Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

German Elections, Tariff Threats Continue

Softer US Readings, Euro Slightly Up on German Elections

German election exit polls show the Christian Democrat Union (CDU) emerging as the largest party, though they will need to form a coalition. The AfD is expected to finish second, while Chancellor Olaf Scholz's SPD may come third. The AfD for now is unlikely to enter a coalition government given that no major party is willing to team up with them (in a policy dubbed the "firewall"). CDU leader Friedrich Merz has pledged to form a new government quickly saying that he wanted to do so within the next two months. As results align with expectations, the EUR rose slightly amid hopes of reduced political uncertainty. However, we remain cautious on the EUR, watching coalition talks and whether EURUSD can break the 1.0500-1.0530 range. Meanwhile, signs of fading US exceptionalism emerged as the February UMich sentiment index fell to 64.7. This comes after concerns over Walmart's outlook and a January US retail sales plunge. The recent developments raise doubts about US consumer health. This week, there would be the Feb CB consumer confidence index due where a further decline is expected to 102.7 (Jan. 104.1). We anticipate declines in UST yields on the possibility of US data softening further although we are also wary of inflation risks persisting. UST 10Y yields are testing 4.40%, and a break below could lead to more downside, which in turn can guide the DXY. The latter is currently testing the key support at 106.30 amid both the yields move lower and some Euro strength.

More Tariff Threats

On Friday, President Trump signed a memorandum to retaliate with tariffs against countries imposing a digital sales tax (DST). Nations such as France, Canada, Malaysia, India, and the UK are vulnerable. The DST though is actually part of ongoing discussions among countries especially under the OECD pillar one taxation solution. Meanwhile, Bloomberg also reports that the US asked Mexico to impose tariffs on China to avoid US tariffs, though this remains unconfirmed. FX markets seem unaffected by these developments for now as these tariffs do look to be negotiable. We expect positive sentiment to persist on hopes for tariff deals to hold for now.

Data/Events We Watch Today

CH 1Y MLF (21 - 25 Feb), Jan Chicago Fed Nat Activity, Feb Dallas Fed Manf. Activity

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0458	-0.41	USD/SGD	1.3366	0.23
GBP/USD	1.2632	-0.29	EUR/SGD	1.3981	-0.16
AUD/USD	0.6357	-0.67	JPY/SGD	0.8952	0.46
NZD/USD	0.5742	-0.36	GBP/SGD	1.6886	-0.05
USD/JPY	149.27	-0.25	AUD/SGD	0.8496	-0.46
EUR/JPY	156.15	-0.64	NZD/SGD	0.7673	-0.16
USD/CHF	0.8983	0.04	CHF/SGD	1.4885	0.24
USD/CAD	1.4224	0.35	CAD/SGD	0.9394	-0.15
USD/MYR	4.4183	-0.25	SGD/MYR	3.3035	-0.14
USD/THB	33.612	-0.14	SGD/IDR	12200.72	0.04
USD/IDR	16305	-0.15	SGD/PHP	43.3818	0.31
USD/PHP	57.948	0.04	SGD/CNY	5.4247	-0.28

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3267	1.3538	1.3809

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G10: Events & Market Closure

Date	Ctry	Event
26 Feb - 27 Feb	Global	G20 Finance Ministers and Central Bank Governors Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
25 Feb	KR	BOK Policy Decision
26 Feb	TH	BOT Policy Decision

SEE PAGE 12 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

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.	
10th Feb	Trump signed executive orders to order 25% tariffs on all steel and aluminium.	Pro-cyclical AUD, CAD, NZD fell more than G10 and Asian peers this morning.
13TH Feb	Trump announces that talks with Putin for a peace deal with Ukraine will begin.	EUR small rebound, within range.

13th Feb	Trump signs measure directing USTR and commerce secretary to propose new levies on a county-by-country basis. Howard Lutnick said that studies should be completed by 1 Apr and Trump could act immediately after.	DXY declines on hopes that the tariff timeline can provide some leeway for country to country negotiations.

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 - *Swivels Around 100-dma*.** DXY traded sideways around the 100-dma and last printed 106.55. EUR had opened higher as German's conservative opposition leader Friedrich Merz is projected to win the federal election with the far right AfD party as runner up. Merz wants to form a government within two months. With the political uncertainty removed, EUR is seen a tad higher this morning. Separately, Ukraine Zelenskiy said he is ready to resign if it guarantees peace and NATO membership for Ukraine. He also said that the US had dropped its demand for a cut of Ukraine's mineral wealth. The EU will hold an emergency summit on defense and Ukraine on Mar 6. Feb preliminary PMIs suggest that manufacturing output continues to remain strong (at 51.6 vs. prev. 54.2) while services PMI slipped into contraction of 49.7 vs. prev. 52.9. UST yields fell with 2Y last around 4.20% while 10Y at 4.43%. The widely anticipated phone-call between Scott Bessent and China Vice Premier He Lifeng turned out to be a video call and there was little that really came out of it. As Bessent had mentioned, it was an introductory call. Both parties acknowledged importance of the Sino-US economic and trade ties and agreed to maintain communications. The DXY index is breaking below the 100-dma due to the rise of the EUR-post German elections. Next support is seen around 106.10 before 104.80 (200-dma). Resistance at 106.90. Week ahead has Chicago Fed Nat. activity (Jan) and Dallas Fed Mfg activity (Feb) today, Philly Fed non-mfg for Feb on Tue along with conf. board consumer confidence (Feb), Dallas Fed services activity (feb) on Tue. Wed has building permits (Jan), new home sales (Jan). Thu has GDP (4Q S) as well as durable goods orders (Jan P). Jan personal income, personal spending and core PCE price index for Jan are due on Fri.

- **EURUSD - *Steady, two-way risks*.** EURUSD was last seen steady at 1.0491 levels after the German elections on the weekend. Results thus far are broadly in line with expectations for a CDU/CSU win, although a coalition needs to be formed. Incumbent Chancellor Scholz (SPD) has already conceded defeated and the CDU (ex-Chancellor Merkel's party) has claimed the win. Far-right (AfD) and far-left parties have gained shares, although CDU had earlier ruled out a coalition involving either extreme of the political spectrum. Specifically, CDU leader Merz ruling out a coalition with the far-right (Eurosceptic) AfD could provide some relief. The CDU has about two months to form a government (by Easter) and coalition negotiations will be closely watched. Risks could still be two-way given a coalition has yet to be formed. Watching to see if a break of the 1.0500 to 1.0530 range which has capped the EUR thus far this year is possible. Exercise caution as breakouts of the range are possible if a deal on Ukraine is reached. ECB Lagarde spoke about the progress in disinflation (albeit fight "isn't over") and remained concerned that global trade friction continues to pose risks to the Euro area inflation outlook. She also reiterated a "data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance". EUR continues to face pressures with the bloc likely to be next in Trump's crosshairs for action. Looking at the bigger picture, political uncertainty 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. Divergent monetary policy outlooks and the political uncertainties surrounding the French and the German should weigh on the EURUSD. On the EURUSD chart, we see-two way trades within 1.0180-1.0530 range. Week ahead has Jan F CPI Inflation (Mon), Euro Area Negotiated Wage Rates Indicator (Tue), EC Feb Consumer/Services/Industrial/Economic Confidence Indices (Thu) and ECB 1Y/3Y CPI Expectations (Fri).

- **GBPUSD - *Higher, earlier 1.25 cap broken*.** GBPUSD was seen slightly higher at 1.2664 levels this morning. We maintain that the GBP could be better sheltered from any potential Trump action, given the services-oriented nature of the UK economy, a goods trade deficit with the US (4Q 2024) and the close relationship between the US and UK. Recall that the BOE cut rates by 25bps to 4.50%. 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. Mann later opined that BoE should have been more aggressive with easing due to falling consumer demand and job markets. This was a contrast to Chief Economist Huw Pill who sees the need to keep policy restrictive. We see three more cuts for the BOE this year with the policy rate ending at 3.75%. This is broadly in line with current market pricing although slightly more dovish 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. Week ahead has Feb CBI Reported/Retail Sales (Tue), Feb Llyods Business Barometer/Own Price Expectations and Feb Nationwide House Px Indices (Fri).

- **USDCHF - *Lower*.** USDCHF was last seen lower at around 0.8971 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 0.90 and support is at 0.89. 4QP GDP (sporting event adjusted) came in at 0.4% QoQ (exp: 0.3%; prev: 0.2%). Jan Exports fell by -3.9% (prev: 5.4%) and imports fell by -1.9% (prev: 4.7%) in real terms. Data for the week includes Feb UBS Survey Expectations (Wed), 4Q GDP (Thur), Jan Retail Sales and Feb KOF Leading Indicator (Fri).

- **USDJPY - *Lower, Downside Trend*.** The pair could continue its move lower and was last seen at 149.32 as it broke below the 150.00 support. USDJPY moves downwards have been driven by optimism of a BOJ hike happening possibly in the coming months whilst UST yields have declined on softer US data. We expect further downside on the basis that the latter can actually move lower still on potentially more softening on US data. This week, both domestic and external readings can possibly help give the USDJPY another leg lower. On the Japan side, we closely watch Jan PPI services and Feb Tokyo CPI and whether it can meet expectations to hold up. Jan retails sales and dep sales data are also due, which would give us more of an ideal of the health of the economy but they are expected to be strong. All this should support a BOJ tightening cycle. For the US, we are keeping a close eye on CB consumer confidence and PCE data which could provide readings that can guide UST yields lower. Back on the chart, support is at 145.00, 142.00 and 140.00. Resistance is at 155.00 and 158.00. A listing of the key data releases this week would be Jan PPI services (Tues), Jan nationwide/Tokyo dept sales (Tues), Jan F machine tool orders (Tues), Dec F leading index/coincident index (Wed), Feb Tokyo CPI (Fri), Jan retail sales (Fri), Jan P IP (Fri), Jan dept store, supermarket sales (Fri), 21 Feb Japan/Foreign buying Foreign/Japan Bond/Stocks (Fri) and Jan housing starts (Fri).

- **AUDUSD - *Trapped in Range*.** AUDUSD was last seen around 0.6370, till within the 0.6320-0.6380 range. The broadly softer USD had continued to prop up the AUDUSD pairing. A lack of positive sentiment could be crimping bullish momentum of the AUDUSD. We remain cautious for the rest of 1H 2025. Markets could be too complacent on the possibility of further trade frictions between the US and China that could impact Australia's resource exports. 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, Jan CPI is due on Wed, 4Q CAPEX on Thu, private sector credit (Jan).

- **NZDUSD - *Sideways*.** NZDUSD hovered within the 0.5650-0.5800 range. Orr's signal that there is a pivot in the pace of easing lifted the NZD. As indicated in our notes, his rate guidance and market reaction validated our view that policy easing of the RBNZ is well priced in the NZDUSD. Last printed 0.5751, NZDUSD may remain within the 0.5650-0.5800 range. We see bullish risks to the NZDUSD given extreme levels of short NZD positions. Break-out to open the way towards 0.5960. AUDNZD has formed a double top. With RBA and RBNZ likely in peak policy divergence, we see downside in this pair, further supported by the bearish technical patterns towards 1.1067, 1.1051 and then at 1.0987 with final target at 1.0940. Last at 1.1077. Week ahead has retail sales ex inflation for 4Q today, Feb ANZ activity outlook on Thu before ANZ consumer confidence for Feb on Fri.

- **USDCAD - *Two-way Action*.** Range-trading for the USDCAD has shifted lower and this pair may settle within the 50 and 100-dma between 1.4120-1.4350. This pair last printed 1.4185, stretched to the downside and bearish momentum is fading. Signs of US exceptionalism fading seem to be weighing on the USD broadly, spurred further by weaker US mfg prelim. PMI for Feb. Looking forward, we 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%. It is thus, 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. Ex BoE and Ex BoC Governor Mark Carney had promised to limit the size of Canadian public service and undertake a spending review if he becomes a prime minister (BBG). The race to replace Trudeau as the leader of the Liberal party and Prime Minister would end on 9 Mar. Week ahead has CFIB business barometer for Feb on Thu, Dec GDP on Fri.

- **Gold (XAU/USD) - *Taking a Pause*.** The rally for gold continued to slow and remained resisted around 2945, within striking distance of the $3000. The gold metal continues to be lifted by current geopolitical conflicts (uncertainty of the trajectory that the war in Ukraine would take) as well as the possibility of more tariffs from Trump on semiconductor, automobile and pharmaceutical products. Next resistance at 3110. Support at 2780 before 2730 (21-dma).

Asia ex Japan Currencies

SGDNEER trades around +1.50% from the implied mid-point of 1.3538 with the top estimated at 1.3267 and the floor at 1.3809.

- **USDSGD - *Lower*.** USDSGD was lower at 1.3335 levels this morning with the USD broadly weaker. SG Budget 2025 was released earlier with a projected S$6.8b fiscal surplus (or 0.9% of GDP). Budget is expansionary even with the healthy surplus. Our economists maintain their growth forecasts at +2.6% (2025) and +2.3% (2026). Vouchers are expected to cushion consumption amid an uncertain global environment. 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 +1.50% 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 1.3350 and 1.3400. Support at 1.3300 and 1.3250. Data releases this week include Jan CPI Inflation (Mon), Jan Industrial Production (Wed) and Jan Money Supply (Fri).

- **SGDMYR - *Ranged*.** SGDMYR was last seen at 3.3080 levels this morning with MYR outperforming SGD on the latest bout of USD weakness. 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 3.32. Support at 3.30.

- **USDMYR - *Lower*.** Pair was last seen lower at 4.4035 as broad dollar, UST and USDCNH all moved lower. 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. There are no key data releases this week.

- **1M USDKRW NDF - *Lower*.** 1M USDKRW NDF was last seen lower at 1427.28 levels as the USD broadly weakened. BOK is next week and our expectations are for a 25bps cut, broadly in line with the market. Language of statement will be focus. 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. Opposition leader Lee Jae-myung had proposed compiling an extra budget worth at least KRW30trn to prop up the economy in the face of headwinds posed by political uncertainties and tariff threats. 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 by 1430. Support is at 1420 followed by 1410. Data releases this week include Jan Retail Sales, BOK Policy Decision (Tue) and 4Q Short-Term External Debt (Thu).

- **USDCNH - *Supported on Dips*.** USDCNH hovered around 7.2470, potentially forming a base around 7.2220 (200-dma). The pair follows the softer UST yields. Fix is at 7.1717, 815 pips below estimate of 7.2532. As we have mentioned, the fix and the spot could narrow. Markets are arguably optimistic that a US-China deal could come into fruition. The widely anticipated phone-call between Scott Bessent and China Vice Premier He Lifeng turned out to be a video call and there was little that really came out of it. As Bessent had mentioned, it was an introductory call. 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 7.2540, above the support at 7.22. 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.

- **USDVND - *Elevated*.** USDVND was last seen around 25510. SBV had been fixing the reference rate 0.10-0.14% higher for quite a number of days since Tet but that move higher in reference rates have slowed with the fix at 24646 vs. prev. 24638 (+0.03% higher). 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 25475 before 25600. Support around 25255. At home, the Finance Ministry propose to keep personal income tax exemption on interest earned from savings deposits.

- **1M USDIDR NDF - *Ranged*.** 1M USDIDR NDF was last seen at 16329 as it continued to remain within a range of 16200 – 16400. We expect the 1M USDIDR NDF to remain around that range of 16200 – 16400 levels. Back on the chart, resistance is at 16500 (around 2024 high) and 16750. Support at 16200 and 15800. Meanwhile, President Prabowo has signed a decree on the creation of the Danantara investment fund and the appointment of its supervisory and executive boards. The fund would report directly to the President and have the SOEs consolidated under it with Prabowo saying that the fund could have $900bn assets under it. Prabowo has said that the fund will receive $20bn in initial investment cash to spend on 15 – 20 projects this year and that these projects would help the country achieve an 8% growth target. Back on the chart, support at 16200 and 16000. Resistance at 16400 and 16500. There are no key data releases this week.

- **1M USDPHP NDF - Sideways, Downside Not Ruled Out.** The 1M USDPHP NDF was last seen at 57.989 and still around the recent range of 58.00 – 58.50. We do not rule out further downward moves in the 1M USDPHP NDF eventually on the condition of DXY coming off further. DXY coming off would be subjected on the global situation, US data and the Ukraine peace talks situation. Back on the chart, We watch if it can decisively break below the support at 58.00 (around 200-dma) with the next level after that at 57.00. Resistance is at 59.50 (around the recent Dec high) and 60.00. Key data releases this week include Jan trade data (Fri), Dec budget balance (Fri), Jan M3 (Fri) and Jan bank lending (Fri).

- **USDTHB - *Lower, Downside Potential*.** Pair was last seen at 33.42 as it edged lower with the broad dollar, UST yields and USDCNH all declining. Gold also held near record highs, which gives the THB support. We do not rule out further downward moves in the USDTHB on the condition of DXY and UST yields coming off further though that would be subjected on the tariff situation, US data and Euro area developments (German elections and the Ukraine peace talks situation). Safe haven demand that can support gold prices can also help lift the THB. There is a BOT decision due this week on Wed where we expect a hold at 2.25% although we watch out for any dovish signals from them on a future cut. A dovish signal could have some marginal impact on the THB given that US data has also been softening recently. Back on the chart, support at 33.30 and 32.80. Resistance at 34.00 with the next level after that at 34.40. Key data releases this week include Jan customs trade (Tues), Jan ISIC mfg prod index/capacity utilization (Fri), Jan BoP CA balance (Fri), 21 Feb gross international reserves/forward contracts (Fri), Jan trade data (Fri) and BoP overall balance (Fri).

- **1M USDINR NDF- *Steady*.** USDINR 1M NDF was last seen at 86.80 levels. RBI Chief has hinted at some willingness to allow more flexible currency moves. There was likely some RBI intervention earlier as INR rallied by about 1.2%. Some have suggested that the RBI has been less interventionist under new governor Sanjay Malhotra, but this episode is evidence to the contrary. RBI could be trying to draw a line in the sand, with INR weakness pretty much a one-way street since Trump's election win. RBI's latest bout of intervention could necessitate a further injection of liquidity into INR money markets. Modi has already sought to directly engage Trump as India also warms ties with China with the resumption of direct flights between the two countries resuming in late Jan. Both countries could be aware of the potential mutual benefit from close collaboration amid a more challenging and uncertain external environment. 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 87.00. Support at 86.00. Data this week includes 4Q GDP, Jan Fiscal Deficit, 2025 GDP Estimate and 21 Feb FX Reserves (Fri).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.45	3.45	Unchg
5YR MI 8/29	3.60	3.59	-1
7YR MO 7/32	3.76	3.76	Unchg
10YR MS 7/34	3.80	3.79	-1
15YR MS 4/39	3.97	3.96	-1
20YR MX 5/44	4.07	4.07	Unchg
30YR MZ 3/53	4.18	4.18	Unchg
IRS			
6-months	3.63	3.63	-
9-months	3.61	3.61	-
1-year	3.60	3.60	-
3-year	3.53	3.54	+1
5-year	3.58	3.58	-
7-year	3.65	3.66	+1
10-year	3.74	3.74	-

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

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- Ringgit government bond market was active as MGS closed slightly firmer, boosted by stronger Ringgit and stable inflation reading for January which shows an easing in headline CPI to 1.7% YoY compared to the consensus 1.8% YoY while core CPI increased slightly to 1.8%. Overall, MGS and GII yields were generally 1bp lower across the curve.

- MYR IRS mostly crept back 1bp higher despite lower US rates overnight with continued paying interest in the 5y IRS point. 3M KLIBOR was unchanged at 3.66%. 2y IRS traded at 3.535%. 5y IRS traded at 3.58%.

- The PDS closed the week strong seeing better liquidity. In GG, Danainfra spread narrowed 1-2bp with sizeable amount exchanged. AAA-rated PLUS 1/28 traded 1bp lower, while TNB and PASB traded rangebound. In AA1/AA+ space, YTL spread tightened 1bp and KLK by 3bp. AA2-rated Ambank 6/34 traded at MTM. In AA3/AA-, Affin Bank 5/29 and Affin Isl 12/27 dealt 1bp lower in yield.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.74	2.74	-
5YR	2.79	2.78	-1
10YR	2.88	2.88	-
15YR	2.90	2.90	-
20YR	2.89	2.88	-1
30YR	2.84	2.84	-

Source: MAS (Bid Yields)

- SGS yields stayed largely unchanged except for the minor dips in 5y and 20y SGS yields. 10y SGS was flat at 2.88%. The moderate UST rally post the Asia close last Friday should keep SGS supported into the 10y auction. The overnight SORA was flat at 2.46% on 20 February - latest at the time of writing.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.46	6.35	(0.11)
2YR	6.46	6.46	0.00
5YR	6.54	6.54	(0.00)
10YR	6.79	6.78	(0.00)
15YR	6.91	6.94	0.03
20YR	6.98	6.98	0.00
30YR	7.05	7.04	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Indonesian government bonds were on mixed movements during the last Friday (21 Feb-25). Investors seemed collecting the short tenor series of government bond as the global trade war tension was relative silent. The U.S. President Donald Trump only gave bold tones about the reversal of assistance aids that have been given to Ukrainian government during war against Russian. Meanwhile, the long tenor series of government bonds were relative corrected on the last Friday, as we thought that it's consequences of recent Bank Indonesia's monetary decision to keep unchanged its BI Rate.

- For this week, we see a market pressures to keep lingering on Indonesian government bond market after seeing a less dovish on the latest results of Fed's meeting minutes and also the latest statements by the Fed's policy member. The global geopolitical condition isn't also conducive enough after President Donald Trump enforces Ukrainian side to halt the war against Russian. Then, on the domestic side, the market players kept seeing the latest progress of Indonesian economic activities, especially the government's running fiscal development programs.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0528	151.46	0.6430	1.2699	7.2761	0.5788	159.1300	97.1960
R1	1.0493	150.36	0.6393	1.2666	7.2655	0.5765	157.6400	96.0470
Current	1.0523	149.30	0.6390	1.2685	7.2310	0.5768	157.1000	95.4060
S1	1.0436	148.55	0.6336	1.2612	7.2388	0.5727	155.2400	94.1990
S2	1.0414	147.84	0.6316	1.2591	7.2227	0.5712	154.3300	93.5000

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3408	4.4272	16342	58.0067	33.7393	1.4081	0.6115	3.3288
R1	1.3387	4.4227	16323	57.9773	33.6757	1.4031	0.6102	3.3162
Current	1.3317	4.4040	16312	57.8750	33.4350	1.4013	0.6089	3.3069
S1	1.3336	4.4144	16283	57.8963	33.5407	1.3949	0.6081	3.2964
S2	1.3306	4.4106	16262	57.8447	33.4693	1.3917	0.6074	3.2892

**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	19/3/2025	Easing
BOT 1-Day Repo	2.25	26/2/2025	Neutral
BSP O/N Reverse Repo	5.75	3/4/2025	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	9/4/2025	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	4.10	1/4/2025	Neutral
RBNZ Official Cash Rate	3.75	9/4/2025	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	43,428.02	1.69
Nasdaq	19,524.01	2.20
Nikkei 225	38,678.04	1.24
FTSE	8,659.37	0.04
Australia ASX 200	8,296.21	0.32
Singapore Straits Times	3,929.94	0.06
Kuala Lumpur Composite	1,591.03	0.85
Jakarta Composite	6,803.00	0.22
Philippines Composite	6,098.04	0.52
Taiwan TAIEX	23,730.25	1.03
Korea KOSPI	2,654.58	0.02
Shanghai Comp Index	3,379.11	0.85
Hong Kong Hang Seng	23,477.92	3.99
India Sensex	75,311.06	0.56
Nymex Crude Oil WTI	70.40	2.99
Comex Gold	2,953.20	0.10
Reuters CRB Index	311.22	1.69
MBB KL	10.50	0.57

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