur Composite	1,590.91	0.36
Jakarta Composite	6,742.58	-1.93
Philippines Composite	6,154.99	-1.39
Taiwan TAIEX	23,478.27	0.69
Korea KOSPI	2,521.92	-0.58
Shanghai Comp Index	3,303.67	1.01
Hong Kong Hang Seng	21,133.54	1.16
India Sensex	77,860.19	-0.25
Nymex Crude Oil WTI	71.00	0.55
Comex Gold	2,887.60	0.38
Reuters CRB Index	307.51	0.02
MBB KL	10.42	0.00

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