7 February 2025

Global Markets Daily

NFP Tonight

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USD and yields held relatively steady (DXY: 107.76) ahead of tonight's NFP as the 10Y (+1bp). Estimates see 175k jobs created in Jan, and although focus of late has been on Trump's policies, a downside surprise could fuel Fed rate cut bets and weight on the USD. Recall the Fed's dual mandate on inflation and employment. Globally, most other central banks (ex BOJ) have been transitioning to become more growth supportive and there should be no surprise if the Fed does so should US economic exceptionalism fade or if the risk of that is sufficient for the Fed to sit up and take note. Lorie Logan said rates could be near a neutral level. On the Trump administration front, Treasury Sec Bessent said that the strong dollar policy is "completely intact" and that there were no plans to alter debt issuance. Bessent also pledged support for Musk's DOGE efficiency drive and expressed optimism on the potential savings for the government. It was relatively quiet on the tariffs front, although our China economist sees China's measured response as providing reasonable grounds for negotiation.

BOE Cuts by Quarter Point, RBI Up Next

As widely expected, the BOE cut rates by 25bps to 4.50% last night. 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. We think RBI cuts rates by 25bps today which is broadly in line with market expectations. RBI has officially changed its stance to neutral, but its rate remains restrictive and a cut should be due. We see up to 75bps of cuts for RBI this year to bring the policy rate to 5.75% in 2025. USDINR has been moving higher amid a repricing of RBI rate cuts, Trump policies and a potentially more challenging external environment for the INR. RBI could also be losing appetite to moderate INR weakness with the recent drawdown in OFR.

Data/Events We Watch Today

We watch RBI Policy Decision and US Jan NFP.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0383	-0.19	USD/SGD	1.3506	0.16
GBP/USD	1.2435	-0.56	EUR/SGD	1.4023	-0.03
AUD/USD	0.6283	-0.03	JPY/SGD	0.8917	0.92
NZD/USD	0.5675	-0.23	GBP/SGD	1.6794	-0.40
USD/JPY	151.41	-0.79	AUD/SGD	0.8487	0.15
EUR/JPY	157.27	-0.93	NZD/SGD	0.7665	-0.05
USD/CHF	0.905	0.37	CHF/SGD	1.4924	-0.20
USD/CAD	1.4308	-0.01	CAD/SGD	0.9441	0.22
USD/MYR	4.4355	0.28	SGD/MYR	3.2764	0.00
USD/THB	33.783	0.59	SGD/IDR	12073.27	0.03
USD/IDR	16330	0.28	SGD/PHP	43.0097	0.04
USD/PHP	58.188	0.15	SGD/CNY	5.3989	0.06

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3369	1.3641	1.3914

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G10: Events & Market Closure

Date	Ctry	Event
6 Feb	UK	BOE Policy Decision
6 Feb	NZ	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
28 Jan - 4 Feb	CH	Market Closure
7 Feb	IN	RBI 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, tungsten 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".

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 waffled around 107.70, little moved overnight as focus is shifted towards NFP tonight. There are some expectations for a softer number of 175K (consensus) vs. the previous 256k. Consensus also expects average hourly earnings to remain steady around 0.3%m/m. Unemployment rate to remain at 4.1%. We think it could be a binary outcome where a stronger than expected print would lift the DXY in the range, but not to the extent of a break-out barring a significant surprise. A softer one could also bring the greenback a tad lower. Yesterday, Treasury Scott Bessent told Bloomberg that the US' "strong-dollar poliy is completely intact" and he has no plans to alter the government's debt issuance. There has been quite a bit of comments from him on the USD, UST yields recently and markets may be gradually desensitized. Without a concrete policy to achieve these "desired outcomes", markets want to focus on data. Key support for the DXY index remains at 107. There is a possibility that the DXY index is within the 107-108.50 range. Thus far, 10% tariffs on imports from China is in effect and the "de minimis" provision that allows packages worth under $800 to be exempted from levies no longer applies. On the other hand, China announced a probe into Google, added several US companies to a "blacklist" of entities, impose new export controls on critical materials. imposed 10% tariffs on US products, including coal, LNG and agricultural equipment with effect from 10 Feb. The measured response from China was treated as a sign of goodwill and a constructive way for negotiations to begin. For today, Fri has Nonfarm Payrolls (Jan), Unemployment Rate (Jan), U Mich Indices (Feb P), Wholesale Inventories (Dec).

- **EURUSD – *Steady, but watch closely as EU could be next on Trump's agenda*.** EURUSD was relatively steady at 1.0385 levels as the USD softened further. However, EUR could continue to face pressures with the bloc likely to be next in Trump's crosshairs for action. In addition, rebound seems to be losing some steam. ECB decision was quite balanced and did not deviate from earlier "data-dependent" guidance. 4Q German GDP dropping by more than expected however weighed on the EUR. Market narrative seems to be that the ECB will opt for growth support with odds of a Mar cut at 101.7%. 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, support is seen at 1.03 and 1.02 levels. Resistances at 1.0412 (50dma) and 1.0500 (50dma) levels. No further data releases this week.

- **GBPUSD - *BOE cuts by quarter-point, 1.25 resistance likely to cap*.** GBPUSD was last seen lower at 1.2435 levels. As widely expected, the BOE cut rates by 25bps to 4.50% last night. 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 1.2400. No further data releases this week.

- **USDCHF - *Bearish risks, safe-haven support*.** USDCHF was slightly higher at 0.9059 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 Jan SECO Consumer Confidence and Jan FX Reserves (Fri).

- **USDJPY - *Lower, Bearish*.** The pair was last seen lower at 151.72 as downward momentum continues to strengthen. The pair has broken below the bearish trend channel, which supports the possibility for more downside on the pair. The key support level at this point stands at 150.00, which a decisive break lower below it can allow for more downside. 150.00 also marks sort of a neckline on a head and shoulders pattern. The JPY has been recently getting a lift from more hawkish sounding comments from BOJ members such as Tamura. Ex BOJ Governor Kuroda has also recently said that deflation has "completely" ended and that the BOJ will stay on a rate hike path. Such comments looked to have helped to further support the JPY overnight. At the same time, UST yields have been on the decline amid weaker US data and technically stretched upside conditions too. We still can see further downside for the USDJPY although there are some challenges that can limit this. The first of which is that UST yields despite pulling back can remain supported given that the US economy may not necessarily soften so quickly whilst there is immense uncertainty on the Trump tariffs. The BOJ hiking cycle at this point still looks rather gradual in nature although we note conditions are looking more favorable for more hikes in the coming months. 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. Remaining key data releases this week include Dec P leading index (Fri) and Dec P coincident index (Fri).

- **AUDUSD - *Tentative Bullish Risks*.** AUDUSD hovers around 0.6280, on the back of better risk sentiment and broad USD decline. Markets are now expecting a deal to be formed in time. 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. AUD has been rising on these headlines and at this point amid optimism about the upcoming US-China conversation that could see tariffs on China being paused. AUDUSD remains within the 0.6130-0.6315 range that has arguably held since Dec but could be on the brink of a breakout. 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.

- **NZDUSD – *Rounding Bottom?*** NZDUSD edged higher, in tandem with the AUD and was last seen around 0.5690. 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. There is even a potential pause for China’s tariff should there be a tentative deal in the coming days. Or at least, that is what the markets are hoping for. We are more cautious on that kind of scenario, in spite of the price set up that seems rather bullish. 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.

- **USDCAD – *Testing Key Support*.** USDCAD is little moved. Last printed 1.4306. CAD had rallied in relief due to the tariff delay. On 3rd Feb, PM Trudeau announced that the tariffs imposed by Trump would be delayed for a month amid pledges to be more resolute on border controls for migration and drug trafficking. Canada is appointing a new fentanyl czar, list cartels as terrorists and launch a joint “strike force” with the US to fight organized crime, drug trafficking and money laundering according to Trudeau’s text on X. This came after Trump issued an executive order under the International Emergency Economic Powers Act to impose 25% tariffs on most goods from Canada that was supposed to take effect on Tue (4 Feb). Canada’s energy and oil exports will be taxed at a lower rate of 10%. Back on the USDCAD chart, break of 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, Fri has Net Change in Employment (Jan), Unemployment Rate (Jan).

- **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 +0.93% from the implied mid-point of 1.3641 with the top estimated at 1.3369 and the floor at 1.3914.

- **USDSGD - *Slightly higher*.** USDSGD was last seen slightly higher 1.3515 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. Notable data releases this week include Jan FX Reserves (Fri).

- **SGDMYR - *Relatively Steady*.** SGDMYR was last seen slightly higher at 3.2863 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 4.4150 as it pulled back 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 4.5030 (200-dma) and 4.6300. Support at 4.3600. Key data releases this week include Dec IP (Fri), Dec mfg sales (Fri) and 31 Jan foreign reserves (Fri).

- **1M USDKRW NDF - *Higher*.** 1M USDKRW NDF was last seen lower at 1445.80 as USD steadied. 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. Dec BoP Goods/CA balances came in higher at US$10433.5m/US$12367.5m (prev: US$9876.6m/US$10046.4m). No further notable data releases this week.

- **USDCNH - *Steady ahead of NFP*.** USDCNH remained steady around 7.3040. Fix is at 7.1699, 1102 pips below estimate. There is some sort of cautious optimism at this point. Logistics agents have asked Chinese retailers selling on Shein and PDD Holdings' Temu to pay an additional 30% levy in the form of a deposit. This comes after US President Trump imposed 10% tariffs on imports from China and halted the "de minimis" provision that allows packages worth under $800 to be exempted from levies. Almost immediately, China announced a probe into Google, added several US companies to a "blacklist" of entities, impose new export controls on critical materials. imposed 10% tariffs on US products, including coal, LNG and agricultural equipment, tungsten with effect from 10 Feb. The measured response from China was treated as a sign of goodwill and a constructive way for negotiations to begin. Markets are taking a cautiously optimistic view that a tentative 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.

- **USDVND – *Two-way Trade*.** USDVND rose and was last seen around 25270. The pullback in USDCNH has provided an anchor for the VND due to tentative optimisms but recent price action has stabilized (USDCNH is no longer falling). The fluidity of the US-China situation could mean there could be more two way trades for the yuan as well as for the dong. Resistance at 25350 before 25430. Recall that PM Pham Minh Chinh said that Vietnam is working "on solutions" to rebalance its trade surplus with the US by buying Boeing planes and other American high-tech items. Trump remains rather silent on Vietnam and with Vietnam pro-actively trying to re-balance their trade surplus, there is a good chance for VND to outperform this year, given its lower beta nature. In news, CPI accelerated to 3.63%y/y in Jan from previous 2.94%. Jan Trade surplus ballooned to $3.025bn from previous $524mn. Exports fell -4.3%y/y while imports also clocked a -2.6% decline vs. previous 19.2%. Industrial production slowed to just 0.6%y/y growth for Jan while retail sales picked up pace to 9.5%y/y from 9.3%. SBV had ssaid that it will "closely monitor the market situation to manage exchange rates flexibly and appropriately while synchronously coordinating it with other monetary policy tools to control inflation and ensure macroeconomic stability.

- **1M USDIDR NDF – *Steady, Cautious*.** 1M USDIDR NDF was last seen at 16357 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. Remaining key data releases this week include Jan foreign reserves (Fri).

- **1M USDPHP NDF – Lower, Potential *Further Downside*.** The 1M USDPHP NDF was last seen at 58.10 as it was just slightly lower. Regardless, it is still around levels seen yesterday. External events especially related to US policies (especially those that impact UST yields) for the 1M USDPHP NDF. We see the potential for further downside for the pair given the possibility of the broad dollar and UST yields coming off further. However, we are also wary of uncertainty related to Trump tariffs and rates policies and how it can affect UST yields. 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. Remaining key data releases this week include Jan foreign reserve (Fri).

- **1M USDINR NDF- *Currency Flexibility?*** USDINR 1M NDF was last seen higher at 87.75 levels this morning, bucking the trend as the USD broadly softened. 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. Data releases this week include RBI Policy Decision and 31 Jan FX Reserves (Fri).

- **USDTHB - *Sideways, Potential Downside*.** Pair was last seen at 33.75 as it moved up marginally amid a bit of a climb in broad dollar but it is rather sideways in nature as a whole. Gold though continued to trade elevated, providing support for the THB. Meanwhile, on domestic matters, Bloomberg reports that Thailand's Ministry of Finance has nominated Somchai Sujjaopngse to be the Chairman of the BOT. An independent selection panel would decide on his nomination on 28 Feb. Somchai Sujjaopngse is a former permanent secretary of the finance ministry and he would be vying for the role alongside academic Surapon Nitikraipot – the BOT's nominee. We stay wary of government pressure for the BOT to ease rates. 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. Meanwhile, on domestic data, Jan CPI picked up to 1.32% YoY (est. 1.30% YoY, Dec. 1.23% YoY). Remaining key data releases this week include 31 Jan gross international reserves/forward contracts (Fri) and Jan consumer confidence (7 – 13 Feb).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.46	3.44	-2
5YR MI 8/29	3.61	3.61	Unchg
7YR MO 7/32	3.78	3.78	Unchg
10YR MS 7/34	3.81	3.80	-1
15YR MS 4/39	3.97	3.97	Unchg
20YR MX 5/44	4.06	4.05	-1
30YR MZ 3/53	4.18	4.19	+1
IRS			
6-months	3.62	3.62	-
9-months	3.58	3.58	-
1-year	3.56	3.55	-1
3-year	3.48	3.48	-
5-year	3.52	3.52	-
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 government bonds continued to trade sideways. Encouraged by lower global yields led by UST, trading activities increased with selective buying activities on off-the-run GII papers maturing 2032-2033 for yield pickups. MGS/GII yields closed mixed between -2bp and +1bp.

- MYR IRS was initially 2-3bp lower after the tepid US ISM Services PMI which drove US yields another leg lower overnight but closed little changed on the day. 3M KLIBOR was flat at 3.67%. 2y IRS traded at 3.465%. 3y IRS traded at 3.485%. 5y IRS traded at 3.505%.

- In the PDS market, GG bonds were active although most names traded range bound such as PTPTN, Prasarana and MRL. In AAA, Cagamas, PLUS and TNB also dealt at MTM. In AA1/AA+, SCC 1/27 spread tightened 1bp for MYR20m.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.77	2.76	-1
5YR	2.78	2.76	-2
10YR	2.85	2.82	-3
15YR	2.86	2.83	-3
20YR	2.86	2.83	-3
30YR	2.83	2.80	-3

Source: MAS (Bid Yields)

- Encouraged by the mildly bullish sentiment in UST, SGS extended rally as the curve bull-flattened 1-3bp. 10y SGS yield fell 3bp to 2.82%. The overnight SORA dropped 24bp to 2.38% on 5 February.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.72	6.78	0.06
2YR	6.74	6.73	(0.02)
5YR	6.74	6.72	(0.02)
10YR	6.93	6.90	(0.03)
15YR	7.00	6.97	(0.02)
20YR	7.05	7.06	0.01
30YR	7.07	7.07	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds strengthened yesterday. The domestic government bond market remained appreciating amidst unfavourable movement on the local equity market. A rally on the government bond market was mostly driven by 1.) subdued pressures on the global side amidst a temporary of silent statements about the trade tariffs by the U.S. President Donald Trump, 2.) a relative wide gap between the yields of Indonesian versus U.S. government bonds, 3.) broader rooms for Bank Indonesia to cut BI Rate after seeing recent low pressures on the imported inflation and the local headline inflation, 4.) a relative stable paces of the local economic performance in recently years. 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.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0432	153.50	0.6308	1.2584	7.3119	0.5712	159.5433	96.3897
R1	1.0408	152.45	0.6296	1.2510	7.3001	0.5693	158.4067	95.7813
Current	1.0383	151.53	0.6291	1.2434	7.2868	0.5686	157.3400	95.3300
S1	1.0356	150.80	0.6263	1.2361	7.2762	0.5654	156.5867	94.7663
S2	1.0328	150.20	0.6242	1.2286	7.2641	0.5634	155.9033	94.3597

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3577	4.4535	16377	58.3200	34.0417	1.4058	0.6102	3.2867
R1	1.3541	4.4445	16353	58.2540	33.9123	1.4041	0.6094	3.2816
Current	1.3509	4.4450	16335	58.0450	33.6820	1.4026	0.6103	3.2910
S1	1.3474	4.4200	16305	58.0340	33.6023	1.4008	0.6072	3.2723
S2	1.3443	4.4045	16281	57.8800	33.4217	1.3992	0.6059	3.2681

**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	6.50	7/2/2025	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	4.35	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	44,747.63	-0.28
Nasdaq	19,791.99	0.51
Nikkei 225	39,066.53	0.61
FTSE	8,727.28	1.21
Australia ASX 200	8,520.71	1.23
Singapore Straits Times	3,830.42	0.39
Kuala Lumpur Composite	1,585.17	0.68
Jakarta Composite	6,875.54	-2.12
Philippines Composite	6,241.97	-0.62
Taiwan TAIEX	23,316.60	0.67
Korea KOSPI	2,536.75	1.10
Shanghai Comp Index	3,270.66	1.27
Hong Kong Hang Seng	20,891.62	1.43
India Sensex	78,058.16	-0.27
Nymex Crude Oil WTI	70.61	-0.59
Comex Gold	2,876.70	-0.56
Reuters CRB Index	307.46	-0.17
MBB KL	10.42	0.77

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