Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Anxiety Plagues Markets

Choppy Overnight Session, Dollar Edges Higher

Overnight, a slew of developments led to quite some volatility and further supported the heightened anxiety already present. Initially, CNN had reported that the incoming President Trump is considering declaring a state of national emergency in order to implement a broad tariff plan. The report though has noted that the decision is not final and the Trump team is also evaluating other alternatives. The report in itself had supported UST 10y yields trading elevated and the dollar, with the latter crossing back above 109.00 whilst the former edged up higher at one point above 4.70%. At the same time, 10y gilts also rose yesterday as the GBP declined. It is not clear what exactly caused the move last night although there are fiscal concerns clouding the UK. As a whole, appetite for bonds are being suppressed as inflation, fiscal and political concerns weigh in around the world. We wary of more GBP weakness, which in turn would lift the DXY further. The greenback as we have stated for the near term looks like it can stay supported amid little signs for now of any news that could lead to a more risk on sentiment. There remains plenty of anxiety as markets are left guessing on how the Trump tariffs would pan out to be. Strong US data so far is also looking to keep the Fed hawkish. However, we also note that momentum indicators are showing the dollar is stretched on the upside and this makes it vulnerable for substantial downward shifts if news can turn. In the coming sessions, the DXY could trade sideways around current levels, awaiting the release of jobs data tomorrow.

Asian FX Pressure with Ongoing Concerns on US - China Tensions

PBOC continued to firmly support the currency as the fixing was set at 1487 pips stronger than estimate although just slightly less than yesterday. The central bank will also sell 60bn yuan of six-month bills as they try to mop up liquidity in the market and lift the yuan. The USDCNH for now remains around the 7.35 levels. Regardless, we are staying cautious of the CNY/CNY given the uncertainty surrounding Trump tariffs. The Biden administration yesterday had said that they would further limit AI semiconductors exports to China and Russia. Asian FX is remaining under pressure amid the CNH weakness.

Data/Events We Watch Today

US Initial jobless claims, ECB Economic bulletin, EC Nov Retail sales, UK jobs report, UK Dec Price and CPI expectations

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0318	-0.21	USD/SGD	1.3679	0.27
GBP/USD	1.2363	-0.91	EUR/SGD	1.4115	0.06
AUD/USD	0.6216	-0.22	JPY/SGD	0.8638	0.08
NZD/USD	0.5609	-0.46	GBP/SGD	1.6911	-0.65
USD/JPY	158.35	0.19	AUD/SGD	0.8502	0.04
EUR/JPY	163.4	-0.01	NZD/SGD	0.7673	-0.18
USD/CHF	0.9111	0.15	CHF/SGD	1.5011	0.11
USD/CAD	1.4376	0.04	CAD/SGD	0.9516	0.23
USD/MYR	4.503	0.35	SGD/MYR	3.2943	-0.19
USD/THB	34.618	0.41	SGD/IDR	11853.07	-0.13
USD/IDR	16195	0.40	SGD/PHP	42.7406	0.05
USD/PHP	58.398	0.41	SGD/CNY	5.3583	-0.27

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3490	1.3765	1.4040

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com

Alan Lau, CFA
(65) 6320 1378
alanlau@maybank.com

Fiona Lim
(65) 6320 1374
fionalim@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

G10: Events & Market Closure

Date	Ctry	Event
9 Jan	US	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
No Major Event this Week		

G10 Currencies

- **DXY Index – *ADP Did Not Matter*.** The DXY index edged higher overnight and was back above the 109-figure. The ascend started in late Asia, fanned by the fall in the EUR after German factory orders slipped more than expected in Nov by -5.4% (vs. expected -0.2%). The continued steepening of the UST curve in late Asia also boosted the USD. However, the bounce in the long end reversed ahead of the release of ADP which surprised slightly to the downside at 122K vs. pervious 146K. The smaller number of employment added in the private sector for Dec did not inspire the USD bears too much as initial jobless claims fell to 201K. Continuing claims rose to 1867K vs. pervious 1834K. Taken together, the labour market data is not showing a significant deterioration in hiring condition yet but the persistent rise in the continuing claims suggest it is harder for the unemployed to get jobs. Minutes of the Dec Fed meeting did not provide fresh cues. Minutes indicated that there was some consensus that the “committee was at or near the point at which it would be appropriate to slow the pace of policy easing”, citing higher inflation prints, strength in household spending, reduced downside risks to the outlook for the labour market and economic activity. This was already guided at the meeting by Powell and Fed Fund Futures continue to price in a pause at the meeting this month and only a full hike by Jul. In other news, Biden is said to further curb Nvidia and AMD AI chip exports to keep advanced technologies from the reach of China and Russia. Separately, President-Elect Trump is said to consider putting the US in a state of national emergency/ This is said to be one of the options being considered by the Trump team. All things considered, the USD behavior seems rather muted. Back on the daily DXY index, stochastics continues to suggest stretched conditions for the dollar index and that stochastics could be turning lower. There is also a rising wedge forming for the index which could suggest some retracement soon. That said, the apex is far at around 112. We will be cautious of chasing the USD higher from this level. Resistance is seen around 109.50 before the next at 110.10 and then at 111. Support is seen around 107.80.

- **EURUSD – *Falling Wedge Still in Play*.** EURUSD pressed lower after German factory orders surprised to the downside with a steeper slide of -5.4%m/m in Nov (vs. expected -0.2%). The persistent climb in the UST yields continue to lift the USD against the EUR as well. Divergent monetary policy outlooks and the political uncertainties surrounding the French and the German continue to weigh on the EUR against the greenback. However, this can look a tad stretched. Back-to-back rate cuts for Jan, Mar and Apr are well priced based on OIS. On the EURUSD chart, support at 1.0335 is being tested and the next is seen at 1.0200. Pair was arguably breaking out of the falling wedge but it is less certain now since it was unable to break above the 21-dma at 1.392, acting as a resistance. As a result, this falling wedge is still in play. The next resistance is seen at 1.0520 (50-dma). Data this week has Consumer confidence, industrial confidence and services confidence for Dec on Wed. ECB publishes Economic Bulletin and Nov retail sales on Thu.

- **GBPUSD – *Reeves Warned that fiscal spending could be cut if interest expense are raised, 1.23 eyed*.** GBPUSD slumped alongside gilts yesterday amid the global bond sell-off. 10y yield touched its highest since 2008, last at 4.82%. The Chancellor of the Exchequer Rachel Reeves is said to reaffirm her fiscal rules in a speech in the coming weeks based on unnamed sources and that she will prefer cutting fiscal spending to raising taxes if the rising borrowing costs takes up the fiscal headroom. 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. Latest Construction PMI also slipped more than expected in Dec to 53.3 from previous 55.2. GBPUSD remains close to 2024 low of around 1.2300. Last seen around 1.2360. There could be some rebound risks given stretched conditions but bias seems to be to the downside for now. Resistance at 1.2490. Week ahead has BRC Shop Price index for Dec on Thu

- **USDCHF - *Rising Wedge, Bearish risks*.** USDCHF hovered around 0.9110, about to break out of the rising wedge (to the downside). At this point, there are 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. Week ahead has labour report on Fri.

- **USDJPY - *Little Changed, Cautious*.** The pair was last seen at around 158.13 as it remained around levels seen yesterday. Nov cash earnings came out stronger than expected at 3.0% YoY (est. 2.7% YoY, Oct. 2.2% YoY) but this did little to lift the markets. Data has already been supportive of a hike but yet the BOJ has appeared to lean dovish. Therefore, focus domestically is on the BOJ's words and whether they would hint at a hike coming soon. Despite continued elevated UST yields, the USDJPY is likely also not substantially moving higher possibly due to intervention concerns. Meanwhile, former BOJ board member Makoto Sakurai has said that he believes the BOJ would only hike in Mar given growing uncertainties stemming from Trump policies. We remain cautious on the USDJPY and do not rule out any push upwards towards testing the 160.00 level. The next level of resistance after that is at 162.00 (around 2024 high). Support is at 156.00 and 150.00. Remaining key data releases this week include Nov household spending (Fri), Nov P leading index (Fri) and Nov P coincident index (Fri).

- **AUDUSD - *Interim bottom*.** AUDUSD was last seen at levels around 0.6202, pressed lower because of the broad USD strength as well as the slowdown in trimmed mean CPI to 3.2%y/y in Nov from previous 3.5%, released yesterday. Still, this pair remains well within the 0.6170-0.6410 range. While we see conditions for a rebound in the near-term, we remain bearish on the currency 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. AUDUSD might find some support around the 0.6170-figure for now. We see rebound towards 0.64 as opportunities to sell into. Week ahead has Nov retail sales, trade on Thu, Fri has household spending for Nov.

- **NZDUSD - *Heavy*.** NZDUSD hovered around 0.5640. Support is seen at 0.5588 before the next at 0.5510. Momentum is no longer bearish. We see two-way trades. Resistance is last seen around 0.5660 before 0.5680. Retail sales quickened less than expected to 0.8%m/m from previous 0.5% (also revised lower), another justification for RBA to start easing in Feb. Trade surplus on the other hand widened more than expected to A$7.1bn in Nov from previous A$5.7bn on the back of stronger exports (4.8%m.m). Imports also grew more at 1.7%m/m vs. previous 0.1%.

- **USDCAD - *Oil War?*** USDCAD edged higher and was last seen around 1.4370. At home, corporate leaders urged for an earlier election in order for a new leader to deal with Trump's escalating threats on tariffs and constant threats to annex Canada. The parliament is suspended until 24 Mar after Trudeau said that he will leave once a fresh leader is chosen in the Liberal Party leadership vote. If that schedule is followed, it is difficult for a GE to happen before May and Trump has already threatened to impose 25% tariffs on Canada right after he is in power. Canada Energy Minister Jonathan Wilkinson (potential candidate to succeed Trudeau) said that "nothing is off the table when it comes to Canadian trade retaliation, including export taxes". The US does not have easy alternatives to Canadian crude oil, uranium, potash and other critical minerals. Other potential candidates include Mark Carney, former Governor of BoC and BoE, former FinMin Chrystia Freeland; Dominic LeBlanc who is current FinMin, Foreign affairs Minister Melanie Joly, Transportation and internal trade Minister Anita Anand and Christy Clark, former premier of British Columbia. The Conservatives now lead polls by more than 20 points and election is due by 20 Oct 2025. Back on the USDCAD chart, momentum is now bearish and resistance at 1.4450 is eyed. The rebound seems to be keeping USDCAD within the 1.43-1.4450 range and the upper bound is now susceptible to be tested. Data-wise, we have Dec labour report on Fri.

- **Gold (XAU/USD) - *Rising a Tad on Specter of Conflicts*.** Gold hovered around $2660/oz, a tad higher within the 2600-2720 range. The bullion had inched higher and we allude the 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. That said, the rise in UST yields continue to slow the rise of the precious metal. The prospect of a ceasefire or deal of peacemaking for the war in Ukraine could be dampening as well. Range of 2600-2720 could remain intact. Interim resistance at 2680.

Asia ex Japan Currencies

SGDNEER trades around +0.63% from the implied mid-point of 1.3765 with the top estimated at 1.3490 and the floor at 1.4040.

- **USDSGD – *Higher*.** USDSGD was last seen higher at 1.36479 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.

- **SGDMYR - *Hovering around the 3.30 level*.** SGDMYR was last seen at 3.29 levels this morning with both SGD and MYR under pressure. Resistances at 3.32 followed by 3.35. Support at 3.28.

- **USDMYR - *Sideways, Cautious*.** Pair was last seen at 4.5043 as it remained around levels seen in recent sessions. This was even as the broad dollar climbed higher amid a decline in the GBP and a CNN report claiming Trump can consider calling a national emergency to implement broad tariffs. CNY/CNH also remained under pressure, which is a matter of concern given the strong trade links between Malaysia and China. Building up to the Trump inauguration, markets are likely to stay anxious on the first Trump policy announcements, keeping the pressure on Asian FX including the MYR. Even so, with sentiments prone to swings, any release of good news such as signs of better US – China relations can give quite some relief to Asian FX. Domestically, there has been some good news though as both Singapore and Malaysia formalized an agreement to establish the Johor Singapore Special Economic Zone. The potential investment that the zone can attract may work favorably in the long term for both the economy and the currency. 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 Nov IP (Fri) and Nov Mfg sales (Fri).

- **USDCNH - *Flat-lining Likely*.** USDCNH traded around 7.3490, reined in by the USDCNY which has reached the upper bound of the trading band at around 7.3320. Daily fix has become a flat line around 7.1890, last at 7.1886. 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 7.33 for now. PBoC officially declared that it will sell a record CNY60bn of 6m bills in the city on 15 Jan. The issuance intends to reduce CNH liquidity and drive up funding costs to support the yuan. Those tools including the bill issuance in HK make the fixing a credible policy guidance. The pullback in USDCNY post fix and the announcement of the bill issuance shows that players are taking heed of this warning and refrain from testing the limit of the central bank. CPI, PPI came in roughly in line with consensus at +0.1%y/y for CPI in Dec vs. previous +0.2%. PPI slipped less than expected at -2.3%y/y vs. previous -2.5%. Credit data are due by 15 Jan.

- **1M USDKRW NDF - *Edges Up, cautious*.** 1M USDKRW NDF was last seen at 1455.73 as it climbed slightly higher amid the climb in broad dollar and UST yields trading elevated. Overnight, a CNN report claimed that Trump could consider calling a national emergency to implement broad tariffs whilst the GBP fell. CNH/CNY and JPY remain under pressure weighing on Asian FX. However, a better performing KOSPI together with National Pensions Service potential currency National Pensions Service potential currency hedging and offloading some dollar holdings could be tempering the KRW weakenss. Domestically, we remain wary of the political situation and continue to watch if President Yoon Suk Yeol would be arrested. Amid this political standoff, we are staying wary of the KRW. There also remains immense uncertainty and anxiety building up to Trump's inauguration and his first policy announcements after taking office. Back on the chart, resistance at 1480 with the next level after that at 1500. Support is at 1440 and 1415. There are no remaining key data releases this week.

- **1M USDINR NDF- *Pivoting to Neutral*.** USDINR 1M NDF is steady at 86.07 levels this morning. Governor Das will be replaced by a career bureaucrat Sanjay Malhotra who will start a three-year term tomorrow (11 Dec). Last Friday, RBI held its rate steady on Fri in line with consensus although it also cut the cash reserve ratio that banks are required to hold, making conditions easier as growth slows. 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 85.00. Support at 84.50 before the next at 84.00. Data releases this week include Nov CPI, Oct Industrial Production, Nov trade Balance and Nov Exports/Imports.

- **1M USDIDR NDF - *Little Changed*, *Cautious*.** 1M USDIDR NDF was last seen at 16267 as it edged up higher with UST yields trading elevated and a stronger dollar. Regardless, the 1M USDIDR NDF is actually still holding around recent levels of 16150 – 16300. Some positive local developments could be tempering the effect from the negative developments. The latter includes a falling GBP, a CNN report on Trump considering calling national emergency to implement broad tariffs in addition to CNH/CNY and JPY weakness. Domestically, Dec foreign reserves had risen $155.7bn (Nov. $150.2bn), which helps to strengthened the resources the country has to stabilize the currency. Also, local news outlet Kontan, citing Coordinating Minister of Economic Affairs, Airlangga Hartarto, reports that Indonesia could require exporters of natural resources to keep part of their foreign currency earnings onshore for at least one year. The government would reportedly issue a regulation on the matter soon. The measure should help to temper some of the pressure that the IDR is facing. Overall, we remain cautious on 1M USDIDR NDF and for any move upwards higher. Resistance is seen at 16300 and 16519 (2024 high). Support at 16150 and 15800. There are no remaining key data releases this week

- **1M USDPHP NDF - *Higher*, *cautious*.** The 1M NDF was last seen at 58.68 as it edged higher with both the broad dollar and UST yields trading elevated. Overnight, a CNN report claimed that Trump could consider calling a national emergency to implement broad tariffs whilst the GBP fell. The negative developments looked to have either lifted the broad dollar or keep UST yields trading elevated. CNY/CNH and JPY weakness could also be weighing on Asian FX including the PHP. External uncertainties look to be the main drivers for now that can send the PHP higher, especially given expectations are already there for the BSP to ease rates. We stay cautious of upside risks for 1M USDPHP NDF and any breakout higher given the uncertainty associated with any Trump policy related announcements as we build up to his inauguration. We are cautious at this point of any upside risks for 1M USDPHP NDF and for a decisive breakout above the recent range bounded between the 200-dma (57.81) and 50-dma (58.60). We watch if it can hold decisively above the resistance of 58.60 (50-dma) with the next level after that at 59.13 (YTD high). Support is at 57.81 (200-dma) and 57.00. Meanwhile, Nov trade balance remains in deficit at -$4767m (est. -$5445m, Oct. -$5781m). Remaining key data releases this week include Nov bank lending (Fri) and Nov money supply (Fri).

- **USDTHB -** ***Higher*, *Cautious*.** Pair was last seen at 34.66 as it moved higher although stayed within recent range of 34.00 – 34.80. Overnight, a CNN report claimed that Trump could consider calling a national emergency to implement broad tariffs whilst the GBP fell. CNH/CNY and JPY also continue to remain under pressure. These all look to be weighing on the THB. However, gold prices did climb higher and help possibly tempering some of this pressure. Also, domestically, the BOT looks to have push back at demand to boost inflation. Assistant Governor Sakkapop Panyanukul said that "inflation is not even a problem" and they are comfortable with the outlook for subdued inflation as they focus monetary policy to ensure financial stability and economic growth. The words support the BOT staying on hold this year and the possibility that domestic rates would not weigh on the currency. We stay cautious on the USDTHB and for now, it is still testing the upper end of the 34.00 – 34.80 range that it has been trading in. Any decisive break above the 34.80 resistance level can open the way for it to move higher with the next resistance level at 35.10 (high on Nov 2024 post Trump election before a retracement). For now, immense uncertainty and anxiety on building up to Trump's inauguration and his first policy announcements after taking office looks to be weighing on sentiment. However, we do take note that the broad dollar is stretched and sentiment is prone to shifts and therefore, any sign of goods news such as an easing in US – China relations can provide quite some relief for USDAsian pairs. Meanwhile, support is at 33.50 and 33.00. Remaining key data releases this week include 3 Jan gross international reserves/forward contracts (Fri).

- **USDVND -** ***Capped for now.*** USDVND was last seen around 25383. 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. Recall recent comments made by the SBV that the central bank is monitoring the currency after it fell to its record low last week with Deputy Governor Dao Minh Tu promising to stabilize the currency. In other comments, SBV had also said that stabilizing the gold market is a critical priority requiring immediate attention.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR ML 5/27	3.44	3.45	+1
5YR MI 8/29	3.60	3.61	+1
7YR MO 7/32	3.79	3.79	Unchg
10YR MS 7/34	3.82	3.82	Unchg
15YR MS 4/39	3.94	3.94	Unchg
20YR MX 5/44	4.04	4.04	Unchg
30YR MZ 3/53	4.18	4.18	Unchg
IRS			
6-months	3.64	3.64	Unchg
9-months	3.59	3.59	Unchg
1-year	3.56	3.57	+1
3-year	3.49	3.51	+2
5-year	3.54	3.56	+2
7-year	3.62	3.64	+2
10-year	3.71	3.73	+2

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

Analysts

Winson Phoon
(65) 6231 5831
winsonphoon@maybank.com

- Tracking the global bond weakness, Ringgit bonds cheapened by 1bp in the front-end sector of the curve. The 7y benchmark MGS was well supported with yields only 3bp away from the 10y MGS, narrower than 5-10bp usually. Selling flows were seen in 1-5y while a healthy two-way with both fast money and real money in the 7y and 10y.

- MYR IRS traded 1-2bp higher despite 3M KLIBOR setting lower again on the back of higher US rates following the better-than-expected ISM Services PMI and JOLTS openings. There was active paying interest throughout the session across 1-5y tenors. 1y IRS traded at 3.57%. 2y IRS traded at 3.51% and 3.52%. 4y IRS traded at 3.52%. 5y IRS traded at 3.55% and 3.56%.

- In the PDS market, liquidity was thin with fewer names traded. In GG, Danainfra traded rangebound. In AAA, the performance was mixed as Gas Malaysia 12/27 spread widened 2bp while ALR 10/31 spread tightened 1bp. TNB took up bulk of volume in AAA segment (MYR70m) being dealt 2bp lower in yield.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.85	2.87	+2
5YR	2.87	2.90	+3
10YR	2.99	3.01	+2
15YR	2.99	3.02	+3
20YR	2.91	2.94	+3
30YR	2.87	2.89	+2

Source: MAS (Bid Yields)

- Weighed by the persistent pressures from UST, SGS extended selloffs with yields rising 2-3bp across the tenors. 10y SGS rose 2bp to 3.01%. The overnight SORA dropped 6bp to 2.78% on 7 January - the latest available at the time of writing.

Indonesia Fixed Income

Rates Indicators

RPGov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	7.14	6.98	(0.16)
2YR	7.01	6.98	(0.04)
5YR	7.04	7.10	0.05
10YR	7.14	7.18	0.04
15YR	7.17	7.22	0.05
18YR	7.17	7.18	0.01
30YR	7.10	7.11	0.01

** Source: Bloomberg, Maybank Indonesia*

Analyst
Myrdal Gunarto
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Most Indonesian medium long tenor series of government bonds weakened yesterday. Higher yields on most Indonesian long tenor series of government bonds were in line with behaviour on the global bond market, as shown by relative high yields on the U.S. government bonds. The yield of Indonesian 10Y government bond at 7.18% was attractive enough for maintaining the gap against the yield of U.S. 10Y government bond at 4.69% yesterday. Foreign investors seemed being comfortable for staying on Indonesian government bond market, as shown by a relative stable movement on their amount of ownership on the government bonds from Rp879.54 trillion on 31 Dec-24 to be Rp879.18 trillion on 07 Jan-25. Indonesian has solid fundamental background for attracting the global investors. The economy is consistent performing solid growth with healthy fiscal position so far. On the other side, we witnessed a rally on the short tenor series on Indonesian government bonds. We thought that it can be an indication of market intervention measures by Bank Indonesia for stabilizing both domestic financial market and Rupiah during short term uncertainty on global social economic political condition.

- Yesterday, we received a positive news on the record of Indonesian foreign reserves during 2024. Indonesian foreign reserves drastically increased from US$150.2 billion in Nov-24 to be US$155.7 billion in Dec-24. However, we saw an anomaly condition after a decisive increase on the national foreign reserve wasn't in line with strong appreciation movement on Rupiah against US$. USDIDR kept weakening from 15737 on 01 Nov-24 to be 16137 on 31 Dec-24. We thought that Bank Indonesia has efficiently applied market intervention during soaring US$ during the end of year. The market intervention by utilizing national foreign reserves can be useless if the global pressures is out of reach to counter. Moreover, we thought that too much intervention on both local financial and FX markets can make an instant impact of swelling ownership by Bank Indonesia on the local investment assets. Going forward, we believe that Bank Indonesia is still relative cautious and being efficient to utilize its foreign reserves for monetary tools on its market intervention measures, although the foreign reserves position is abundant.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.0401	158.91	0.6269	1.2566	7.3736	0.5666	164.3200	98.9937
R1	1.0360	158.63	0.6243	1.2464	7.3636	0.5637	163.8600	98.7143
Current	1.0317	158.10	0.6203	1.2360	7.3476	0.5603	163.1100	98.0640
S1	1.0275	157.99	0.6189	1.2291	7.3416	0.5585	162.8900	98.1053
S2	1.0231	157.63	0.6161	1.2220	7.3296	0.5562	162.3800	97.7757

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3763	4.5153	16241	58.5480	34.8227	1.4168	0.6151	3.3082
R1	1.3721	4.5092	16218	58.4730	34.7203	1.4141	0.6146	3.3012
Current	1.3678	4.5050	16259	58.6110	34.6520	1.4111	0.6146	3.2946
S1	1.3627	4.4922	16171	58.2530	34.5263	1.4086	0.6134	3.2877
S2	1.3575	4.4813	16147	58.1080	34.4347	1.4058	0.6127	3.2812

**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	42,528.36	-0.42
Nasdaq	19,489.68	-1.89
Nikkei 225	39,981.06	-0.26
FTSE	8,251.03	0.07
Australia ASX 200	8,349.15	0.77
Singapore Straits Times	3,886.98	1.54
Kuala Lumpur Composite	1,614.83	-0.92
Jakarta Composite	7,080.35	-0.04
Philippines Composite	6,496.72	-0.74
Taiwan TAIEX	23,407.33	-1.03
Korea KOSPI	2,521.05	1.16
Shanghai Comp Index	3,230.17	0.02
Hong Kong Hang Seng	19,279.84	-0.86
India Sensex	78,148.49	-0.06
Nymex Crude Oil WTI	73.32	-1.25
Comex Gold	2,672.40	0.26
Reuters CRB Index	297.39	-0.63
MBB KL	10.06	-0.98

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Published by:

Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange
Singapore
Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com
(+65) 6320 1379

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com
(+65) 6320 1374

Alan Lau
FX Strategist
alanlau@maybank.com
(+65) 6320 1378

Shaun Lim
FX Strategist
shaunlim@maybank.com
(+65) 6320 1371

Indonesia
Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales
Malaysia
Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Tan Yew Yan
Head, Sales Corporates & CFS
yewyan.tan@maybank.com

Singapore
Sheetal Dev Kaur
Head, Corporates Sales (MBS)
skaur@maybank.com
(+65) 63201335

Tan Huilin
Head, Sales FI
TanHuilin@maybank.com
(+65) 63201511

Janice Loh Ai Lin
Head, Sales (MSL)
jloh@maybank.com.sg
(+65) 6536 1336

Shanghai
Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Indonesia
Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Philippines
Angela R. Ofrecio
Head, Global Markets Sales
Arofrecio@maybank.com
(+632 7739 1739)

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6231 5831

Soh Jing Ying
Fixed Income Analyst
jingying.soh@maybank.com
(+60) 3 2074 7606

s