Macro | FX Research & Strategy

Global

Global Markets Daily

Of Tax and Trade Deals

Of Tax and Trade Deals
The USD fell overnight (DXY: -0.71%) amid several developments over Trump's tax and trade policies. Trump was said to be pushing GOP Senators to accept the tax bill that narrowly passed the House earlier after encountering conflicting demands from GOP senators. The tax bill has been estimated to add nearly US$4t to the deficit over the next decade and the threat of it passing seems to have worsened sentiment for the USD. On the trade front, a US-China dialogue is anticipated this week according to the White House and there was confirmation that tariffs on some Chinese goods would be extended to 31 Aug. Political analysts have suggested that China could have the upper hand as its grip on chip supply chains and rare earths could boost its leverage. Separately, the EU voted to curb Chinese medical device vendors from access to public procurement contracts and warned that it could speed up retaliation should the US follow through on the 50% steel and aluminium tariffs. Lutnick said that he was "very optimistic" about a US-India trade deal. However, the lingering uncertainty over the future of the US deficit and trade continued to weigh on the USD even as UST yields rose (10Y: +4bps). Oil (WTI: +2.4%) and Gold (+2.5%) moved higher. Equities ended higher, fuelled by a tech rally. This broken correlation between yields and USD strength suggests that there has been a loss of confidence in the USD. We maintain our view to sell rallies in the USD as we see US exceptionalism fading and general uncertainty from Trump policies working against the USD.

South Korea Votes for A President
South Koreans are at the poll to vote for a new President following the declaration of martial law by former President Yoon which led to his eventual impeachment. The frontrunner by a large margin is Lee Jae Myung, whose party already controls the legislative branch of government. Prediction markets have priced Lee at 96% to win the elections. KRW has stabilized below the 1400 handle and if there is no surprise in the elections should continue to trade around current levels of around 1370. The political risk premium has eased considerably since the days of martial law and should continue to do so, although uncertainty from Trump trade policy and specifically planned semiconductor tariffs could continue to weigh on the KRW.

Data/Events We Watch
We watch RBA Minutes and US JOLTS and Factory/Durable/Capital Goods Orders.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1441	0.83	USD/SGD	1.2852	-0.45
GBP/USD	1.3544	0.63	EUR/SGD	1.4705	0.39
AUD/USD	0.6495	1.00	JPY/SGD	0.9006	0.51
NZD/USD	0.6035	1.21	GBP/SGD	1.7407	0.22
USD/JPY	142.71	-0.91	AUD/SGD	0.8349	0.55
EUR/JPY	163.28	-0.11	NZD/SGD	0.7757	0.75
USD/CHF	0.8174	-0.61	CHF/SGD	1.573	0.25
USD/CAD	1.3714	-0.18	CAD/SGD	0.9372	-0.21
USD/MYR	4.2568	0.00	SGD/MYR	3.3038	0.20
USD/THB	32.83	0.00	SGD/IDR	12638.08	-0.21
USD/IDR	16248	-0.26	SGD/PHP	43.345	0.26
USD/PHP	55.705	-0.12	SGD/CNY	5.5982	0.27

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2842	1.3104	1.3366

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G10: Events & Market Closure

Date	Ctry	Event
2 Jun	AU, NZ	Market Closure
4 Jun	CA	BoC Policy Decision
5 Jun	EU	ECB Policy Decision
6 Jun	SW	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
2 Jun	MY	Market Closure
3 Jun	TH	Market Closure
6 Jun	KR, PH	Market Closure
6 Jun	IN	RBI Policy Decision

SEE PAGE 12 FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

The Trump Tracker 2025

Date	Market-Moving Events Since Trump's Inauguration on 20th Jan 2025	Impact on Markets
20th Jan	Declares National Energy Emergency, roll back on Biden's climate regulations, enable new O&G development on federal lands	Negative for Oil, Better for Inflation Outlook if crude production expands
27th Jan	Trump threatened to impose 25% tariff on Columbia but did not do so eventually after Columbia reportedly agreed "to all of President Trump's terms" including the "unrestricted acceptance" of immigrants who entered the US illegally within a few hours of the threat.	DXY clocked the low for Jan that day but headed higher thereafter in anticipation of tariffs on Canada and Mexico.
30th Jan	Eases Regulations on Crypto-Currency Industry. SEC rescinded an accounting rule (SAB 121) which required banks and FIs to treat cryptocurrencies as a liability on their balance sheet.	Supportive of cryptocurrencies but arguably, great expectations may already be in the price. Last check, bitcoin has been gyrating around \$100,000, within \$90-110K, after rising around 60% since Trump won the elections.
1st Feb - 3rd Feb	To impose tariffs on China, Canada and Mexico. Trump had issued executive order on 1st Feb (Sat) under the International Emergency Economic Powers Act to impose 25% tariffs on most goods from Canada and Mexico as well as 10% tariffs on goods from China that will take effect on Tue. Canada's energy and oil exports will be taxed at 10%. On top of that, the US legislators have halted the de minimis provision that allows packages worth under \$800 to be exempted from tariffs. Trump said tariffs on EU goods could happen "pretty soon" while trade issues with the UK can be worked out.	USDCAD and USDMXN rose on 3rd Feb (Mon) before making a complete reversal by the end of the session when it was made known that tariffs on the two countries are to be delayed for a month. USDCAD was up 2.5% from open to high, while USDMXN was up 4.6% during the session.
4th Feb	Trump wants access to Ukraine's rare earths resources in return for aiding its defence against Russia.	An end to the war in Ukraine would be positive for EUR. However, recent tariff threats are likely to weigh.
4th Feb	Tariffs on China take effect. Trump mentioned about talks with Xi but in the end, the 10% tariff on China came into effect on 4th Feb. China's Retaliation. Almost immediately, China announced a probe into Google, added several US companies to a "blacklist" of entities, impose new export controls on critical minerals[1]. imposed 10% tariffs on US products, including coal, LNG and agricultural equipment with effect from 10 Feb.	USDCNH rose at first when US tariffs on China took effect. China's retaliatory moves were seen as mild and restrained, resulting in some retracements. We suspect that markets are confident that PBoC would continue to defend the yuan for now and this is a reflection of cautious optimism that there could be a quick deal. In addition, China also pledged to take the case to the WTO. Its foreign ministry pointed out that "fentanyl is America's problem".
7th Feb	Trump said "reciprocal tariffs" that could "affect everyone could be announced the following week.	USD started the week on 10th Feb stronger in anticipation of it.
9th Feb	Trump told the press that he would impose 25% tariffs on all steel and aluminium.	
10th Feb	Trump signed executive orders to order 25% tariffs on all steel and aluminium.	Pro-cyclical AUD, CAD, NZD fell more than G10 and Asian peers this morning.
13th Feb	Trump announces that talks with Putin for a peace deal with Ukraine will begin.	EUR small rebound, within range.

Note[1]: Critical minerals include tungsten, tellurium, bismuth, molybdenum and indium products.

Date	Market-Moving Events Since Trump's Inauguration on 20th Jan 2025	Impact on Markets
13 Feb	Trump signs measure directing USTR and commerce secretary to propose new levies on a county-by-country basis. Howard Lutnick said that studies should be completed by 1 Apr and Trump could act immediately after.	DXY declines on hopes that the tariff timeline can provide some leeway for country to country negotiations.
18 Feb	Trump threatened 25% tariffs on semiconductor, pharmaceuticals and automobiles - "can go substantially higher over the course of a year".	The DXY index rose a tad in reaction.
25 Feb	Trump orders investigation into national security risks of dependency on copper imports that could lead to tariffs on the product	US copper futures gain but li .mited reaction in currency markets
27 Feb	Trump said tariffs on Canada, Mexico will take effect as scheduled, announced another 10% blanket tariff on China for its role in fentanyl flows into the US	USDCAD, USDMXN and USDCNH rose, taking the DXY broadly higher
3 Mar	Trump mentioned levies on agriculture imports to take effect on 2 Apr.	
3 Mar	Threatened to impose tariffs on Japan and China for keeping their currencies undervalued.	JPY strengthened and pressure on CNY (owed to upcoming tariffs) was mitigated by this recent threat.
3 Mar	Trump stopped military aid to Ukraine. Europe and Uk plan to ramp up on military spending.	EUR and GBP surge.
4 Mar	25% tariffs on Canada, Mexico and additional 10% for China take effect. Commerce Secretary Howard Lutnick hinted of a compromise	USDCAD, USDMXN were higher before coming off on Lutnick's comments.
6 Mar	US gives a one-month delay to Mexico and Canada on auto tariffs whilst also considering tariff exemptions for some agricultural products for these two countries	USDCAD, USDMXN both pullback
7 Mar	Trump signs an order pausing tariffs on Canadian and Mexican goods compliant with the USMCA deal until 2 Apr. About 62% of Canadian imports and 50% of Mexican products would remain subject to tariffs.	USDCAD, USDMXN falls further
12 Mar	25% tariffs on steel and aluminium take effect. Canada will impose 25% tariff on C$30bn of American goods that will take effect on Thu (14 Mar) EU also targeted EUR26bn of American imports with effect on 13 Apr. Mexico said it will wait until 2 Apr before making further announcements.	EURUSD softened a tad. USDCAD is lower.
14 Mar	Trump threatens 200% tariffs on wine, champagne and other alcoholic products	EURUSD softer. DXY rises marginally.
21 Mar	Trump referred to 2nd Apr as "Liberation Day"	USD finds some support as DXY rises above 104 handle.

23 Mar	US officials said that 2nd Apr reciprocal tariffs would be more focused than markets expected.	DXY comes off slightly, but remains above 104 level.
25 Mar	Trump vows a 25% tariff on any country importing Venezuelan oil.	DXY is better supported as oil prices rise round 1%.
27 Mar	Trump announces a 25% on all automobiles not made in the USA (effective 2 Apr). Separately hints that reciprocal tariffs on 2 Apr may not be as high as expected and suggests tariffs on China could be eased if TikTok sale happens.	DXY rose (+0.27%) but USD looks weaker going into Asian open on 27 Mar.
2 Apr	Trump imposes minimum 10% tariff on all exporters to the US, and higher rates on specific trading partners.	DM FX rose against AxJ FX as Asian countries were hit with a higher rate of reciprocal tariffs vs. DM peers. USD gave up all gains vs. the AxJ by the end of 3rd Apr.
2 Apr	The US has also decided to end the de minimis tariff exemption. Low value packages would face a tax rate of 30% of their value or $25 per item wef 2 May. The dollar amount will be raised to $50 after 1 Jun.	
4 Apr	China gave its strongest retaliation yet for Trade war 2.0, imposing 34% tariff on all American imports wef 10 Apr, export controls on rare earths, launching an anti-dumping probe into medical CT X-ray tubes from the US and India, and halting imports of poultry products from two American firms. 11 US defense firms are added to an unreliable entity list and imposing export controls on 16 US firm. USDCNH rose a tad in response, pending further response from the US.	Onshore yuan was closed. USDCNH fell ahead of the retaliatory measures announced within the session. AUD was the worst hit, down 4.60% amid the rippling risk aversion.
8 Apr	Trump threatens an additional 50% tariff on China unless they remove their 34% retaliatory tariff on US goods.	USDCNH and USDCNY trades higher with the USDCNY fixing set above 7.20, the weakest level since Sep 2024.
9 Apr	Trump announces that he would impose an additional 104% tariff on China	USDCNH broke above 7.40 before pulling back below it.
10 Apr	Trump announces a 90-day pause on the higher reciprocal tariffs although the 10% tariffs would be in place for all countries However, US additional tariffs on China stay in place and would be even higher at 125% after China again announced an additional 50% tariff on US goods	EUR, JPY, CHF all pulled back from their highs and DXY climbed from its lows. DXY though is still lower than its pre-liberation day levels and it has not fully pared back its losses. USDCNH still remains close to the 7.40 mark even it has pulled back further.s
11 Apr	The White House announces that the tariffs on China would be 145% and not the previously thought of 125%.	USDCNH has come off from its recent highs but remain above the 7.30 level DXY continues to soften and tests the 100.00 level
11 Apr	US provides tariff exemptions for computers, smartphones and various electronics products	
14 Apr	Commerce Secretary Lutnick though would later on said that the exemptions were temporary and that those items would be subjected to "semiconductor tariffs" that will likely come in "a month or two" and mentioned that a notice would be published in the federal registry this week.	CNY fixing was done at the weakest level since Sep 2023 DXY edges lower as JPY strengthens

	Trump himself has also warned that tariffs could be coming on them soon.	
16 Apr	US – Japan trade talks where Trump said there had been "big progress" although little details are known except that the Japanese had said FX was not discussed.	DXY soften as the JPY initially appreciated but later it pared back, resulting in DXY climbing when Akazawa said FX was not discussed.
22 Apr	Solar tariffs imposed on Vietnam, Cambodia, Malaysia and Thailand	Minimal impact on currencies as focus was on Trump's threats to fire Powell.
5 May	Trump concedes that tariffs on China could be lowered "at some point". China also shows signs of softening its stance against the US and urged the US to show "sincerity" by removing the unilaterally imposed tariffs.	Currencies continue to consolidate ahead of FOMC on 8 May.
6 May	India and Malaysia are negotiating on the basis of reducing tariffs to zero. Japan has its zero tariff proposal rebuffed by the US.	Currencies continue to consolidate.
7 May	Bessent and Greer reported to meet with He Lifeng for trade negotiations. Bessent said that the current tariff rates are not sustainable and are the equivalent of an embargo,	Consolidation continues although gold pares back from highs. The DXY hovers close to the 100.00 mark.
8 May	Trump said he planned to announce a "major trade deal" on Thu morning without naming the country (later reported to be the UK) or any further details about the deal.	GBP up by about +0.3% on reports that the trade deal is with the UK.
9 May	A deal with the UK was announced ahead of the meeting with China. 10% hbaseline tariff remains on the UK and UK cars will face lower tariffs. In exchange, US food and agriculture	USD is a tad higher with DXY at 100.72, but broad consolidation in currencies remains.
12 May	China and the US agree to a trade deal that reverses most of the earlier tit-for-tat in Apr.	The USD was broadly stronger as the DXY (+1.1%) popped higher and was last seen at 101.675 levels. Spot gold retreated (-2.68%) and the JPY, CHF and EUR were all weaker in a partial reversal of the post-tariff implementation move.
16 May	Trump announced that he would be setting tariffs for the trading partners "over the next two to three weeks" whilst noting that his administration lacks the capacity to negotiate with every party.	The USD was broadly stronger although it would reverse some of these gains later as Moody's downgraded the US from Aaa to Aa1.
23 May	Trump announced 50% tariff on the EU to take effect on 1 Jun and later delayed it to 9 Jul. A 25% tariff was also declared on all foreign-made smartphones, including Apple and Samsung's.	USD fell against most currencies.
29 May	US Court of International Trade has ruled that the vast majority of Trump's tariffs are deemed illegal. This would be covering those that were invoked under the International Emergency Economic Powers Act so essentially his reciprocal tariffs (the 10% flat level plus the additional levels), the additional tariffs on China and the fentanyl related tariffs on China, Canada and Mexico would all be suspended. However, those under section 232 and 301, which cover tariffs are steel, aluminum and automobiles would still be in effect. The White House has said that they will appeal the ruling.	USD bounced up as other G10s fell

30 May	The US Court of Appeals for the Federal Circuit has granted a temporary stay on the Trade Court's ruling. In essence, the Trump tariffs remain in place until 9 June of which it would depend if the Appeals Court grants a longer stay or if the appeal to the Supreme Court is granted.	USD retraces all previous gains and edges lower below levels before the trade court decision
2 Jun	Trump raises tariffs on steel and aluminum to 50% from 25% to support US workers and the merger of US Steel and Nippon Steel.	USD continues on its earlier path and is broadly lower.
3 Jun	US-China dialogue is anticipated this week according to the White House and there was confirmation that tariffs on some Chinese goods would be extended to 31 Aug.	USD continues to trade lower despite US yields rising.

Sources: Bloomberg, various news sources, Maybank FX Research & Strategy

G10 Currencies

- **DXY Index - *Softer Even Though Yields eAre Higher*.** The USD continued to soften even as US yields rose with the DXY last seen at 98.784 levels. Ongoing developments over Trump's tax bill and trade deals should influence the USD. The disconnect between yields and USD suggests that as it stands some confidence in the USD has already been shaken. Trump declared higher steel and aluminum tariffs over the weekend to 50% (prev: 25%) and said that it would help American workers and benefit the merger between US Steel and Nippon Steel. Core PCE was in line and as such Fed rate cut pricing was largely unchanged. Closely watch NFP later this week to see if there are signs of a softening labour market which could further soften the USD. The Trump administration is also considering a stop-gap plan to impose tariffs as high as 15% for 150 days, WSJ reported. Meanwhile, Section 899 in the House-passed tax bill gives the Trump administration an avenue to increase tax revenue by taxing income from US financial assets held by foreigners (BBG). That could hurt risk appetite. Resistance at 100.00 followed by 100.80. Data-wise, this week has May Mfg PMI and ISM (Mon), Apr Factory/Durable/Capital Goods Orders, Apr Jolts (Tue), May Services/Comp PMIs, ISM Services (Wed), Fed Beige Book, Apr Trade Balance (Thu), May Unemployment Rate and NFP (Fri).

- **EURUSD - *Higher*.** EURUSD was last seen higher at 1.1431 levels amid broad USD weakness overnight. Continuing change in the tariff narrative should drive currencies and the pair. Lagarde said she saw opportunities to raise the global profile of the EUR and has been pushing for a greater role for the common currency. Separately, ECB minutes revealed some concerns over the disinflationary impact of tariffs with some being comfortable with a 50bps cut in Apr. The contractionary prelim. PMIs for May suggest that they are right to be more concerned about growth now. ECB is able act to support EUR in an environment of uncertainty unlike the Fed and that is another reason for EURUSD to head higher in spite of the policy divergence. ECB Stournaras sees an interest rate cut for the ECB in Jun and a pause thereafter, which is in line with our own view. Note that Germany, Luxembourg and the Netherlands are all rated AAA across all major rating agencies. In conjunction with optimism over defence spending after the landmark spending bill has passed in Germany, we could see upward bias for the EUR in the absence of any other extraordinary US trade action. While increased fiscal spending leading to economic expansion should be positive for the EUR and GBP, there remain risks over how the fiscal expansion can be funded and if there might be loss of confidence from the increased borrowing. It should also be considered that an early peace in Ukraine could diminish current resolve for the EU and UK to increase fiscal spending and a correction in their respective currencies should then be seen. We remain bullish on the EUR given that fiscal expansion optimism could outweigh US trade policy, divergent monetary policy and political uncertainty. Support at 1.12. Resistance level at 1.1420 before the next at 1.1573 (Apr high). Momentum is turning bullish and bias remains skewed to the upside. Data releases this week include May Mfg PMI (Mon), May CPI, Apr Unemployment Rate (Tue), May Svcs/Comp PMI (Wed), Apr PPI, ECB Policy Decision (Thu), Apr Retail Sales and 1Q GDP (Fri).

- **GBPUSD - *Higher*.** GBPUSD was higher at 1.3538 levels this morning after the USD broadly weakened overnight. EU-UK deal should also continue to provide some tailwinds for cable. PM Starmer hailed the "landmark deal" with the EU and should continue to work to improving post-Brexit relations. UK 1Q GDP beat expectations and that should provide the GBP with some support. Highlights of the deal included fishing rights, removal of border checks on food and agricultural goods and a military collaboration pact. Deal is politically risky as domestic opposition politicians have criticized it, although it also represents a meaningful reset of the post-Brexit relationship with the EU. This deal is expected to add £9b to GDP by 2040 and is expected to be used as a starting point for more meaningful deals with the EU. We view the earlier trade deal between the US and UK as a manifestation of the fact that the US and UK are close allies, which we earlier suggested could shelter the UK from the brunt of Trump's trade hawkishness. Our suggestion that GBP could be better sheltered from tariff jitters seems to be playing out. GBP earlier rallied after the "Liberation Day" tariff announcement in line with other G10 FX. 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, resistance is at 1.3500 followed by 1.3600 with support at 1.3400. UK data this week includes May Nationwide House Px, Apr Mortgage Approvals, May Mfg PMI (Mon), May Svcs/Comp PMIs, May Official Reserves Changes (Wed), May Construction PMI and DMP 3M Output Price/1Y CPI Expectations (Thu).

- **USDCHF – *Bearish*.** USDCHF fell to 0.8182 levels after broad USD weakness overnight. 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. SNB cut rates to 0.25% as expected to continue to deter inflows to the CHF. 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. Continue to look for CHF to be supported as a safe-haven in uncertain times. SNB President Schlegel said that rates would only go negative if necessary to keep inflation within the 0 to 2% target band. CHF as a safe-haven should continue to stay resilient as long as tariff fears and threats are still at play. We expect the traditional safe-havens to be better supported on heightened volatility and uncertainty. It could however take some time to catch up with the USD. On the USDCHF chart, resistance is at 0.82 followed by 0.83 (21-dma, 23.6% Fibonacci retracement of the Feb-Apr slide) before the next at 0.8480. Support is at 0.81. Data releases for the week include Apr Retail Sales, 1Q GDP, May Mfg/Svcs PMI (Mon), May CPI (Tue), May Unemployment Rate (Thu) and May FX Reserves (Fri)

- **USDJPY – Lower.** The pair was last seen at 143.61. It moved sharply lower overnight although it is retracing upwards this morning. Overnight, the trade situation remained tense as China hit back at the US claiming the latter had violated their trade truce instead of they themselves. The US extended the exclusion of section 301 tariffs on some Chinese goods until 31 Aug but that did not seem to lift market sentiments significantly. Such developments look to have given the JPY a lift. However, this morning, BOJ Governor Ueda in his speech did appear to sound less hawkish and more cautious as he noted uncertainty will likely remain high even after tariffs are determined. He also mentioned they would not raise rates to make policy room. These words of his are only adding to market anxiety that the BOJ next move maybe much further down the road. Our own view is that for now, a BOJ hike this year is looking unlikely and that the next move (of 25bps increase) may come only in Jan 2026. As a whole, USDJPY is actually still trading sideways around the range of 142.00 – 145.00. We do think though that it can break lower we would not rule out greater uncertainty related to the trade environment building up substantially again. For today, we are keeping a close eye on JGB 10y auctions especially amid recently weak auctions for other tenors. Back on the chart, we see support at 140.00 and 135.00. Resistance is at 145.00 and 150.00. Remaining key data releases this week include May F Jibun Bank PMI composite/services (Wed), Apr Cash earnings (Thurs), 30 May

Japan/foreign buying Japan/foreign bond/stocks (Thurs), Apr household spending (Fri) and Apr P leading/coincident index (Fri).

- **AUDUSD –** ***Range intact***. The AUDUSD remained in tight swivels and was last seen around 0.6471. Pair remains in 0.63-0.6550 range but still, AUD seems to be poised for a strong run-up, potentially playing out the pennant formation spotted. Eyes are on whether the AUDUSD can break above the 0.6550-resistance and head towards the next key resistance at around 0.6700 (76.4% Fibonacci retracement of the Oct- Apr decline). Apr CPI came in steady at around 2.4%y/y and trimmed mean firmed to 2.8% from previous 2.7%.

- **NZDUSD –** ***Bullish Trend Channel***. NZDUSD last printed 0.6018, still testing the upper bound of the 0.5970-0.6030 range. Recall that RBNZ cut OCR by 25bps, taking it down to 3.25%, in line with expectations (including our own). Cash rate projections signal at least one more 25bps cut with average cash rate. OIS implied policy rate was little change in rate projection for this year, still hovering around 2.9% by Apr 2026. Inflation expectations have increased across firms and households. Thus far, high commodity prices and lower rates have been supporting the economy. The vote was 5-1 for a 25bps. There is a possibility that RBNZ may not be as dovish as what markets expected and that could be positive for the NZD vs. the AUD. As for the NZDUSD, spot last printed 0.6000. Resistance remains at 0.6050. Support at 0.5880 (200-dma) before 0.5740 (38.2% Fibonacci retracement of the Oct-Apr decline). We see two-way action within 0.5850-0.6030, albeit with an upside bias within the bullish trend channel.

- **USDCAD –** ***Steady.*** USDCAD was last seen relatively steady at 1.3720 levels even as the USD broadly weakened. At home, PM Carney said officials from Canada and the US are intensively discussing on a new bilateral economic and security deal with both leaders not wanting to let talks drag through the fall. So this contributes to potentially better USD sentiment. We see sideway trades. Back on the USDCAD chart, resistance at 1.3740 before 1.3870 and the next at 1.3940 and 1.4030. Support at 1.3605 and then at 1.3420. Data this week includes May Mfg PMI (Mon), BOC Policy Decision (Wed), Apr Merchandise Trade, May Ivey PMI (Thu) and May Unemployment Rate (Fri).

- **Gold (XAU/USD) –** ***Supported on Dips***. Gold was last seen higher at 3375.60 levels amid the broadly weaker USD. Concerns over possibly higher US fiscal deficit could also be supportive for gold. With Trump administration fighting to keep the tariffs in place, gold could remain supported on dips. Support is seen at 3243 and then at 3160. Resistance at 3400 and then at 3500.

Asia ex Japan Currencies

SGDNEER trades around +1.82% from the implied mid-point of 1.3104 with the top estimated at 1.2842 and the floor at 1.3366.

- **USDSGD - *Lower*.** USDSGD was lower at 1.2865 levels this morning while the SGDNEER edged higher at 1.82% above the mid-point of the policy band amid a broadly weaker USD. SGD has been a beneficiary of a potential flight to quality and yet there could still be some positivity for the SGD on this trade truce as growth could come in stronger than expected. Earlier, 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 monsetary 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 1.2900 followed by 1.3000. Support at 1.2800. Data releases this week include May Purchasing Managers Index, May Electronics Sector Index (Mon), May Singapore PMI (Wed), Apr Retail Sales (Thu) and possibly Max FX Reserves (Thu onwards).

- **SGDMYR - *Slightly Lower*.** SGDMYR was last seen slightly lower at 3.2971 levels. SGD and MYR have been the more resilient currencies in the ASEAN space against the uncertain backdrop. Resistance at 3.30 followed by 3.33. Support at 3.27 followed by 3.25.

- **USDMYR - *Lower*.** Pair edged down to 4.2400 with the DXY weaker and as the pair played catch up after onshore markets were closed for a public holiday yesterday. The MYR as a whole continues to be driven by external developments, especially those in relation to the trade. Near term, we believe the MYR should appreciate as the dollar can continue to come off although US – China trade tensions can limit gains (given the MYR sensitivity to the CNH). The positive trend as whole nonetheless we expect should persist throughout this year too. Support at 4.2000 and 4.1000. Resistance at 4.3000 and 4.4000. Meanwhile, May S&P PMI mfg out this morning remained in contraction territory at 48.8 (Apr. 48.6). There are no remaining key data releases this week.

- **1M USDKRW NDF - *Slightly Lower*.** 1M USDKRW NDF was slightly lower at 1374.68 levels as the USD broadly weakened overnight. 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. There remains speculation that currency policies may be discussed at the G7 meeting and further weaken the USD. There were reports (14 May) that the US and South Korea had discussed currencies during a meeting on 5 May, a date that coincided with a surge in KRW strength. Suggestions arose that the US could be tying currencies to trade deal negotiation and that the Trump administration could prefer a weaker USD, purportedly to realize their agenda on trade. The KRW strengthened by almost 2% as the USD sold off as the DXY hit a low of 100.27. Since then, there were reports that the US was not seeking to include currency pledges as part of trade deals. FT reported that real money (life insurers) could be hedging their USD exposure. Market talk suggested that Taiwan lifers were selling KRW NDF on Tue. Opposition leader Lee Jae-Myung's acquittal on an election law violation has been overturned and Finance Minister Choi Sang Mok has resigned, which could add to uncertainty for KRW. Prediction markets have Lee Jae Myung at over 90% to be the next President. BOK cuts should resume with central banks generally pivoting towards growth support given the downside risks to both growth and inflation from tariffs. Following impeachment, elections will need to be held on or before 3 Jun 2025, 60 days after impeachment, and there are many potential headwinds for the KRW given both the highly uncertain external environment and political turmoil within Korea. President Yoon has been indicted, and elections will need to be held within 60 days should he be removed from office. However, there remains plenty of concerns for the KRW. Back on the chart, resistance is at 1390. Support is at 1370 followed by 1350. Data releases this week include May Mfg PMI (Mon), May CPI (Wed), May FX Reserves, Apr BoP and 1Q GDP (Thu).

- **USDCNH - *Falling Wedge***. USDCNH was last seen at 7.1973. Pair is also taking cue from the broader USD. Reference rate is set at 7.1869 vs 7.1848 previously. Key support for the USDCNH is now seen at 7.1880. Resistance at 7.2530 before the next at 7.2870. We see bullish divergence in the USDCNH and would refrain from chasing this pair lower from here. We also see a falling wedge which typically precedes a rebound.

- **1M USDIDR NDF - *Sideways***. 1M USDIDR NDF was last seen at 16296 as it edged down in line with a weaker dollar. Domestically, developments too were supportive for the IDR as data out yesterday added to the chance of further BI cuts. May CPI readings were below expectations as the headline came out at 1.60% YoY (est. 1.90% YoY, Apr. 1.95% YoY) whilst the core reading was at 2.40% YoY (est. 2.50% YoY, Apr. 2.50% YoY). Our Economist is now seeing that there would be 50bps of cuts this year with a greater than even probability of a Jun cut conditional on a stable IDR. Meanwhile, Apr trade data out yesterday also showed a surplus at $159m (est. $2800m. Mar. $4327m). Whilst the number is a decline from prior months, it is at least still a surplus and therefore avoids weighing on the currency. As a whole, the currency is still trading sideways but in near term, we believe the IDR can break out of its recent range as we see that the DXY could decline further whilst domestic conditions on net should support the currency. Back on the chart, support is at 16000 and 15850. Resistance at 16500 and 16800. There are no remaining key data releases this week.

- **1M USDPHP NDF - Lower**. Pair was last seen at 55.72 in line with a decline in the USD. Pair nonetheless remains within the recent range of 55.50 – 56.00. We do though believe the PHP in the near term could strengthen further to break out of this range as we see the broad dollar can decline further. Yesterday, on the domestic front, there was little in terms of significant developments that could move the currency. Back on the chart, support at 55.50 with the next after that at 55.00. Resistance is at 56.00 and 57.00. Remaining key data releases this week include May CPI (Thurs), Apr unemployment rate (Fri) and May foreign reserves (Fri).

- **1M USDINR NDF- *Slightly Lower***. USDINR 1M NDF was last seen slightly lower at 85.62. RBI was reportedly considering to act as a lender of last resort for non-banking finance companies, mutual funds and microfinance firms in periods of stress. RBI also sought government approval for Indian banks to make overseas INR loans. Trade deal with the US is being negotiated as a three –tranche deal with an expected interim agreement before Jul according to people familiar with the matter. Trump earlier downplayed the urgency after I FTA signed with UK should be positive, but could be weighed down by potential escalation of tensions with Pakistan. 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. Feb CPI Inflation in India eased to a seven-month low at 3.61% YoY (exp: 3.98%; prev: 4.30%). This should provide RBI with the space to cut rates further. RBI Chief has hinted at some willingness to allow more flexible currency moves. There was likely some RBI intervention earlier as INR rallied by about 1.2%. Some have suggested that the RBI has been less interventionist under new governor Sanjay Malhotra, but this episode is evidence to the contrary. RBI could be trying to draw a line in the sand, with INR weakness pretty much a one-way street since Trump's election win. RBI's latest bout of intervention could necessitate a further injection of liquidity into INR money markets. Modi has already sought to directly engage Trump as India also warms ties with China with the resumption of direct flights between the two countries resuming in late Jan. Both countries could be aware of the potential mutual benefit from close collaboration amid a more challenging and uncertain external environment. Growth support is likely to be a major concern for the RBI, as more generally central banks have shown a preference to opt to be more growth supportive and are generally less worried about inflation. INR could face some near-term pressures as expectations of easing build, although it remains one of the more sheltered against the impact of US tariffs. Also contrary to what some might suggest, we think RBI maintains a relatively tight grip on the INR. Resistance at 86.00. Support at 84.00. Data releases this week include May Mfg PMI (Mon), May Svcs/Comp PMIs (Wed) and RBI Policy Decision (Fri).

- **USDTHB** – **Lower**. Pair was last seen at 32.55 as it moved lower in line with the decline in the USD amid ongoing trade uncertainties. The latter also looked to have guided gold prices higher amid haven demand. As a whole, the pair is still trading sideways within a range of 32.50 – 33.00. Domestically, there was little yesterday that would significantly move the currency. Externally, we simply stay vigilant of the trade situation, where tensions still look high especially with regards to the US and China. The possibility of persisting elevated trade tensions for the coming future looks like it could guide the USD weaker and gold prices higher. This in turn would actually benefit the THB, offsetting other tariff concerns related to the Thai economy. Hence, we see the possibility of the THB breaking out stronger from its recent range in the near term. Back on the chart, support is at 32.00 and 31.00. Resistance at 33.00, 33.50 and 34.00. Remaining key data releases this week include May S&P Global PMI mfg (Wed), May CPI (Thurs) and 30 May gross international reserves/forward contracts (Fri).

- **USDVND – *Softer***. USDVND fell in line with broad USD weakness and last printed 26063. 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. USDVND reference rate was fixed lower at 24982 today vs previous 24970. At home, Foreign Ministry Pham Thu Hang said that it is working with the US to look into the visa process for Vietnamese students wanting to study in the US.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 4/28	3.16	-	-
5YR MI 5/30	3.20	-	-
7YR M0 7/32	3.38	-	-
10YR MS 7/34	3.53	-	-
15YR MS 4/39	3.69	-	-
20YR MX 5/44	3.78	-	-
30YR MZ 3/53	4.02	-	-
IRS			
6-months	3.39	-	-
9-months	3.31	-	-
1-year	3.26	-	-
3-year	3.13	-	-
5-year	3.23	-	-
7-year	3.34	-	-
10-year	3.45	-	-

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

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- Malaysia market was close for holiday.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	2.01	1.98	-3
5YR	2.10	2.09	-1
10YR	2.44	2.43	-1
15YR	2.53	2.53	-
20YR	2.57	2.56	-1
30YR	2.57	2.57	-

Source: MAS (Bid Yields)

- Notwithstanding the mild weakness in UST during Asian hours, SGS yields shed 1-3bp led by the front-end amid still conducive SGD funding conditions. The 10y SGS eased 1bp to 2.43%. The overnight SORA remained stable in the 2.10-2.20% range, last at 2.10% on 30 May. Today's MAS bill auction yields may stop falling, given the recent stability/slightly rebound in SGD implied levels.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	6.25	6.25	0.00
2YR	6.25	6.27	0.01
5YR	6.44	6.47	0.03
10YR	6.84	6.87	0.03
15YR	7.02	7.03	0.01
20YR	7.04	7.04	(0.00)
30YR	7.03	7.03	0.00

** Source: Bloomberg, Maybank Indonesia*

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Most Indonesian government weakened on the first trading day after long weekend holiday on previous week. We saw a profit taking mode on Indonesian bond market after the tension of trade war is intensifying again due to recent U.S. President Donald Trump's decision to hike the import tariffs on the aluminium and the steel. On the other side, recent positive developments on Indonesia macroeconomic data, such as manageable inflation and sustainable trade surplus, didn't give positive impacts for Indonesian bond market yesterday.

Indonesian Consumers Prices Index deflated by 0.37% MoM in Apr-25. On an annual basis, the national inflation slowed from 1.95% YoY in Apr-25 to 1.60% YoY in May-25. The deflation that occurred in Indonesia throughout the May-25 period was the impact of abundant food supplies during the main harvest period and the decline in non-subsidized fuel prices as a result of falling oil prices. Furthermore, we estimate that the deflationary trend will continue until June and July this year, mainly due to the impact of abundant food supplies, the impact of the government's fiscal stimulus policy by providing transportation tariff discounts, the potential for further weakening of the US$, and the trend of world oil prices which are still cheap.

Yesterday, the Indonesian government released various stimulus packages to prevent a drop on national economic growth. Some of the economic stimuli prepared by the government are Public Transportation Subsidies during school holidays with a budget of Rp0.94 trillion, Discounts covering train tickets of 30%, plane tickets of 6%, and sea transportation tickets of 50%, Toll Tariff Discounts of 20% for 110 million vehicles, with a budget of RP0.65 trillion from non-State Budget sources, Food Assistance and Basic Food Cards, namely additional funds of IDR 200,000 per month and 10 kg of rice assistance per month for 18.3 million beneficiary families in June and July 2025, with a total budget of Rp11.93 trillion, Wage Subsidy Assistance worth IDR 300,000 per month for two months for 17.3 million workers with salaries below Rp3.5 million and 288,000 honorary teachers with a total budget reaching Rp10.72 trillion, and Work Accident Insurance Contribution Discount of 50% for six months for workers in labor-intensive sectors, with a budget of Rp0.2 trillion from funds non-State Budget.

Then, Indonesia still successfully booked the trade surplus by US$158.8 million during Apr-25 as the drumbeat of trade war began to be sounded by the U.S. President Donald Trump to Indonesia through the

Liberation Day tariffs policy on 02 Apr-25. Indonesia was hit with a reciprocal tariff of 32% by the United States for imported goods from Indonesia. Although the implementation of the reciprocal import tariff for Indonesian goods was postponed for 90 days, Indonesian imported goods were still subject to a 10% tariff increase by the United States government. In fact, the Coordinating Minister for the Economy Airlangga Hartanto had said that specifically for textile and garment goods, the highest tariff burden had reached 47%. This value is an accumulation of the tariffs or duties that have been set currently, which are in the range of 10%-37%, plus the global tariff of 10% that has been in effect since 5 Apr-25.

In general, the value of Indonesia's trade surplus shrank from US$4.33 billion in Mar-25 to US$158.8 million in Apr-25. We assess that the decline in Indonesia's trade balance in Apr-25 was caused by 1.) Indonesia's export productivity which declined due to the seasonal factor of the long Lebaran holiday, 2.) side effects from the decline in the prices of mainstay export commodities, such as coal, CPO, and other mineral products, 3.) disruption from the implementation of import tariff increases by the United States which significantly hit Indonesia's non-oil and gas export performance to Uncle Sam's country (drop by 20.87% MoM to US$2.08 billion in Apr-25), 4.) domestic import demand, especially for precious metals and raw materials for production purposes. Cumulatively, Indonesia's trade balance surplus value increased from US$10.13 billion during 4M24 to US$11.07 billion during 4M25. The prospect of Indonesia's trade balance to continue to be in surplus is expected to continue to be maintained in the future, although there is a potential decline in the trade surplus from the United States market destination of around US$800 million - US$2.2 billion each month. The commodities contributing the largest surplus to Indonesia are expected to come from CPO, coal, iron & steel, nickel (processed), and footwear.

On the shipping to overseas side, Indonesian exports dropped by 10.77% MoM to US$20.74 billion in Apr-25. As mentioned above, the impact of the long Lebaran holiday on the decline in loading and unloading activities of export goods, the decline in prices of mainstay commodities, and the initial impact of the United States' import tariff increase policy caused the decline in Indonesia's monthly exports during Apr-25. However, Indonesian exports still looked growing, compared to the same period of 2024, by 5.76% YoY. This is an indication that Indonesia's export conditions are still better than last year, although we will continue to be aware of the further impact of trade war developments which are still full of uncertainty. Indonesian non oil & gas exports grew by 7.17% YoY (-10.19% MoM) to US$19.57 billion in Apr-25. The largest contributors to Indonesia's non-oil and gas exports are mineral fuels (mostly coal), palm oil, iron & steel, machinery and electric equipment, and vehicle & parts. Then, Indonesian oil & gas exports dropped by 13.38% YoY (19.52% MoM) to US$1.17 billion in Apr-25. Then, cumulatively, Indonesia's export value grew by 6.65% YoY to US$87.36 billion in 4M25. In line with total exports, the value of non-oil and gas exports grew by 7.68% YoY to US$82.56 billion in Apr-25.

On the imports side, Indonesian imports grew by 8.80% MoM (21.84% YoY) to US$20.59 billion in Apr-25. Stocks of goods from abroad continue to be abundant to meet domestic needs, especially raw materials and capital goods for production activities amidst the long Eid holiday period. Indonesian imports of raw materials and capital goods increased by 11.09% MoM (18.93% YoY) and 5.66% MoM (36.28% YoY) in Apr-25. In Apr-25, the most requested non-oil and gas import commodities for domestic needs were machinery/mechanical equipment, machinery/electrical equipment, vehicle and parts, iron & steel, and jewellery goods. Then, Indonesian oil & gas imports dropped by 19.44% MoM (15.57% YoY) to US$2.52 billion. The decline was in line with world oil prices which continued to decline to below US$67/barrel. We view the trend of oil prices moving at low levels as beneficial for Indonesia's trade balance, fiscal subsidy position, and providing further preparation for the government for its priority energy independence program. Cumulatively, Indonesian total imports and non oil&gas imports grew by 6.27% YoY and 9.18% YoY, respectively, to US$76.29 billion and US$65.29 billion, subsequently, in 4M25.

Furthermore, we expect Indonesia's trade surplus trend to continue until the end of the year. Our projection for Indonesia's trade balance is around US$33.27 billion in 2025. Indonesia's trade surplus this year will be supported by 1.) still strong demand from major trading partners, such as China, ASEAN countries, and South Asian countries for Indonesia's mainstay natural resource commodities, especially coal, CPO, iron and steel, rubber, vehicles and parts and mineral processing, 2.) the deficit from the oil and gas trade balance which is expected to remain low along with the declining global oil price trend, 3.) a gradual progress of more diversification of exports from the U.S.. We see a potential new market destination from BRICS countries that have huge populations, such as Brazil, Egypt, Ethiopia, and Iran. In addition, we also hope that the government will continue to accelerate the realization of downstream programs, energy and food independence (especially renewable) as well as the expansion of new export markets and also international trade tariff negotiations to boost Indonesia's export performance. On the other hand, Bank Indonesia is also expected to continue to provide broad expansion space for business expansion for export-oriented industries, through the implementation of lower monetary interest rates than the current 5.50% or by continuing to provide macroprudential liquidity incentives.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1520	144.77	0.6545	1.3627	7.2352	0.6100	164.0267	93.1340
R1	1.1480	143.74	0.6520	1.3585	7.2229	0.6067	163.6533	92.9140
Current	1.1434	142.93	0.6484	1.3538	7.2062	0.6041	163.4200	92.6710
S1	1.1371	142.11	0.6450	1.3477	7.1995	0.5979	162.8733	92.4280
S2	1.1302	141.51	0.6405	1.3411	7.1884	0.5924	162.4667	92.1620

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.2939	#VALUE!	16363	55.9243	33.1033	1.4764	0.5913	3.3103
R1	1.2895	#VALUE!	16305	55.8147	32.9667	1.4735	0.5913	3.3071
Current	1.2863	4.2410	16257	55.6850	32.5500	1.4707	0.5919	3.2973
S1	1.2828	#VALUE!	16217	55.6417	32.5967	1.4656	0.5913	3.2985
S2	1.2805	#VALUE!	16187	55.5783	32.3633	1.4606	0.5913	3.2931

**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	18/6/2025	Easing
BOT 1-Day Repo	1.75	25/6/2025	Neutral
BSP O/N Reverse Repo	5.50	19/6/2025	Easing
CBC Discount Rate	2.00	19/6/2025	Neutral
HKMA Base Rate	4.75	-	Easing
PBOC 1Y Loan Prime Rate	3.00	-	Easing
RBI Repo Rate	6.00	6/6/2025	Easing
BOK Base Rate	2.50	10/7/2025	Easing
Fed Funds Target Rate	4.50	19/6/2025	Easing
ECB Deposit Facility Rate	2.25	5/6/2025	Easing
BOE Official Bank Rate	4.25	19/6/2025	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	17/6/2025	Tightening
BoC O/N Rate	2.75	4/6/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	42,305.48	0.08
Nasdaq	19,242.61	0.67
Nikkei 225	37,470.67	-1.30
FTSE	8,774.26	0.02
Australia ASX 200	8,414.07	-0.24
Singapore Straits Times	3,890.59	-0.10
Kuala Lumpur Composite	1,508.35	-0.70
Jakarta Composite	7,065.07	n/a
Philippines Composite	6,352.66	0.18
Taiwan TAIEX	21,002.71	-1.61
Korea KOSPI	2,697.67	-0.84
Shanghai Comp Index	3,347.49	-0.47
Hong Kong Hang Seng	23,157.97	-0.57
India Sensex	81,373.75	-0.09
Nymex Crude Oil WTI	62.52	2.85
Comex Gold	3,397.20	2.47
Reuters CRB Index	294.93	1.55
MBB KL	9.78	-0.91

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Malaysia

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