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Maybank

Global Markets Daily

Powell Reiterates Wait and See

Oil on a Free Fall, Greenback Lower
Despite the truce declared by Trump, it was far from clear whether it could hold at one point when Israel accused Iran of firing missiles to which the latter denied. Brent and WTI futures continued to press lower once it was clear that the fragile truce could hold for now and more importantly, the Straits of Hormuz could stay open. USD gave up its gains but we suspect that the next massively bearish cue for the greenback to test fresh lows will need to come from economic data and thus we may be seeing some consolidative action. Eyes are back on key support for the DXY around the 97.70 - level.

Powell's Testimony - Wait and See.. the Jun/Jul Inflation Numbers
Powell did not deviate from his recent post decision press conference much at his testimony with Congress. He continued to advocate a wait-and-see approach and refused to commit to a Jul cut. This would put him in a less dovish camp than Fed Bowman and Waller who were calling for a rate cut as early as Jul. More importantly, he highlighted that June and July inflation figures are the ones to watch as he expects the tariff impact on inflation to show up within these months. Fed Fund futures have now priced in a rate cut in Sep and another in Dec. Meanwhile, BoJ members spoke about stronger-than-expected inflation and the need for vigilance over tariff-related uncertainties according to the summary of opinions from the meeting last week. USDJPY is little inspired by these well-telegraphed opinions - hovering around 144.80. Also released this morning was Australia's CPI which came in weaker than expected at 2.1%y/y vs. previous 2.4%. Trimmed mean measure also slowed to 2.4%y/y from previous 2.8%, allowing room for RBA to deliver a back-to-back cut in Jul. AUDNZD slipped this morning, albeit poised to hover within the 1.0740-1.0850 range for now.

Data/Events We Watch
We have US new home sales, building permits, Powell's testimony before the Senate Committee as well as Fed speaks by Goolsbee, BoE Lombardelli.

FX: Overnight Closing Levels % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1609	0.27	USD/SGD	1.2798	-0.37
GBP/USD	1.3615	0.67	EUR/SGD	1.4857	-0.09
AUD/USD	0.6489	0.45	JPY/SGD	0.8831	0.49
NZD/USD	0.6006	0.49	GBP/SGD	1.7425	0.31
USD/JPY	144.94	-0.83	AUD/SGD	0.8305	0.10
EUR/JPY	168.26	-0.56	NZD/SGD	0.7687	0.13
USD/CHF	0.8053	-0.91	CHF/SGD	1.5891	0.54
USD/CAD	1.3725	-0.07	CAD/SGD	0.9326	-0.28
USD/MYR	4.2438	-1.19	SGD/MYR	3.3157	-0.17
USD/THB	32.646	-0.31	SGD/IDR	12753.49	-0.13
USD/IDR	16354	-0.84	SGD/PHP	44.6042	-0.12
USD/PHP	57.151	-0.80	SGD/CNY	5.6063	0.33

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2787	1.3048	1.3309

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G10: Events & Market Closure

Date	Ctry	Event
N/A	N/A	No Relevant Market Events this Week

AXJ: Events & Market Closure

Date	Ctry	Event
25 Jun	TH	BOT Policy Decision
27 Jun	ID	Market closure
27 Jun	MY	Market Closure

G10 Currencies

- **DXY Index - *Back to Key Support*.** Despite the truce declared by Trump, it was far from clear whether it could hold at one point when Israel accused Iran of firing missiles to which the latter denied. Brent and WTI futures continued to press lower once it was clear that the fragile truce could hold for now and more importantly, the Straits of Hormuz could stay open. USD gave up its gains but we suspect that the next massively bearish cue for the greenback to test fresh lows will need to come from economic data and thus we may be seeing some consolidative action. Powell did not deviate from his recent post decision press conference much at his testimony with Congress. He continues to advocate a wait-and-see approach and refuse to commit to a Jul cut. This would put him in a less dovish camp than Fed Bowman and Waller who were calling for a rate cut as early as Jul. More importantly, he highlighted that June and July inflation figures are the ones to watch as he expects the tariff impact on inflation to show up within these months. Fed Fund futures have now priced in a rate cut in Sep and another in Dec. Eyes are back on key support for the DXY around the 97.70 – level. Stochastics still show signs of rising from oversold conditions. We expect some two-way action within the 97.70-99.20 range before the index makes the next leg lower. Data-wise, conference board consumer confidence fell to 93.0 from previous 98.4. Richmond Fed business conditions deteriorate further to -16 from previous -18. For today, we have new home sales (May) as well as building permits due. Fed Powell will speak again tonight to the Banking Senate but we do not think there could be fresh cues from him. Thu has May trade, core price index, weekly claims, Fed Barkin, Hammack will speak. Fri has more Fed speaks including Barr, Williams. Personal income, personal spending for May and core PCE price index for May are due.

- **EURUSD - *Hovering Close to Key Double Top Level*.** EURUSD was last seen higher at 1.1626 levels as the USD was weaker on markets pricing in a de-escalation in the Middle East conflict. Market seems to want to ignore any "escalations", as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. Note that the double top (bearish reversal) pattern is still at play. Break and hold above recent 1.1641 high should nullify pattern. Lagarde called for policymakers to increase the profile of the Euro as Trump's policies undermine confidence in the greenback. Trump slammed the EU trade proposal as unfair. The EU was reportedly prepared to accept a flat US tariff of 10% as part of the trade talks and is hopeful that the flat rate will help the bloc avoid higher tariffs on cars, pharmaceuticals and electronics. Iran-Israel tensions have escalated and a war could be more supportive of the USD and could weigh on the EUR. With regards to the pair's recent gains, ECB speakers continued to hint that the ECB could be done with cuts, in line with our own view. Stournaras referred to an equilibrium where real rates are zero being reached and Villeroy said that the ECB should consider the oil price abd EUR in setting rates. Schnabel pointed out that medium-term inflation is stabilizing around the target and growth outlook is "broadly stable, despite the trade conflict" with private consumption, manufacturing, and construction improving. A key reason for the hurdle to be higher for its next cut could also be due to the fact that fiscal spending is expected to expand on defence and infrastructure. Support at 1.1573 followed by 1.1500, 1.1400 and 1.1300. Resistance level at 1.1600 and 1.1700.

- **GBPUSD - *Higher on Purported ME Ceasefire*.** GBPUSD rose to 1.3623 levels this morning as the USD was broadly weaker after yesterday's ceasefire in the ME. Market seems to want to ignore any "escalations", as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. The BOE stood pat as expected, although the vote split at 6 (hold) - 3 (cut) was more divided than expected. An Aug cut is likely, with market pricing at 72.5%. We think BOE cuts by 25bps more to 4.00% as inflation remains sticky for the UK, although growth prospects could also be hurt by broader developments on the trade front. News out of the G7 meeting was positive with Trump and Starmer inking the previously agreed trade deal. Watch for potential further downside in pair as the Iran-Israel conflict escalates. The GBP could benefit from the UK's proactive deal-making (India, EU, US). We maintain our view that the GBP could be somewhat sheltered from tariffs as it avoids specific trade action from the Trump administration as a close ally and as a services based economy. On the GBP daily chart, we see a probable rising wedge forming which typically precedes a bearish reversal. Resistance remains at 1.3600 followed by 1.3650. Pullbacks to bring cable towards interim support at 1.3430 followed by 1.3320 (76.4% Fibonacci retracement of the 2021-2022 decline).

- **USDCHF – *Double Bottom, Rebound Risks, Support at 0.8040 eyed.*** USDCHF fell to 0.8050 levels as the USD was weaker on markets pricing in a de-escalation in the Middle East conflict. Market seems to want to ignore any "escalations", as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. A double bottom is still at play with a convincing break below 0.8040 nullifying the pattern. SNB could intervene to weaken CHF if there outperformance on a trade-weighted basis. SNB cut its policy rate by 25bps, in line with our expectations. CHF strengthened as some were looking for a larger 50bps cut. We see no further cuts from SNB this year unless inflation heads into negative territory, which is a possibility but not our base case. Still watching EURCHF going below 0.92 as potential intervention trigger. Data showed that SNB bought about CHF1.2b last year to weaken the CHF. We expect safe-havens to remain well supported through tariff turmoil and now with the new geopolitical conflicts. Even with the latest rally in EUR and GBP, CHF NEER & REER have remained elevated. The strong CHF has downside implications for Swiss inflation, and while SNB did not rule out negative rates, the risk of them moving there has now been reduced (with rally in EUR and GBP). We look for CHF to remain stable against a backdrop of heightened global uncertainty. SNB President Schlegel said that rates would only go negative if necessary to keep inflation within the 0 to 2% target band. On the USDCHF chart, resistance is at 0.81 followed by 0.82. Support is at 0.8040 (which is also the double bottom) and we watch if this key level is broken to open the way for 0.7840.

- **USDJPY – *Back Down, Likely Ranged*.** The pair was last seen at 144.72 as it pushed down lower with oil prices having fallen substantially amid hopes that Mid-East tensions may somewhat ease. USDJPY is behaving as we expected that it has so far traded in a range of 142.00 – 145.00 and any break above it looks to only be interim. At this point, sentiment implies further downside although it remains crucial to watch whether it can break the key support levels at 142.00 and 140.00. That would depend upon two developments which are firstly - how quickly the Fed chooses to cut rates and secondly – the health of the Japanese bond market. On the latter too, upper house elections are due in Jul and the outcome of it can have quite an impact on fiscal spending, which in turn can have quite an impact on JGBs. So far, there is no certainty yet if the BOJ and MOF measures are working with the latest 20-year action resulting in a bid-to-cover ratio of 3.11, which is still lower than the 12-month average of 3.31. Higher May PPI reading does not help bond appetite as it came out above the estimates at 3.3% YoY (est. 3.1% YoY, Apr. 3.4% YoY). It is still not entirely clear yet if the BOJ or MOF may resort to more aggressive measures. Meanwhile, BOJ Jun summary of opinions provided little in terms of extra information as it simply stated board members discussed about inflation running at a faster pace than expected but they needs to be continued vigilance of high uncertainties related to US tariffs. This continued hint at a more cautious BOJ stance, which had already been expressed by Ueda at the Jun meeting press conference. Back on the chart, we reiterate again that 142.00 and 140.00 are key supports whilst resistance is at 145.00 and 148.00. Remaining key data releases this week include Apr F leading index/coincident index (Wed), May F machine tool orders (Wed), 20 Jun Japan/foreign buying Japan/foreign bonds/stocks (Thurs), May jobs data (Fri), Jun Tokyo CPI (Fri) and May retail sales and dept store, supermarket sales (Fri).

- **AUDUSD -** ***0.6550 Still the Key Resistance***. The AUDUSD rose and last printed 0.6502, above the 21-dma. Bullish momentum is not established yet. Key resistance remains at 0.6550. Support at 0.6430 before the next at 0.6350 (100-dma). Resistance remains at 0.6550 before the next at 0.6700. This morning, we have AU CPI release – Inflation came in weaker than expected at 2.1%y/y vs. previous 2.4%. Trimmed mean measure also slowed to 2.4%y/y from previous 2.8%, allowing room for RBA to deliver a back-to-back cut in Jul. This was clearly not seen in the AUDUSD pair, masked by the USD weakness. Instead, the AUD weakness was more apparent against NZD. The AUDNZD slipped this morning, albeit still likely to keep within the 1.0740-1.0850 range for now.

- **NZDUSD -** ***Channel Violation***. NZDUSD rose to levels around 0.6030 this morning. This pair needs to break above the 0.6050 or risk forming an arguable head and shoulders bearish price formation. Resistance remains at 0.6050 before the next at 0.6175. Support at 0.5850 (38.2% Fibonacci retracement of the Oct-Apr decline). We see two-way action for now within 0.5850-0.6030. However, further decline could continue to be slowed by the rising dairy auction that has boosted New Zealand's terms of trade. Week ahead has May trade on Wed before ANZ consumer confidence for Jun on Fri.

- **USDCAD -** ***Indecisive***. USDCAD was last seen around 1.3730. Risk sentiment had found relief upon news of a ceasefire but this pair seems caught in opposing forces of falling crude prices and better risk sentiment, resulting in a rather indecisive price action of multiple dojis. Resistance remains at 1.3840 while 21-dma at 1.3700 becomes an interim support before the next at 1.3540.

- **Gold (XAU/USD) -** ***Toppish Looking***. Gold slipped and was last seen around 3330, finally broken below the 21-dma support at 3350. Gold is showing signs of fatigue, not making further gains in spite of the escalation in the Israel-Iran-US conflict. Our call for a break of this 3352 support has played out and the next support has come into view at 3292, tested and held for now. Next support is seen around 3230. Resistance at 3435 and then at 3500. Break of the 21-dma at 3350 is key for more meaningful pullback.

Asia ex Japan Currencies

SGDNEER trades around +1.94% from the implied mid-point of 1.3048 with the top estimated at 1.2787 and the floor at 1.3309.

- **USDSGD - *Lower*.** USDSGD fell to 1.2795 levels while the SGDNEER was higher at 1.94% above the mid-point of the policy band. The USD was weaker on markets pricing in a de-escalation in the Middle East conflict. Market seems to want to ignore any "escalations", as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. As we suggested, SGD and the SGDNEER were resilient even as tensions escalated. SGD has been a beneficiary of a potential flight to quality and yet there could still be further positivity for the SGD as growth could come in stronger than expected. Of late SGD liquidity has been flush and that could be due to MAS intervening (buy USD, sell SGD) which increases liquidity in the market. More broadly however, SGS have been outperforming USTs and this could be reflective of interest to invest in Singapore. Of note in the latest US treasury report, Singapore remained on the monitoring list for having material current account surpluses and engaging in persistent one-sided FX intervention. In Apr, MAS eased its slope of the policy band "slightly" in line with our economists' view. Nevertheless, we expect support for the SGD to remain and note that Singapore has other levers apart from monetary policy to respond to a more challenging external environment. House view is now for MAS to hold for 2025, although a shift to a flat slope cannot be ruled out in a deep technical recession or trade war intensification. SG Budget 2025 was released earlier with a projected S$6.8b fiscal surplus (or about 0.9% of GDP). Budget is expansionary even with the healthy surplus. Vouchers are expected to cushion consumption amid an uncertain global environment. 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. Resistance at 1.2800 followed by 1.2900. Support at 1.2700.

- **SGDMYR - *Lower*.** SGDMYR was lower at 3.3104 levels. SGD and MYR have been the more resilient currencies (thanks to solid fundamentals and increased cooperation between the neighbours e.g. JS-SEZ) in the ASEAN space against the uncertain backdrop. We expect the resilience to continue. Resistance at 3.33 followed by 3.35. Support at 3.30 then at 3.27 followed by 3.25.

- **USDMYR - *Lower*.** Pair was last seen lower at 4.2325 as it edged lower with the dollar softening amid hopes that Mid – East tensions would somewhat ease. External developments remain a key driver for the pair especially that related to the USD and geopolitical developments. Meanwhile, data wise, May CPI data out yesterday showed CPI remain subdued at 1.2% YoY (est. 1.4% YoY, Apr. 1.4% YoY). Our economist sees that the central bank would cut by 25bps 3Q 2025. Back on the chart, resistance at 4.3000 and 4.3600. Support at 4.2500, 4.2000 and 4.1000. There are no remaining key data releases this week.

- **USDCNH - *Rounding Bottom*.** USDCNH was last seen at 7.1700, still unable to break the key support at 7.1645. Pair continues to form a rounding bottom. The USDCNY reference rate is set at 7.1668 vs 7.1656 previously. On a trade weighted basis, yuan has been underperforming, allowing Chinese exports to maintain relative price competitiveness - a sweet spot for the authorities - no fear of capital outflows, export competitiveness maintained. Despite the lower fixes, USDCNH is still forming a rounding bottom. Key support for the USDCNH is now seen at 7.1470. Resistance at

7.2000 before 7.2290. We see bullish divergence in the USDCNH and would refrain from chasing this pair lower from here. We look for May industrial profits due on Fri along with 1Q final current account balance.

- **1M USDKRW NDF - *Lower*.** 1M USDKRW NDF was lower at 1360.94 levels as the USD was weaker on markets pricing in a de-escalation in the Middle East conflict. Market seems to want to ignore any “escalations”, as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. Lee Jae Myung has officially won the race for President in South Korea and that could mean better stability for the KRW as the political risk premium eases. The KOSPI rose by almost 2% and the KRW was some 0.3% stronger after Lee’s win, which should herald a turning point for the country that was plunged into chaos from Yoon’s declaration of martial law. Nevertheless, we cannot rule out the risk of Trump’s planned semiconductor and pharmaceutical tariffs weighing on the KRW. BOK cut rates by 25bps to 2.50% as expected to support the economy amid uncertainty. We see 50bps more of cuts in 2025 for the BOK. BOK cuts should resume with central banks generally pivoting towards growth support given the downside risks to both growth and inflation from tariffs. Back on the chart, resistance is at 1370. Support is at 1350.

- **1M USDIDR NDF - *Lower*.** 1M USDIDR NDF was last seen at 16305 as it declined in line with the broader dollar amid hopes of an easing in Mid-East tensions. External developments such those related to the USD, US trade policy and the Mid – East tensions are key drivers for the currency pair at this point. For now, we see further downside for the pair as markets take some relief from hopes of further easing in Mid – tensions. Speculation of Fed cutting rates near term is also closely watched and so too are any updates on trade. Domestically, Indonesia has announced that they would cut their outlay on the free school meals program by $21bn. This is of little surprise to much of the market, which had already seen the possibility that spending could fall below target and provided some relief to the fiscal situation. Back on the chart, support at 16200 and 16000. Resistance at 16400 and 16500. There are no key data releases this week.

- **1M USDPHP NDF - *Lower, Downside*.** Pair was last seen lower at 56.78 as it declined in line with the lower dollar and oil price mostly holding to its prior day losses amid hopes of an easing in Mid-East tensions. External factors such as those impacting oil prices, USD and trade remain the key driver for the currency. Domestically, we take note that VP Sara Duterte has asked the senate to dismiss her impeachment case, citing that it violated the one-year ban under the constitution. Risks lie to downside for the pair amid market hopes for more easing in the Mid – East tensions. Back on the chart, resistance at 57.50 and 58.00. Support is at 56.00 and 55.50. Key data releases this week include May budget balance (Thurs) and May trade data (Fri).

- **1M USDINR NDF- *Lower*.** USDINR 1M NDF was last seen lower at 86.11 as the USD was weaker on markets pricing in a de-escalation in the Middle East conflict. Market seems to want to ignore any “escalations”, as was the case yesterday with the alleged ceasefire violations. Trump though seems to be intent on enforcing some level of peace in the region. India have reportedly proposed a zero-tariff framework for steel, car parts and drugs to the US, with some thresholds. It remains to be seen if the US will accept a zero-tariff proposal, having already rebuffed Japan’s. RBI’s short positions in USD in their forward book surged to US$88.75b as at end Feb 2025 (prev: -US$77.5b). This suggests that some forward intervention could have occurred in Feb. RBI Chief has hinted at some willingness to allow more flexible currency moves. Growth support is likely to be a major concern for the RBI, as more generally central banks have shown a preference to opt to be more growth supportive and are generally less worried about inflation. INR could face some near-term pressures as expectations of easing build, although it remains one of the more sheltered against the impact of US tariffs. Also contrary to what some might suggest, we think RBI maintains a relatively tight grip on the INR. Resistance at 87.00. Support at 86.00.

- **USDTHB** – ***Lower, Downside***. Pair was last seen at 32.60 as it fell in line with the weaker dollar and oil prices held most of its prior day losses amid hopes of further easing in Mid-East tensions. Focus today though would be on the BOT decision later where a hold is already widely expected at 1.75% though markets would be playing close attention to the central bank's language on the potential of further easing. Any signs that the latter continues to be the case can keep backing the country's bonds and concurrently its currency. Local media has also reported that the two candidates have been shortlisted to be the next BOT Governor. They are Vitai Ratanakorn – President of the Government Savings Bank and BOT Deputy Governor – Roong Mallikamas. On other domestic items, no clear signs that there would be any change of PM or government amid the political uncertainty. PM Paetongtarn though would be investigated by the National Anti – Corruption Commission over the phone call with Hun Sen. Back on the chart, support is at 32.00 and 31.00. Resistance is at 33.00 and 33.50. Remaining key data releases this week include 20 Jun gross international reserves/forward contracts (Fri).

- **USDVND - *Softening from High*, *Uptrend intact***. USDVND was last seen around 26150, softening just a tad. This pair may continue to take the cue from the broader USD trends. While Vietnam may see some rewards for its efforts to get its tariffs reduced substantially, the possibility of a full reduction to zero tariff or even 10% tariff could be slim and that is why VND may continue to remain on the backfoot. We could however see a kneejerk reaction (lower) should Vietnam manage to be the first few to seal a trade deal with the US. Vietnam has said that it was "narrowing the gap" in trade talks with the US. Support is seen at 25875 before 25720. However, a further move higher for the USDVND as Vietnam continues to cope with a new tariff regime cannot be ruled out. Next resistance is seen at 26200.

Malaysia Fixed Income

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Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 4/28	3.22	3.20	-2
5YR MI 5/30	*3.26/25	3.25	-1
7YR MO 7/32	3.49	3.49	Unchanged
10YR MS 7/34	3.59	3.59	Unchanged
15YR MS 4/39	3.71	3.73	+2
20YR MX 5/44	*3.81/80	3.80	+1
30YR MZ 3/53	4.01	4.01	Unchanged
IRS			
6-months	3.36	3.36	-
9-months	3.31	3.31	-
1-year	3.28	3.26	-2
3-year	3.19	3.16	-3
5-year	3.29	3.24	-5
7-year	3.39	3.34	-5
10-year	3.51	3.45	-6

Source: Maybank

**Indicative levels*

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

- Ringgit government bonds traded richer on better risk sentiment after Trump announced an Israel/Iran ceasefire earlier in the day. Active buying flows were seen across the curve after the tepid CPI print, boosting market's conviction of an OPR cut. Gains were further supported by stronger Ringgit and dovish remarks by Fed officials on potential Fed rate cut as early as July. BNM announced a MYR5b size for the 10y MGS 7/35 new issue, which will replace MGS 7/34 as the new benchmark. The WI was seen quoting 3.53/3.50%.

- MYR IRS dropped 2-6bp across the curve after Malaysia May CPI came in below estimates at 1.2% vs 1.4% consensus. 3M KLIBOR was flat at 3.50%. The 5y IRS traded at 3.25-3.265%, and the 4y at 3.22%.

- In the PDS market, GG saw LPPSA 2050, PTPTN 2037 and mid-tenor Danainfra traded at MTM. In AAA, had Spetchem 2032 spread widened by 7bp, while Tenaga 2032 spread was 2bp wider. AA1 PKNS 2035 spread tightened by 2bp.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.83	1.81	-2
5YR	1.92	1.89	-3
10YR	2.29	2.25	-4
15YR	2.39	2.36	-3
20YR	2.40	2.37	-3
30YR	2.40	2.38	-2

Source: MAS (Bid Yields)

- The UST rally fueled renewed optimism in global bonds, including SGS, as yields declined 2-4bp on the day. The 10y SGS yield eased 4bp to 2.25%, marking a new low for the year. Long duration also traded stronger as the upcoming 15y SGS auction is likely to be easily absorbed with little to no market impact given its modest SGD1.6b size. The overnight SORA was last at 1.68% as of 23 June.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.04	5.99	(0.04)
2YR	6.20	6.13	(0.07)
5YR	6.47	6.35	(0.12)
10YR	6.82	6.76	(0.06)
15YR	7.05	7.00	(0.05)
20YR	7.07	7.05	(0.03)
30YR	7.06	7.05	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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Most Indonesian government bonds strengthened yesterday. The investors came back for being "risk on" to invest on the emerging markets, such as Indonesia, after the ceasefire declaration by the U.S. President for the war between Israel and Iran early yesterday. We saw most investors grabbing positions for acquiring short medium series of Indonesian government bonds due to their persistent concerns on the certainty of geopolitical tension in the Middle East. The yields of Indonesian government bonds 2Y, 5Y, and 10Y series dropped by 7 bps, 12 bps, and 6 bps to 6.13%, 6.35%, and 6.76%, respectively, yesterday. Not only an appreciation on Indonesian government bond market, we also witnessed a rebound on the equity market and the Indonesian Rupiah position. Both the yields of U.S. 10Y government bonds and the position of Brent oil prices dropped to 4.29% and US$67.14/barrel, respectively, yesterday.

Going forward, we expect Indonesian government bonds to continue their appreciation trends, but on limited positions of rally, after seeing recent realities of persistent high geopolitical tension on the Middle East between Israel and Iran, then the latest news of less dovish statement by the Fed Governor Jerome Powell. According to Bloomberg, A shaky Iran-Israel ceasefire appeared to hold after an angry Donald Trump slammed both sides for mutual attacks in the early hours of the accord. Early intelligence findings suggested strikes on Iranian facilities had only a limited impact, people familiar said. Then, Jerome Powell reiterated that the Fed needn't rush to lower rates, though "many paths are possible." John Williams and Neel Kashkari signaled a wait-and-see approach, while Beth Hammack said officials may hold for "quite some time."

Several positive factors that influencing Indonesian government bonds to appreciate today are relatively low global VIX volatility index at 17.48, a wide gap by 243 bps on the yield Indonesian 10Y government bond with the yield U.S. 10Y government bond, an undervalued of DXY Dollar Index at 97.91, a cheap of both Brent oil prices and Indonesian 5Y CDS position at US$67.95/barrel and 78.63, subsequently. We foresee around 2-6 bps of a drop on the yields of Indonesian 2Y, 5Y, and 10Y series of government bonds.

Indonesian government successfully absorbed Rp12 trillion from its Sukuk auction yesterday. The government, initially, targeted Rp8 trillion to absorb investors' funds from this auction. This auction was also crowded by strong investors' enthusiasms for participating this auction, as shown by Rp39.73 trillion of investors' total incoming bids, following better domestic investment climate after the news of ceasefires declaration by the U.S. President Donald Trump for the war between Israel and Iran. As expected, PBS003 and PBS030 became two most attractive series for the investors during the auction. Investors' total incoming bids for both PBS003 and PBS030 reached Rp9.84 trillion and Rp14.44 trillion, subsequently, during this auction. The government decided absorbing Rp1.35 trillion and Rp4 trillion and awarding weighted average yields by 6.20685% and 6.29598% for investors' total incoming bids for both PBS003 and PBS030, respectively. The weighted average yields that given by the government for both PBS003 and PBS030 are in line with our expectation at 6.21425% and 6.29231%, respectively.

Economic Update on Indonesian Government Priority Programs: The Indonesian government continues to strive to boost domestic economic activity through encouragement to realize various priority development programs. The government's focus on food independence, energy independence, and improving the quality of human resources continues to be seen. The realization of priority development programs with good planning is expected to create multiplier effects for the domestic economy which is currently being tested by the negative impact of slow global economic developments. The People's School program to boost the quality of Indonesian human resources is ready to be released soon. We also see the government ready to apply the energy independence program with efforts to increase oil lifting productivity to reach 1 million barrels per day. And on the other hand, we also see the government continuing to make efforts to perfect its Free Nutritious Meal program. All of these government steps are expected to boost the Indonesian economy to grow aggressively by 8% by 2029 at the latest and can make Indonesia change its status to a developed country in the Golden Indonesia era 2045.

Sekolah Rakyat and Sekolah Garuda Program to be Prepared for Improving Indonesian Human Quality The Indonesian government through the Development Control and Special Investigation Agency stated that the Sekolah Rakyat program is planned to be launched on July-25. This program is part of the government's initiative to expand access to education for the community, especially through the boarding school model. Approximately 200 Sekolah Rakyat will be prepared by the government. These Sekolah Rakyat are expected to be an inclusive education solution that reaches underprivileged communities and remote areas. Meanwhile, the government will also prepare Sekolah Garuda which are designed as a boarding school education model that carries the national curriculum with strengthening global education standards. This program is intended to attract the best young generation from all over Indonesia who have extraordinary potential to continue their education to the world's leading universities. The selection to enter Sekolah Garuda will also be carried out through a very competitive system, based on academic achievement records and competency tests. All accepted students will receive full scholarships regardless of social or economic background. Sekolah Garuda carry the boarding school model with a national curriculum enriched with global standards.

Meanwhile, the Indonesian government through the Minister of Energy and Mineral Resources Bahlil Lahadalia revealed that he would soon visit Angola and the United States to study how to build an oil refinery with a capacity of

1 million barrels per day. The oil refineries that will be built in several regions in Indonesia will be portable refineries. Meanwhile, Angola and the United States are currently countries that have operated portable refineries. Portable refineries refer to tools or machines that are designed to be easily moved and used in various locations. Usually, portable refineries are smaller and lighter. The refinery is said to be funded by domestic investors, including through BPI Danantara. The government has not officially disclosed the investment costs for the construction of this 1 million barrel per day refinery. However, for the construction of an oil refinery with a capacity of 500,000 barrels, the government claims that an investment of US$12.5 billion or equivalent to Rp205.54 trillion is needed. Assuming the same value, the construction of a 1 million barrel refinery requires an investment of around Rp411 trillion.

Then, the National Nutrition Agency together with related ministries/institutions are currently preparing the governance of the free nutritious meal program, as a legal umbrella for the sustainability of the government's priority program. Since it first started on 6 Jan-25, the Free Nutritious Meal program has not had any governance regulations until now. The regulations containing the governance of the Free Nutritious Meal program will be issued in the form of a Presidential Regulation. The governance regulations for the Free Nutritious Meal program are expected to be enacted in early Jul-25, as a solid legal umbrella for the sustainability of the program. Strengthening the governance of the Free Nutritious Meal program is carried out by developing a multi-layered supervision system, routine training, and cross-sector cooperation to ensure the quality, safety, and sustainability of the program throughout Indonesia. So far, the National Nutrition Agency has issued a document of Norms, Standards, Procedures, and Criteria as an operational guide for all Nutrition Fulfillment Service Units. The National Nutrition Agency also provides routine training to food handlers to ensure the implementation of food safety principles according to established standards. This is done so that there are no more cases of mass poisoning originating from Free Nutritious Meals.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1674	146.89	0.6552	1.3732	7.1871	0.6081	169.8467	94.7847
R1	1.1642	145.92	0.6521	1.3673	7.1763	0.6044	169.0533	94.4133
Current	1.1620	144.85	0.6498	1.3619	7.1656	0.6024	168.3000	94.1240
S1	1.1576	144.24	0.6456	1.3531	7.1582	0.5966	167.6933	93.8213
S2	1.1542	143.53	0.6422	1.3448	7.1509	0.5925	167.1267	93.6007

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.2895	4.3041	16419	57.4203	32.9000	1.4919	0.5941	3.3583
R1	1.2846	4.2739	16386	57.2857	32.7730	1.4888	0.5929	3.3370
Current	1.2786	4.2365	16358	56.6910	32.5500	1.4857	0.5911	3.3147
S1	1.2765	4.2282	16330	56.9407	32.5720	1.4831	0.5909	3.3034
S2	1.2733	4.2127	16307	56.7303	32.4980	1.4805	0.5901	3.2911

**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	Jul-25	Neutral
BNM O/N Policy Rate	3.00	9/7/2025	Neutral
BI 7-Day Reverse Repo Rate	5.50	16/7/2025	Easing
BOT 1-Day Repo	1.75	25/6/2025	Neutral
BSP O/N Reverse Repo	5.25	28/8/2025	Easing
CBC Discount Rate	2.00	18/9/2025	Neutral
HKMA Base Rate	4.75	-	Easing
PBOC 1Y Loan Prime Rate	3.00	-	Easing
RBI Repo Rate	5.50	6/8/2025	Easing
BOK Base Rate	2.50	10/7/2025	Easing
Fed Funds Target Rate	4.50	31/7/2025	Easing
ECB Deposit Facility Rate	2.00	24/7/2025	Easing
BOE Official Bank Rate	4.25	7/8/2025	Easing
RBA Cash Rate Target	3.85	8/7/2025	Neutral
RBNZ Official Cash Rate	3.25	9/7/2025	Easing
BOJ Rate (Lower bound)	0.00	31/7/2025	Tightening
BoC O/N Rate	2.75	30/7/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	43,089.02	1.19
Nasdaq	19,912.53	1.43
Nikkei 225	38,790.56	1.14
FTSE	8,758.99	0.01
Australia ASX 200	8,555.54	0.95
Singapore Straits Times	3,904.30	0.65
Kuala Lumpur Composite	1,514.29	-0.15
Jakarta Composite	6,869.17	n/a
Philippines Composite	6,292.75	1.20
Taiwan TAIEX	22,188.76	2.10
Korea KOSPI	3,103.64	2.96
Shanghai Comp Index	3,420.57	1.15
Hong Kong Hang Seng	24,177.07	2.06
India Sensex	82,055.11	0.19
Nymex Crude Oil WTI	64.37	-6.04
Comex Gold	3,333.90	-1.80
Reuters CRB Index	296.97	-2.65
MBB KL	9.80	1.34

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