15 January 2025

Global Markets Daily

Crucial CPI Due

Markets Await Price Data

The DXY pulled back yesterday as US Dec PPI came out softer than expected at 3.3% YoY (est. 3.5% YoY, Nov. 3.0% YoY). The reading looks to have provided some relief to markets given concerns of extended price pressures delaying the Fed easing. Prior day news of the Trump administration looking at a gradual tariff increase also may have continued supporting some of that DXY decline. Regardless, the DXY remains elevated at above the 109.00 level as markets await the release of the crucial US Dec CPI data tonight. Expectations are for the core number to remain steady at 3.3% YoY and any reading around there can keep the greenback supported. A number though that is much higher than estimates risk resulting in more further upward moves by the greenback amid edgy market sentiment. The opposite can happen if the reading is much lower given the heavy long dollar positions. As a whole, we are staying cautious on the greenback in the near term given that markets are already pricing in quite a delayed pace of Fed easing (futures indicating the possibility that a cut may not happen until even Sep). Also, market sentiment seems quite pessimistic on the trade situation and investors look to be readying themselves for aggressive levels of Trump tariffs. An outcome that results in Trump implementing a more measured level of tariffs can guide DXY declines. Resistance at 110.00 and support is at 108.50 (21-dma).

Pressure on INR, BI Decision Likely Hold, Yoon Arrested

USDINR climbed substantially over the last two days as the RBI Chief has hinted at some willingness to allow more flexible currency moves. The pair closed yesterday at 86.64 and we stay cautious of the upside given a pressured global environment of tariffs and slower Fed easing. Meanwhile, 1M USDKRW NDF was rather steady even after President Yoon Suk Yeol has finally been arrested. We stay wary of the Korean political situation and remain cautious on the KRW. A BI decision is due today too, where we expect the central to stay on hold as they prioritize IDR stability.

Data/Events We Watch Today

US Dec CPI, UK Dec CPI

FX: Overnight Closing Levels % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0308	0.61	USD/SGD	1.3666	-0.22
GBP/USD	1.2215	0.11	EUR/SGD	1.4088	0.41
AUD/USD	0.6195	0.29	JPY/SGD	0.8651	-0.53
NZD/USD	0.5604	0.38	GBP/SGD	1.6694	-0.12
USD/JPY	157.96	0.30	AUD/SGD	0.8466	0.07
EUR/JPY	162.83	0.94	NZD/SGD	0.7659	0.16
USD/CHF	0.9124	-0.50	CHF/SGD	1.4978	0.28
USD/CAD	1.4349	-0.21	CAD/SGD	0.9525	-0.01
USD/MYR	4.5078	-0.06	SGD/MYR	3.2923	0.35
USD/THB	34.763	-0.08	SGD/IDR	11887.47	0.25
USD/IDR	16265	-0.06	SGD/PHP	42.8074	0.11
USD/PHP	58.625	-0.17	SGD/CNY	5.3627	0.32

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3513	1.3789	1.4064

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G10: Events & Market Closure

Date	Ctry	Event
13 Jan	JP	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
15 Jan	ID	Policy Decision
17 Jan	KR	Policy Decision
Anytime Between 10 - 31 Jan	SG	Policy Decision

G10 Currencies

- **DXY Index - *Mini pull-back*.** The DXY index softened on softer-than-expected PPI. Ex food and energy PPI came in flat vs. +0.3%m/m expected. Final demand PPI also weakened to +0.2%m/m from previous 0.4%. The DXY softened to levels around 109.20 and next support around 108.50. Also recall that Trump's economic team had recently proposed a gradual ramp-up of tariffs to avoid an inflation spike and also to boost leverage. That would be in line with what Scott Bessant had mentioned before, a phased-approach in ramping up tariffs. One scenario involves increasing tariff rates by about 2-5% a month, which would depend on executive authorities under the International Emergency Economic Powers Act, according to sources. UST yields remained somewhat 10y last seen around 4.78%. DXY index slipped under the 110-handle, after a brief peek above the key level overnight. Last printed 109.59. The DXY index has looked overbought before and stochastics continue to looked stretched to the upside. Bearish divergence still remains and stochastics are showing signs of turning lower from overbought conditions. There is also a rising wedge forming for the DXY index which could suggest some retracement soon. The greenback is overdue for correction. Resistance is seen at 110.10 and then at 111. Support is seen around 108.40 (21-dma). The index is about to form a bearish engulfing, paving the way for a meaningful retracement towards the 108.40. Week ahead NY Fed 1Y inflation expectations for Dec on Tue along with Dec PPI. Wed has Empire Mfg for Jan and Dec CPI. Into Thu, Fed releases beige book. Philly fed business outlook for Jan and Dec retail sales will also be due on Thu. Dec housing starts and industrial production are due.

- **EURUSD – *Breaking out of Falling Wedge*.** EURUSD show signs of breaking out of the falling wedge again and was last seen around 1.0300. This was due to weaker-than-expected US PPI as well as news that Trump's economic team may want to go for a gradual step-up in tariffs. EURUSD and was last seen around 1.0246, not very different this time yesterday. Next key support is still seen around 1.0200. EU-US 10y yield gap remained rather wide at around -213bps. The divergent monetary policy outlooks and the political uncertainties surrounding the French and the German continue to weigh on the EURUSD. However, back-to-back rate cuts for Jan, Mar and Apr are well priced based on OIS. On the EURUSD chart, the next support is seen at 1.0200. The falling wedge is still in play and stochastics continue to rise from oversold conditions. EURUSD could be close to a bullish retracement. The next resistance is seen at 1.0368 (21-dma). Week ahead has Nov industrial production on Wed, Nov trade bal on Thu and Dec CPI and Nov current account on Fri.

- **GBPUSD – *Another Doji, Bullish Reversal Risks*.** GBPUSD hovered around 1.220, forming another doji. There has been quite a bit of two-way swings and the USD pullback is not manifested as clearly for the cable as it did for the NZDUSD, AUDUSD and even EURUSD. However, it is clear that bearish momentum is running into fatigue and markets are in a wait-and-see mode for US CPI tonight. Another bullish session today may provide the confirmation needed for a bullish reversal. That could bring cable back towards 1.2415. 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 over the weekend 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. In addition, data has been underwhelming these include 3Q GDP, Mfg PMI and net consumer credit. PM Starmer said he has "full confidence" in Reeves and he also emphasized that the government would stick to the fiscal rules. Bias remains to the downside for the GBPUSD and next support is seen around 1.2090 before the next at 1.2040. Current support being tested is seen around 1.2220. Rebounds to meet resistance at 1.2370. Week ahead has Dec CPI, PPI and RPI on Wed. Thu Has Nov industrial production, Mfg production and visible trade bal for Nov. Fri has Dec retail sales.

- **USDCHF – *Rising Wedge, Bearish risks*.** USDCHF slipped to levels around 0.9120 and a rising wedge continues to form and is nearing its apex. This pair could break out of the rising wedge (to the downside). At this point, there are still signs that the bullish forces are weakening on the MACD, there is a bearish divergence and stochastics seem to be plateauing in overbought conditions. We expect SNB to cut rates by 50bps in 2025 to bring the policy rate to 0%. Recall that SNB Chief had flagged about negative rates (Reuters) in a bid to weaken the CHF. CHF had weakened as markets priced in the scenario of SNB cutting rates to near zero by Sep 2025. With that, one can arguably said that policy divergence between the Fed and SNB is at its widest at this point. The room for CHF to fall because of policy divergence might be less as well. With the USD in a corrective mode (lower), USDCHF may move lower from here. The next support is at 0.8820. Resistance is the 0.9000. Of the traditional safe-havens, it does seem that gold and CHF retain most of the safe-haven properties, with the JPY being pressured by yield differentials. Safe-havens could be better supported on heightened volatility and uncertainty in the lead up to key events like the US elections. Further rate cuts from SNB could pressure USDCHF higher and if a situation arises where it becomes the global funding currency of choice (like the JPY), then we could see more upside for USDCHF.

- **USDJPY – *Sideways, Cautious*.** The pair was last seen at around 157.90 as it continued to trade sideways. Markets are edgy building up to the BOJ meeting next week on whether there would be a hike that can occur. Also, they would be looking out for any cues on the central bank's tightening pace. The Jan hike at this point looks rather open although we do note OIS is actually pricing in a 61% chance of a move next week. Investors may be too awaiting the US CPI data due later. UST yields are trading elevated still at around 4.78%, keeping the rate differential pressures on the JPY. For now, we expect the USDJPY to keep trading sideways as markets await these developments. Also, the risk of intervention could be keeping investors at bay. Back on the chart, resistance is at that 160.00 level with the next at 162.00 (around 2024 high). Support is at 156.00 and 150.00. Meanwhile, Dec eco watchers survey outlook dipped to 48.8 (est. 49.9, Nov. 49.4) whilst the current was slightly higher at 49.9 (est. 49.5, Nov. 49.4). Remaining key data releases this week include Dec P machine tool orders (Wed), Dec PPI (Thurs) and 10 Jan buying bonds/stocks data (Fri).

- **AUDUSD – *Interim bottom*.** AUDUSD hovered around the key support at 0.6130 and last printed 0.6187 as we write this morning. The boost came from US PPI that came in softer than expected. Earlier news that Trump's economic team might consider a gradual approach to tariffs also likely helped. We see conditions for a rebound in the near-term, we remain bearish on the currency for 1H 2025 as we look for trade frictions between the US and China to 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 have hardly been in net long. Further signs of de-coupling between Australia's traditional ally and biggest trading partner would continue to hurt AUD sentiment this year. We continue to see RBA easing in Feb but most of markets have come joined our view with cash rate futures now implying 70% probability and this view is supported by the latest CPI release. For the rest of the week, consumer confidence for Jan came in at -0.7%, logging another fall due to high interest rates, likely the reason for AUD to give up gains this morning given that a cut by RBA is all the more probable in Feb. Consumer inflation expectation for Jan is due on Thu along with Dec labor report.

- **NZDUSD - *Heavy*.** NZDUSD rose yesterday was last seen around 0.5600. Support is seen at 0.5588 before the next at 0.5510. Momentum is no longer bearish. We see some risks of reversal but NZDUSD needs to break above the 21-dma which acts as a resistance around 0.5630. Break there could bring this pair towards the next resistance around 0.5670. Markets have priced in 100bps cut for NZD, paring easing bets from 130bps cut seen last week. 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. AUDNZD fell this morning. Last see at 1.1038. This cross could head toward 1.0970 (200-dma) before the next at 1.0880. Dec food prices are due on Thu before BusinessNZ Mfg PMI is due on Fri.

- **USDCAD - *Rounding Top*.** USDCAD edged higher and was last seen around 1.4350. Back on the USDCAD chart, pair has arrived near the resistance around 1.4450. The 1.43-1.4450 range is eyed and the pair seems to be forming a rounding top and the pullback beyond current support around 1.4385 could bring the pair towards 1.43 and then at 1.4180 (50-dma). Resistance at 1.4450 is likely to remain intact. Data-wise, manufacturing sales for Nov is due on Wed, along with existing home sales for Dec. Dec housing starts are due on Thu.

- **Gold (XAU/USD) - *Supported by the Prospect of Conflicts*.** Gold hovered around $2670/oz, hovering within the new 2600-2790 range. The bullion had been somewhat elevated, notwithstanding the small pullback. We allude its rise to the specter of conflicts conjured by Trump's ambition to make Canada, Greenland, the Panama Canal as part of the US. In addition, there has been report that PBoC has also been buying gold on dips. Even the rise of the UST yields cannot slow the rise of the precious metal. Next resistance at 2711 before the next at 2750. Support around 2645.

Asia ex Japan Currencies

SGDNEER trades around +0.75% from the implied mid-point of 1.3789 with the top estimated at 1.3513 and the floor at 1.4064.

- **USDSGD - *Sideways*.** USDSGD was last seen lower at 1.3686 levels. 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. Recall that MAS stood pat in Oct. Our economists' base case is for a Jan-25 easing, although easing could be delayed if inflation is sticky and/or growth remains robust. Robust 3Q GDP print could delay easing by MAS. The trade-weighted SGDNEER is at +0.98% above the mid-point this morning. MAS policy continues to be supportive of SGD strength and we look for the resilience to continue. MAS appears to be in no hurry to ease, especially not when growth and inflation outcomes are essentially in line with their expectations. MAS Chief Economist seems to have hinted at MAS not being able to ease as easily as an interest rate regime in his speech on monetary policy. We think that the SGDNEER outperformance could taper as Fed cuts come in, although we do not expect SGDNEER to tank. 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 1.3490 and 1.3530. Supports are 1.3400 and 1.3340. Nov FX Reserves came in lower at US$377.23b (prev: US$383.72b). Waiting for MAS' balance sheet update (likely mid-month) to see if there is a corresponding drop in government deposits that could indicate transfer of reserves to GIC for longer term management. Unlikely that drop in reserves was MAS selling USD to slow pace of SGDNEER moderation given that SGDNEER still remains at a relatively strong level in the band. We watch out for any MAS decision between 10 – 31st Jan.

- **SGDMYR - *Hovering around the 3.30 level*.** SGDMYR was last seen at 3.2930 levels this morning with both SGD and MYR trading sideways. Resistances at 3.32 followed by 3.35. Support at 3.28.

- **USDMYR - *Sideways*, *Cautious*.** Pair was last seen at 4.5043 as it continued trading at levels seen in the last few sessions. Broad dollar did pullback although UST yields have mostly held on to recent gains. For today, markets await the release of the US CPI data. Overall, we stay cautious on the USDMYR given US data and the policy uncertainty with the Trump inauguration less than a week away. External developments continue to be of concern for the MYR in the near term even as domestic fundamentals are strong (robust growth, strong investment interest and pick-up of inflation, which lead to less easing pressure on BNM). Any come off in the USDJPY can though be some relief for Asian currencies and we closely watch if the BOJ would hike at next week's meeting. The PBOC firmness to stabilize the CNH/CNY also provides support for the MYR given the strong trade links between China and Malaysia. Higher oil prices amid US sanctions on Russia can also be of some support to the MYR. Back on the chart, resistance at around 4.5300 and 4.6300. Support at 4.4400 before the next at 4.3600. Key data releases this week include 2024 A GDP and 4Q A GDP (Fri).

- **USDCNH - *Reined in*.** USDCNH traded around 7.3470, inching a tad higher after PBoC injected a large amount of short-term funds this morning ahead of the Spring Festival. A net CNY958.4bn of cash was injected via 7-Day reverse repo in daily OMO, the second highest in record aimed at offsetting impact of MLF expiration, peak tax season and cash demand. This may allow the central bank to avoid using the RRR cut to release cash this time. Meanwhile, there have been jawboning (by PBoC and SAFE), capital tweaks, offshore yuan bills issuance utilized to prop up the yuan. The USDCNY which has reached the upper bound of the trading band at around 7.3320, is flat-lining. Daily fix has become a flat line around 7.1890, last at 7.1878. Another sub-7.20 fix sends a messaging that the PBoC still wants to slow the pace of depreciation of the CNY and cap the USDCNY around 7.3320 for now. Key resistance for USDCNH is seen at 7.3700. Credit data was released yesterday and M2 money supply picked pace to 7.3%y/y from previous 7.1%. New yuan loans rose a tad to CN18.1bn (2024). Aggregate financing rose to CNY32.26trn (2024) vs. previous CNY29.4bn (Jan-Nov)

- **1M USDKRW NDF - *Steady, cautious*.** 1M USDKRW NDF was rather steady this morning even after President Yoon Suk Yeol's arrest. Yoon has now agreed to appear at the CIO. Throughout yesterday, the 1M NDF had come down lower although that could have also been driven by the news of the potential of Trump's more gradual tariff increases and US PPI coming below expectations. The political situation for now remains uncertain and this keeps us cautious on the 1M USDKRW NDF and associated upside pressure. BOK meeting is also due on Friday and there is expectation of a 25bps cut to 2.75%. We look out for their comments on the state of the economy and further cues on the pace of easing. Any need for more easing beyond Friday does not do the KRW any favors too on top of the already Trump tariff concerns. Back on the chart, resistance is at 1500 with the next level after that at 1551. Support is at 1440 and 1415. Meanwhile, on domestic data, Dec IPI was higher at 7.0% YoY (Nov. 2.8% YoY). Dec unemployment rate has edged up quite substantially to 3.7% (est. 2.9%, Nov. 2.7%). Remaining key data releases this week include Dec bank lending (Wed) and BOK policy decision (Thurs).

- **1M USDINR NDF- *Currency Flexibility*.** USDINR 1M NDF is higher at 86.87 levels this morning. RBI Chief has hinted at some willingness to allow more flexible currency moves. We see RBI potentially cutting rates at their next meeting (7 Feb) to align with their current neutral stance especially if disinflationary path progresses. Resistance at 89.00. Support at 84.50 before the next at 84.00.

- **1M USDIDR NDF - *Sideways, Cautious*.** 1M USDIDR NDF was last seen at 16339 as it continued to trade at levels seen yesterday. Whilst the broad dollar had come off amid a weaker than expected PPI reading, UST yields has continued to hold on to most of its recent gain. For tonight, markets await the release of US CPI data. Overall, we stay cautious on the 1M USDIDR NDF given US data and the policy uncertainty (on tariffs, immigration and tax cuts) with the Trump inauguration less than a week away. Near term, it may continue to trade sideways. We do note authorities look to be in the market to stabilize the currency. Domestically, a BI policy decision is due today and we are not expecting them to move given that the pressure the IDR is under. The possibility of BI keeping rates high for an extended period of time as they prioritize IDR stability, can on its part limit weakness for the currency. Meanwhile, higher oil prices amid US sanctions on Russia are a negative risk for the IDR given the country is a net oil importer although for now, prices are still hovering around 70 – 80 as it was for much of last year. Back on the chart, resistance is at 16519 (2024 high). Support at 16150 and 15800. Key data releases this week include Dec trade data (Wed) and Nov external debt (Thurs).

- **1M USDPHP NDF – *Sideways, cautious*.** The 1M USDPHP NDF was last seen higher at 58.78 as it traded sideways. The broad dollar did come off but UST yields are holding on to most of its recent gains. Markets for now are edgy awaiting the release of US CPI data due later. Overall, we stay cautious on the 1M USDPHP NDF given US data and the policy uncertainty (on tariffs, immigration and tax cuts) with the Trump inauguration less than a week away. However, we note any appreciation in the JPY if the BOJ hikes next week can provide some relief for Asian FX. PBOC firmness to stabilize the CNY/CNH is also helping to give some support too to Asian FX. Domestically, Governor Eli Remolona has said there is room to ease policy as it is still restrictive even as he also commented that tariff threats pose challenges to the Philippine economy. He also noted that the BSP does not decide monetary policy based only on the Fed even as he sees the Fed has become more cautious than before. BSP rate easing is already expected by the market though and the impact on the currency can therefore be limited. Meanwhile, higher oil prices amid US sanctions on Russia are a negative risk for the PHP given the country is a net oil importer although for now, prices are still hovering around 70 – 80 as it was for much of last year. Resistance is at 59.47 (around the recent Dec high) and 60.60. Support is at 57.84 (200-dma) and 57.00. Key data releases this week include Nov OFWR (Wed).

- **USDTHB –** ***Sideways*, *Cautious*.** Pair was last seen at 34.77 as it traded sideways. The broad dollar did come off but UST yields are holding on to most of its recent gains. Gold did slightly climb yesterday. Markets for now are edgy awaiting the release of US CPI data due later. Overall, we stay cautious on the USDTHB given US data and the policy uncertainty (on tariffs, immigration and tax cuts) with the Trump inauguration less than a week away. We do note any appreciation in the JPY if the BOJ hikes next week can provide some relief for Asian FX. PBOC firmness to stabilize the CNY/CNH is also helping to give some support too to Asian FX. Back on the chart, resistance is at 34.80 with the next level at 35.10 (high on Nov 2024 post Trump election before a retracement). Support is at 33.50 and 33.00. Key data releases this week include Dec consumer confidence (Wed) and 10 Jan gross international reserves/forward contracts (Fri).

- **USDVND – *Capped for now*.** USDVND was last seen around 25390. This pair seems to be rather stable recently with the 25500-resistance capping this pair. USDCNY pullback this morning might also have inspired the USDVND to fall as well. Support is seen around 25325 before the next at 25255. Vietnam and Russia signed a non-binding agreement on nuclear energy and cooperation deals on maritime research and digital technology. This nuclear plans were flagged in Nov in order to diversify supply resources, ensure energy security and reduce emissions.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.48	3.48	Unchg
5YR MI 8/29	3.64	3.63	-1
7YR MO 7/32	3.81	3.80	-1
10YR MS 7/34	3.84	3.83	-1
15YR MS 4/39	3.98	3.96	-2
20YR MX 5/44	4.06	4.06	Unchg
30YR MZ 3/53	4.18	4.18	Unchg
IRS			
6-months	3.64	3.64	Unchg
9-months	3.60	3.60	Unchg
1-year	3.60	3.59	-1
3-year	3.55	3.55	Unchg
5-year	3.62	3.60	-2
7-year	3.69	3.67	-2
10-year	3.78	3.78	Unchg

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

- Ringgit bonds saw a light session with focus turned to the auction. Overall, there was small buying interests concentrating in the belly of the curve. Market was mostly on the sidelines awaiting further data to get a clearer sense of future market direction. The auction of the newly issued 15y GII benchmark saw high demand with BTC 4.3x averaging at 3.974%, and traded down to 3.96% in secondary market.

- MYR IRS slipped 1-2bp in the belly and long end following some retracement lower in US rates but the 5y point was fairly supported at around 3.60%. 3M KLIBOR fixing was 1bp lower at 3.68%. 5y IRS traded at 3.60% and 3.605%.

- In the PDS market, activities picked up slightly with GG seeing better buying interest. Danainfra spread tightened 1-3bp with total MYR60m exchanged. In AAA segment, TNB 6/29 and BPMB 11/26 traded 1bp lower for MYR60m and MYR30m respectively. Meanwhile, Cagamas and TNB Power Generation dealt at MTM level. AAA-rated bonds took up bulk of the traded volume. In AA2, PONSB Capital traded 1bp lower while AA3/AA- rated MMC Corp 11/25 traded at MTM level.

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Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.97	2.97	Unchg
5YR	3.01	3.02	+1
10YR	3.09	3.09	Unchg
15YR	3.09	3.08	-1
20YR	3.04	3.04	Unchg
30YR	2.99	2.99	Unchg

Source: MAS (Bid Yields)

- The SGS market was largely stable. Some selling emerged in the belly with 5y SGS yield rising 1bp to 3.02%. 10y SGS was unchanged at 3.09%. The long-end was supported by short covering interest. The overnight SORA retraced 17bp to 2.93% on 13 January 2025.

Indonesia Fixed Income

Rates Indicators

RPGov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	7.12	7.13	0.01
2YR	7.06	7.07	0.01
5YR	7.17	7.16	(0.01)
10YR	7.27	7.28	0.00
15YR	7.33	7.34	0.01
20YR	7.22	7.38	0.16
30YR	7.22	7.29	0.07

** Source: Bloomberg, Maybank Indonesia*

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- Most Indonesian government bonds kept weakening until yesterday. We saw a substantial drop on the long tenor series of government bonds, as reflection of investors' risk averse measures by shifting their investment positions to shorter tenors series during recent unfavourable on global social economic conditions. Moreover, the investors are also on "wait & see mood" for seeing results of various economic data, such as U.S. CPI, Indonesian trade update, and BI Rate decision today. The yield of 20Y series on the government bonds jumped by 16 bps yesterday. Meanwhile, we also saw a successful of government's Sukuk auction yesterday, although with relative thin participations by investors. For today, we foresee a limited movements on the yields of Indonesian government bonds.

- Badan Pusat Statistik (BPS) will announce the latest update on Indonesian international trade activities. We expect the country to book shrinking trade surplus from US$4.37 billion in Nov-24 to be US$3.82 billion in Dec-24. We estimate both exports and imports to grow by 9.18% YoY and 7.69% YoY, respectively, in Dec-24. We see strong import demand at the end of the year, especially for consumption needs during the Christmas and New Year holidays and raw materials for high production at the beginning of the year. Meanwhile, demand for Indonesian export goods is relatively stable at the end of the year. On the other hand, exports of mainstay non-oil and gas commodities are projected to be lower than the previous month, as coal prices are lower than the previous month.

- Then, Bank Indonesia is scheduled to release its latest decision on BI Rate this early afternoon. We expect Bank Indonesia to still maintain the BI Rate at 6%, until at least March this year, to maintain the attractiveness of investment assets that can affect macroeconomic stability in Indonesia. BI's role will be strong in maintaining macro conditions, through the transmission of interest rate policies that will affect capital flows and then the movement of the Rupiah exchange rate, from the impact of strong external pressures at this time. On the other hand, we see the role of the government in boosting Indonesia's economic performance through various stimulus package policies. Bank Indonesia also supports the government in boosting the economy through its macroprudential policies. Thus, the BI Rate at the current level also has a role in maintaining capital flow to move smoothly amidst unfavorable global conditions. Meanwhile, for further Rupiah intervention, apart from the stable BI Rate, we hope that intervention in the SRBI and government bond markets (especially medium tenors) will be carried out by Bank Indonesia.

- Indonesian government successfully met its indicative target on Sukuk auction by Rp10 trillion yesterday. As expected, this auction received relative silent responses from the investors. Investors' total incoming bids only reached Rp14.06 trillion. This condition reflected investors' strong fears for investing on the emerging markets during recent unfavourable global social economic condition. On this auction, the government relied to PBS003 (2Y series) for obtaining investors' funds. Investors had total incoming bids by Rp4.86 trillion and asking yields by 6.90000%-7.24000% for PBS003. The government, then, decided absorbing Rp3.85 trillion and awarding weighted average yields by 7.08755% from investors' total interests for PBS003. The yield of 2Y government bond series is around 7.06% currently.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0355	158.84	0.6230	1.2312	7.3620	0.5656	164.0167	98.4543
R1	1.0332	158.40	0.6213	1.2263	7.3529	0.5630	163.4233	98.1537
Current	1.0299	157.93	0.6187	1.2196	7.3487	0.5601	162.6500	97.7080
S1	1.0262	157.32	0.6172	1.2153	7.3344	0.5579	161.6733	97.3587
S2	1.0215	156.68	0.6148	1.2092	7.3250	0.5554	160.5167	96.8643

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3737	4.5153	16303	58.7483	34.8823	1.4131	0.6157	3.3040
R1	1.3701	4.5116	16284	58.6867	34.8227	1.4109	0.6152	3.2982
Current	1.3685	4.5100	16317	58.6900	34.7890	1.4094	0.6152	3.2958
S1	1.3647	4.5003	16247	58.5407	34.6747	1.4046	0.6139	3.2844
S2	1.3629	4.4927	16229	58.4563	34.5863	1.4005	0.6131	3.2764

**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	Jan-25	Neutral
BNM O/N Policy Rate	3.00	22/1/2025	Neutral
BI 7-Day Reverse Repo Rate	6.00	15/1/2025	Easing
BOT 1-Day Repo	2.25	26/2/2025	Neutral
BSP O/N Reverse Repo	5.75	20/2/2025	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	16/1/2025	Easing
Fed Funds Target Rate	4.50	30/1/2025	Easing
ECB Deposit Facility Rate	3.00	30/1/2025	Easing
BOE Official Bank Rate	4.75	6/2/2025	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	24/1/2025	Tightening
BoC O/N Rate	3.25	29/1/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	42,518.28	0.52
Nasdaq	19,044.39	0.23
Nikkei 225	38,474.30	1.83
FTSE	8,201.54	0.28
Australia ASX 200	8,231.00	0.48
Singapore Straits Times	3,788.77	0.08
Kuala Lumpur Composite	1,576.46	0.58
Jakarta Composite	6,956.67	0.86
Philippines Composite	6,299.67	0.68
Taiwan TAIEX	22,797.52	1.37
Korea KOSPI	2,497.40	0.31
Shanghai Comp Index	3,240.94	2.54
Hong Kong Hang Seng	19,219.78	1.83
India Sensex	76,499.63	0.22
Nymex Crude Oil WTI	77.50	1.67
Comex Gold	2,682.30	0.14
Reuters CRB Index	307.32	0.55
MBB KL	10.20	1.19

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