Maybank

Macro | FX Research & Strategy

Global

Global Markets Daily

Playing Hardball

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US-China trade developments continue to play out as China issued a warning that it would "fight to the end" if the US would not negotiate. Trump said that he would consider halting cooking oil trade, referring to China's refusal to buy US soybeans as an "economically hostile act". Further complicating the picture is the EU joining in on the fray with them reportedly thinking about requiring Chinese companies to share technology when they invest. This happens after the Dutch seizure of Chinese-owned chip maker Nexperia amid mounting US pressure. It appears that both the US and China believe that they can emerge victorious from a trade war at this point, which means that further escalations could be on the cards. China itself looks to want to negotiate from a position of strength and is sending a message that it will not be bullied. Prediction markets are suggesting that a Trump-Xi meeting is 78% likely before the end of Oct. Coupled with a US government shutdown that has hitherto been largely ignored by markets, we expect some volatility going forward. The dollar was softer overnight (DXY: -0.23%) with Fed Chair Powell signaling worse labour market prospects and reinforcing the rate cut narrative. USTs were broadly stable, while gold (+0.79%) continued to climb.

French PM Wins Socialist Support

French PM Sebastian Lecornu received support from the Socialist party after proposing a suspension of a pension reform that would raise the retirement age. This increases the chance that his government would survive a no-confidence motion. French bond spreads narrowed and prediction market probability of a legislative election before the end of the year fell. At the same time, prediction markets are only pricing in a 5% chance of the government surviving a no-confidence vote. Given the state of play in French parliament, Lecornu could still survive a no-confidence motion but be placed in a state where his government cannot meaningfully govern, thereby prolonging French political paralysis. He may well be forced to use article 49.3 to push through the budget even though he previously said that he would not. We continue to watch out for risks to the EUR on this front.

Data/Events We Watch

We watch CH CPI/PPI, US CPI and Fed Beige Book.

FX: Overnight Closing Levels % Change

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1607	0.32	USD/SGD	1.2984	-0.02
GBP/USD	1.332	-0.10	EUR/SGD	1.5071	0.31
AUD/USD	0.6486	-0.45	JPY/SGD	0.8551	0.27
NZD/USD	0.5716	-0.16	GBP/SGD	1.7292	-0.09
USD/JPY	151.84	-0.29	AUD/SGD	0.8422	-0.46
EUR/JPY	176.24	0.03	NZD/SGD	0.742	-0.22
USD/CHF	0.801	-0.39	CHF/SGD	1.6208	0.37
USD/CAD	1.4045	0.06	CAD/SGD	0.9245	-0.08
USD/MYR	4.231	0.08	SGD/MYR	3.2534	-0.13
USD/THB	32.792	0.22	SGD/IDR	12756.45	-0.10
USD/IDR	16575	0.09	SGD/PHP	44.7529	-0.26
USD/PHP	58.24	-0.01	SGD/CNY	5.4985	0.13

Implied USD/SGD Estimates at, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.2862	1.3125	1.3387

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G10: Events & Market Closure

Date	Ctry	Event
13 Oct	CA, US, JP	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
13 Oct	TH	Market Closure
14 Oct	SG	MAS Policy Decision

G10 Currencies

- **DXY Index -** ***Some Relief for EUR and JPY and some cues from PBoC's fix*****.** This DXY index remained capped by the resistance at 99.60. PM Lecornu's budget seem palatable enough to get the support from the Socialist, the communist and some of the Republicans when he promised to suspend the landmark pension reform until after Election 2027. His budget also promised more thanEUR30bn in savings and target a deficit of 4.7% of GDP in 2026. Takaichi is still working on talks to get the support of other parties after losing the support from Komeito. She faces a potential unified candidate Yuichiro Tamaki that are backed by the main opposition parties. An extraordinary session has been set for the DIET to convene on 21st Oct, possibly to choose the new Premier. It is increasingly hard to TACO as China continues to posture aggressively. Overnight, Trump retaliated by calling for a halt in cooking oil trade overnight for China's refusal to buy its soybeans. More worrying is that EU is considering to forced Tech Transfers for New Chinese investments. The rules would apply to firms seeking access to key digital and mfg markets. It is a measure to protect their own manufacturing sector and the rules are expected to be announced in nov as part of a legislative proposal called the Industrial Accelerator Act. So the US and the EU seem to up in arms against China. We could continue to see further AUD, KRW, TWD weakness in the interim should the tit-for-tat continue. Our base case is still for trade truce to be extended beyond the deadline of 1 Nov. 100% tariff is not likely to be imposed but whether there could be further easing of export bans from the US on technology and export curbs by China is less certain and less likely to happen. **The daily fix by the PboC** though is keeping volatility from rising and provide more cushion against deterioration in sentiment. **Back on the DXY index which was last seen around 98.90, eyes are on whether the 100-figure could be broken. Next resistance at 101.60. Support is seen around 97.40 before the next at 96.40. We see two-way risks. But if DXY index is successfully capped at 99.60 this week, focus could shift to range-trading within 96.40-99.60.** For data releases this week, Oct empire manufacturing, Beige Book are due on Wed, Sep retail sales, PPI, Oct NY Fed Services Business index, Philly Fed business outlook and weekly jobless claims on Thu, Sep housing starts, building permits, import, export price index for Sep on Fri.

- **EURUSD -** ***Bearish Risks, French Political Paralysis*****.** EURUSD was seen higher at 1.1619 amid a pullback in the USD and some positive developments on French politics. French PM Sebastian Lecornu received support from the Socialist party after proposing a suspension of a pension reform that would raise the retirement age. This increases the chance that his government would survive a no-confidence motion. French bond spreads narrowed and prediction market probability of a legislative election before the end of the year fell. At the same time, prediction markets are only pricing in a 5% chance of the government surviving a no-confidence vote. Given the state of play in French parliament, Lecornu could still survive a no-confidence motion but be placed in a state where his government cannot meaningfully govern, thereby prolonging French political paralysis. He may well be forced to use article 49.3 to push through the budget even though he previously said that he would not. We continue to watch out for risks to the EUR on this front. We continue to believe that French political developments have bearish risks for the EUR, with no end to the current crisis in sight. We reiterate our view that risks to the EUR are bearish, although there could be limited downside to the EUR at this juncture. Market chatters suggests fast money were buying EURUSD puts (downside EUR protection) on Tue while latest DTCC data showed that EUR options were tilting bearish. A budget needs to be agreed by 13 Oct or emergency measures will be needed to avoid a Jan government shutdown. Prediction markets are now pricing a 5% (prev: 15%) chance of elections called by 17 Oct, 11% (prev: 37%) by 31 Oct and 37%

(prev: 57%) by 31 Dec, which could be one of Macron's options with France essentially ungovernable in its current state. Moreover, Russia continues to provoke European countries with hybrid attacks. Lagarde said that the ECB's interest stance was "not fixed", perhaps as an indication that the market should not be too sure of itself and data dependency will prevail. Wall Street banks are suggesting that the EUR could continue its bull run amid diversification away from the USD to 1.20, but we remain skeptical given the multiple risks (Ukraine War, French disarray, Pharma tariffs) that we see as underpriced. There could be some relative relief as it was clarified that Trump's 100% Pharma tariffs would not apply to the EU or Japan and a 15% rate would apply to the EU instead. Note that Ireland (1st) and Germany (3rd) were among the largest exporters of pharmaceuticals to the USA in 2024. As such, we think the path to a higher EUR could be a tad more nuanced than some expect. We are looking for no further cuts from the ECB in 2025 and the Fed-ECB divergence could provide tailwinds to drive the pair higher, but French political risks do seem a tad underpriced at the moment. We stay cautious of potential whipsaws in the EUR. The ECB was cautious of potential upside risks to inflation (while recognizing that there are also downside risks) and as such are likely to adopt a wait and see approach, supporting our view for no further ECB cuts. Moreover, current rates are viewed to be broadly within the territory of neutral rates (R*) and the ECB viewed fiscal expansion in the euro area (defence spending) as having the potential to raise neutral rates. Lastly, ECB views recent EUR strength as structural and unlikely to change soon. Back on the charts, we see two-way risks for the EURUSD given overbought conditions and bullish momentum. Next resistance is seen at 1.1700 followed by 1.1750. Support at 1.160 followed by 1.1550 (100-dma).

- **GBPUSD – *Lingering Fiscal Risks*.** GBPUSD was higher at 1.3345 levels amid broad USD pullback. Chancellor Reeves advocated for fiscal rigour to win votes and said that the UK did not need a standalone wealth tax in a Labour party congress. The GBP and gilts advanced in tandem on the back of Reeves' speech. Meanwhile BOE Ramsden said there was scope to ccut interest rates further and predicted that pressures from services and wages would continue to ease. Pharma tariffs could weigh on the GBP with a few pharmaceutical giants such as GSK, AstraZeneca and Hikma based in the UK. BOE held rates at 4% in line with expectations with policymakers echoing growing concerns over the state on inflation. Vote split was 7-2 in favour of the stand pat vs a cut, with doves Dhingra and Taylor backing a quarter point cut. The BoE-Fed divergence remains supportive of cable but with OIS already suggesting little expectation for any further cut this year by the BoE, focus could be shifting towards the Autumn budget. There is a view that UK fiscal risks could be overstated (given relatively stable public net debt and expectations of improving fiscal deficit) and as such the GBP could make advances. We believe that the fiscal risk for the UK remain fairly priced and remain cautiously optimistic for the GBP. BOE unveiled proposals to improve the resilience of the gilts market in times of stress amid concerns over the UK's fiscal position ahead of the Autumn budget. BOE Bailey played down the importance of the rise in long-dated gilt yields and cautioned of overstating the importance of such a move. Nevertheless, there could be further volatility ahead of the much anticipated Autumn budget as concerns over the UK's fiscal position linger. The Treasury is considering a new tax on the sale of homes worth more than GBP500K as a step towards a radical overhaul of stamp duty and council tax. Rising yields add pressure on Chancellor Rachel Reeves ahead of her autumn budget (normally due late Oct/early Nov). Back on the GBPUSD chart, support at 1.3300. Resistance at 1.3480 followed by 1.3600.

- **USDCHF – *Intervention Risks*.** USDCHF was last seen lower at 0.8003 levels as the USD pulled back, moving below the 0.8020 to 0.8160 range. Market rumors suggest that SNB has been intervening with the latest bout of EUR weakness a likely trigger. Reports suggest that Switzerland has offered to invest in US gold refining as part of a proposal to reduce the 39% tariff levied on Swiss goods. Pharma tariffs could weigh on the CHF with Switzerland the 2nd largest exporter of pharmaceuticals sto the US in 2024. We flag possible SNB intervention risks if CHF strength is too one-sided. SNB will now provide more transparency and give a summary of their meeting a month after the fact. CHF is likely supported by higher gold prices, as a possible proxy for gold. Earlier released sport event-adjusted GDP expanded +0.1% q/q from previous +0.8%, above the expected -0.1% contraction expected for 2Q. However, the outlook is less certain. Thus far, the Swiss government had failed to get a trade deal with the US government. We see no further cuts from SNB this year unless inflation heads into negative territory, which is a possibility but not our base case. On the USDCHF chart, support at 0.8000 while resistance is at 0.8100.

- **USDJPY – *Stay Cautious*.** Pair was last seen at 151.35 as it fell back with the dollar decline. The latter had occurred as the PBOC surprised with a fix that actually went below the 7.1000 mark. Yesterday, Powell words on the possibility of the labor market weakening further looks to have also essentially further backed an Oct rate cut by the Fed. Nonetheless, the pair is still swinging between the 151.00 – 153.00 levels as the uncertain political situation could be making markets anxious on putting any further strong directional bets just yet on the pair. All political parties at this point are still looking to keep it open. The leaders of three opposition parties – CDP, Ishin and DPFP are planning to meet today after their secretary generals had met. Whether these three parties can even rally together and back the DPFP leader Tamaki as the PM candidate is questionable given their differences. For that matter, DPFP yesterday had told the CDP that the latter would have to change their policies on the constitution and energy. LDP leader Takaichi is reportedly also planning to meet the leaders of the CDP, Ishin and DPFP. LDP Secretary General Suzuki had said that the LDP and DPFP do share similar views on the constitution and energy policy. Meanwhile, Komeito – the party which had pulled out of the coalition with the LDP has said they are open to supporting a PM from the opposition. The situation remains extremely dynamic but we overall see a reasonable chance that Takaichi can become the PM. The question is whether her policies can be realized given the need to balance out the various political interests. Even if the opposition does form the government, the policies they pursue may not necessarily be any less negative than Takaichi's given that DPFP is pushing for some looser fiscal policies such as abolishing the gasoline tax. There were reports of an extraordinary Diet session to be held on 21 Oct, which is widely expected to be a session to select a new PM. However, there are also local media reports that a parliamentary committee has failed to agree on that date too. Stay cautious at this point amid two-sided risks for the USDJPY. Resistance is at the key psychological level at 155.00 with the next at 158.00. Support is at 150.00 and 148.00. There is though the risk of MOF/BOJ intervention (verbal or non-verbal) and that can limit the upside. Remaining key data releases include Aug F IP (Wed), Aug capacity utilization (Wed), Aug core machine orders (Thurs), Aug tertiary industry index (Thurs), Sep nationwide dept sales/Tokyo dept store sales (16 – 22 Oct) and Japan/foreign buying Japan/foreign stocks/bonds.

- **AUDUSD – *Rising Channel Broken, Biggest Barometer of US-China Relations*.** AUDUSD edged higher and was last seen around 0.6500. Bessent's mention that the Trump-Xi meeting is still likely to happen but "everything's still on the table" for retaliation underscores two-way risks for the headline-sensitive AUD. However, AUD is particularly sensitive to US-China bilateral relations because of its historical alliance with the US and its trade relations with China. It is becoming increasingly hard for TACO to happen if China continues to posture so aggressively. We look for only one more cut to take cash target rate to 3.35% this year. We are looking for the next cut to happen in Dec and that could bring RBA to the bottom of this easing cycle, barring an unexpected shock to demand. Household consumption had been on the recovery as net incomes rise. Headline inflation showed signs of creeping higher but the trimmed mean trajectory still suggest that the price pressure is not broadening. Meanwhile, there is still some uncertainty on how the exports downturn would pan out in the 2H of the year. By Dec, RBA may want to give the economy another boost by taking the cash target rate down by another 25bps to 3.35%. A more severe downturn would require RBA to cut more but that is not our base case scenario. There is a possibility that that global growth should bottom out into 2026 and RBA may not need to take the cash target rate lower. The resilience of the labour market is key to our rate call. Back on the AUDUSD, we look for support seen around 0.6410 before the next at 0.6370. Rebound to meet 0.6530. Interim pressure cannot be ruled out given the tit-for-tat escalation but Week ahead has NAB business survey for Sep Tue along with Minutes of the Sep RBA meeting. Wed has Westpac leading index. Thu has Sep labour report.

- **NZDUSD - *USD Strength Pressuring The Pair.*** NZDUSD was last seen around 0.5720, pressured by the resurgent USD and weakened risk sentiment due to resurfacing of the US-China rancor. There has been a tit-for-tat that have been less market moving and we watch how Trump starts to ease tensions with his Asia counterpart and if the Trump-Xi meeting will still happen in the APEC summit end of the month for this trade truce to extend. RBNZ's dovish cut in Oct continues to be a main drag on the NZD. Its decision to cut 50bps was put off in the Aug and seemed to have made better sense (on hindsight) given the deeper contraction in 2Q, well below RBNZ's own projections. Weakening business sentiment, easing price pressure allowed the central banks room to act with greater decisiveness this time. RBNZ mentioned in its statement that it remains open to further reduction in the OCR. Next support for the NZDUSD is seen around 0.5750 before the next at 0.57-figure, albeit still within the bearish trend channel. This pair is now within the middle of the channel and is likely to see two-way risks. 0.5850 would be a key resistance to clear. Week ahead has BusinessNZ Mfg PMI for Sep on Fri. At home, RBNZ said it will ease its loan-to-value ratio from 1 Dec.

- **USDCAD - *Overbought, Rising Wedge*.** USDCAD was back to trading around 1.4030. We continue to hold a sanguine view of the CAD. Apart from trade talks with the US, Canada Foreign minister Anita Anand would be flying to New Delhi, Mumbai, Singapore and Hangzhou, China this week to meet her counterparts and to set the stage to boost trade and investment with these countries. Still, USDCAD takes the cue from the broader USD trend for now and we hold the view that there is a possibility of positivity ahead for CAD beyond the current USDCAD rebound. **Back on the USDCAD chart, the pair hovered around 1.4030, hovering around this level since last week. Stochastics are overbought and could portend a pullback. A rising wedge has also forusdcadmed, another bearish set-up. Resistance at 1.4030 before 1.4170. Support at 1.3925 before 1.3840.** Data-wise, we have Aug building permits due Tue, Wed has Mfg sales, Thu has CFIB business barometer for Oct.

- **Gold (XAU/USD) - *US-China Tit-for-Tat Back to Back Gold*.** Gold broke above recent high to trade around 4180. There has been a lot of talks on the debasement trade with gold and other metals along with bitcoin trading favourably relative to fiat currencies. This debasement trade is not new and is a lump-all term to take into consideration its safe haven appeal that has been amplified especially as fellow traditional safe havens CHF and JPY looking increasingly less "safe" due to the various tariffs that Trump is imposing. The fact that central banks have been accumulating more gold in their reserves is not new but underscored all the more that China is reported to have added to state gold reserves for the 11th straight month. Various political uncertainties such as the renewed uncertainties over a trade truce between the US and China, the US government shutdown, French political instability and other geopolitical issues continue to bolster demand for safe havens. Gold's break-out in Aug came in the backdrop of China's military parade right after the SCO that saw the Tianjin Declaration that seems to be geared towards counterbalancing the West, Germany and French calls for secondary sanctions on Russia. As the war in Ukraine drags on and the European nations grow weary, it could potentially become a key source of contention between the SCO members and the Western powers. Trump's decision to rename the Department of Defense to Department of War may also add further signals to what could come. A bullish extension had taken hold towards pennant target that is close to $5000. Interim resistance at 4165 is broken and the next is actually seen at 4410. Support at 3965.

Asia ex Japan Currencies

SGDNEER trades around +1.26% from the implied mid-point of 1.3125 with the top estimated at 1.2862 and the floor at 1.3387.

- **USDSGD - *Lower*.** USDSGD was last seen lower at 1.2960 levels. SGDNEER was higher at 1.26% above the implied mid-point, remaining well supported. MAS maintained its slope, width and level of their exchange-rate based SGDNEER policy parameters this morning, broadly in line with most market expectations and in line with our view. Some were suggesting that MAS could flatten the slope of appreciation, but this was unlikely in our view given the strong growth and relatively stable (albeit below preferred 2% level) of inflation. MAS said that it remained in an appropriate position to respond effectively to any risk to medium-term price stability, suggesting that core CPI should average 0.5% in 2025 as a whole, but gradually rise into 2026 as temporary factors that dampen inflation fade. Growth was said to be stronger than expected with MAS expecting positive output gaps in 2025 which should narrow to 0% in 2026. Our economists and us do not see any further MAS easing at this juncture, with the next MAS meeting likely in Jan 2026. Pharma tariffs could weigh on SGD, although DPM Gan Kim Yong clarified that many pharmaceutical companies already have plans to build and invest in the US (and as such could be relatively unharmed by tariffs), but the government's concern remains a longer term impact on the overall investment climate. MAS should be in a relatively comfortable position (in contrast to the Fed) to maintain current policy stance of slight (0.5% p.a.) appreciation which should provide support for the SGD. SORA has found some supported and bounced up from lows although we take the outperformance of SGD rates and firmness in the SGDNEER as evidence of Singapore's safe-haven appeal. Back on the USDSGD chart, support is at 1.2900 followed by 1.2800. Resistance at 1.3000.

- **SGDMYR - *Downside Bias*.** SGDMYR was higher at 3.2581 levels. Pair retains a slight downside bias amid relative MYR outperformance. 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 mutual resilience to continue. Resistance at 3.27 and 3.30. Support at 3.25 followed by 3.23.

- **USDMYR - *Sideways*.** Pair was last seen at 4.2225 as it edged down. This had occurred amid a stronger PBOC fixing with dollar softness concurrently following through. External events related to the G10 and China remain key for the MYR. Trump's trade spat with China remains a concern to be watched though. It is difficult to assess which measures would roll out and eventually continue to hold on given that they do have leverage on each other. Markets at the same time are wary of the JPY and EUR situation. They also to closely watch the Fed and and also await US data that has been delayed by the government shutdown. The longer the shutdown lasts though, the more challenges it can create for investors. Take note, Oct can be a seasonally stronger month for USD but this strength may not necessarily follow through in Nov and Dec. Back on the chart, resistance is at about 4.2300 (around 100-dma) with the next after that at 4.2500. Support at 4.2000 and 4.1000. Key data releases this week include 3Q A GDP (Fri) and Sep trade data (Fri).

- **1M USDKRW NDF - *Upside Bias*.** 1M USDKRW NDF was last seen lower at 1422.56 levels this morning. Pair pulled back from highs of close to the 1432 level on Fri, but lingering jitters should be worse for the KRW. Pharma tariffs could be a negative for the KRW. Longer-term, the KRW could find support as stock and bond inflows continue and as the cost of FX hedging eases. South Korea has reportedly asked the US for an unlimited USD swap line to mitigate the impact on the KRW from a pledge to invest US$350b as part of the earlier agreed trade deal. The form of the US$350b could continue to be a sticking point for the formalization of the deal, with Trump expecting the investment to be in cash and Korea saying that cash would not be realistic. Korean President Lee remarked that there was still a lot more negotiation left for a final tariff agreement with the US, and he would not sign something that did not benefit South Korea. Korea had in the recent trade deal pledged to increase investment in the US. US-Korea relationship looks a tad complicated at the moment, despite President Lee's charm offensive, the US has deported Hyundai workers and could institute chip controls that could have implications on Korean champions such as Samsung and Hynix. At home, BoK said that the economy had rebounded in 2Q but still faces headwinds from US trade talks with major economies. Financial stability risks were also highlighted in light of rising delinquency rates amongst small businesses and regional developers. Back on the chart, resistance is at 1420. Support is at 1400 followed by 1350.

- **USDCNH - *Fix Anchors Regional Sentiment, Watching Tit-for-tat*.** USDCNH was last seen around 7.1390. We see a possible inverted head and shoulders around the 7.1470 but the recent retracement seems to suggest that range-trade could continue within 7.11-7.15. A break of the neckline (7.15) would bring the USDCNH higher towards the 7.20-figure. The USDCNH has been close to testing the 7.15-figure of late and this particularly strong fix (7.0995, sub7.10 for the first time this year) was successful in bringing the offshore pairing back within the 7.11-7.15 range. Stability is the name of the game for the yuan and with this fix, PBoC is also able to provide some anchor for regional currencies and PBoC is following through with its message that the yuan has the fundamental for stability. We would continue to monitor the daily fix if PBoC wants to guide yuan on a sustained path of strength or it is pushing back against sentiment driven volatility. Recent comments suggest that it still wants to allow market to play a decisive role though. China released a few documents indicating a more stringent set of export control on its rare earth – adding five new elements to bring total subject to restrictions to 12. It also limited the export of dozens of pieces of equipment and material used to mine and refine rare earths. China intends to reject applications related to defence and would closely scrutinize those related to advanced semiconductors and certain kinds of AI (CNA). While this has been seen as the trigger for Trump to call off the meeting with Xi, we noted that earlier in end Sep, US had expanded its export restrictions to include subsidiaries of the named companies on the "entity list" and any companies that are 50% or more owned by named firms would trigger the restrictions. The tit-for-tat has never fully come to a standstill. It is increasingly hard to TACO as China continues to posture aggressively. Overnight, Trump retaliated by calling for a halt in cooking oil trade overnight for China's refusal to buy its soybeans. More worrying is that EU is considering to forced Tech Transfers for New Chinese investments. The rules would apply to firms seeking access to key digital and mfg markets. It is a measure to protect their own manufacturing sector and the rules are expected to be announced in nov as part of a legislative proposal called the Industrial Accelerator Act. So the US and the EU seem to up in arms against China. To be clear, spot USDCNY and USDCNH are tethered to the fix but US-China tensions could be playing out in other north Asian currencies such as the USDTWD and USDKRW. Data-wise, we have Sep credit data which could be due anytime between 10-15 Oct. CPI and PPI are just out. PPI clocked another annual decline of -2.3%, slowing a tad from previous -2.9%. CPI fell -0.3%y/y vs. previous -0.4%.

- **1M USDINR NDF- *Sideways*.** 1M USDINR NDF was last seen slightly higher at 88.88 levels. RBI held at 5.50% earlier, although two members (of six) preferred a more accommodative setting (independent of rate decision).

We suggest that the hold was likely driven by the RBI's longstanding preference for currency stability. Pharma tariffs could continue to weigh on the INR with India among the largest exporters of pharmaceuticals to the US in 2024. The H1B visa fee hike could be weighing on the INR over fears of potentially lower remittances and likely outflows from India's IT sector. There were reports that RBI had stepped in last week to stabilize the INR. Global funds buying of Indian bonds hit a 1-month high last Fri (12 Sep) after four straight days of buying. Indian bonds steadied as the expected loss from GST-related reforms was lower than expected. Modi, Xi and Putin have met and that could be a sign of intent that BRICS will be here to stay. No signs of a trade deal for India yet, with relations with BRICS allies (Brazil, Russia, China) also at stake. Navarro also took aim at India "cozying up to Xi Jinping". China's ambassador Xu Feihong has said that China will firmly stand with India in opposing the 50% tariff on the country. They also firmly stand with India to uphold the multilateral trading system, with the WTO at its core. The uncertainty with the tariff situation is creating upside risks for the USDINR. Back on the chart, resistance at 90.00. Support stands at 88.00 and 87.00.

- **1M USDIDR NDF - *Sideways*.** 1M USDIDR NDF was last seen at 16588 as it continued to trade sideways. CNY fixing was surprisingly stronger helping to support Asian FX and concurrently, the dollar had softened too. External events remain key for the pair especially with regards to the G10 and China space. Seasonally, Oct can be a stronger month for the greenback and support can come from the JPY and EUR concerns. However, signs of further Fed easing and CNH strength can limit gains. The US - China trade spat can work two ways against the USD. Uncertainty too on US data that has been delayed by the shutdown. Greenback seasonality strength though can fade into Nov and Dec. Back on the chart, resistance is at 16850 and 17000. Support at 16600, 16400 and 16200. Meanwhile, 10Y Indo GB yields continued to decline further to around the 6.05% level. This comes after a reasonably decent auction performance last week. Remaining key data releases include Aug external debt (Wed).

- **1M USDPHP NDF - *Sideways*.** Pair was last seen at 58.12 as it fell back. CNY fixing was surprisingly stronger helping to support Asian FX and concurrently, the dollar had softened too. Nonetheless, pair is still remaining sideways between the 58.00 - 58.50 levels. External events remain key for the pair especially with regards to the G10 and China space. Seasonally, Oct can be a stronger month for the greenback and support can come from the JPY and EUR concerns. However, signs of further Fed easing and CNH strength can limit gains. The US - China trade spat can work two ways against the USD. Uncertainty too on US data that has been delayed by the shutdown. Greenback seasonality strength though can fade into Nov and Dec. Cautious on the pair though expect it to be sideways for the meantime. Resistance at 58.50 and 59.00. The latter is especially crucial given that it can be the level that markets perceive that the BSP may become less comfortable with. Support is at 58.00 and 57.50. Meanwhile, Finance Secretary Ralph Recto has warned that the infrastructure corruption scandal could slow the economy whilst also noting more rate cuts by the central bank would be good for the economy. Key data releases this week include Aug OFWR (Wed).

- **USDTHB - *Sideways, Caution*.** Pair was last seen at 32.55 as it pulled back although still sideways between 32.50 - 32.80 as a whole. CNY fixing was surprisingly stronger helping to support Asian FX and concurrently, the dollar had softened too. THB - gold price positive correlation looks less than clear and showed signs of having broken down recently. Global conditions though are looking uncertain as it is. Seasonally, Oct can be a stronger month for the greenback and support can come from the JPY and EUR concerns. However, signs of further Fed easing and CNH strength can limit gains. The US - China trade spat can work two ways against the USD.

Uncertainty too on US data that has been delayed by the shutdown. Greenback seasonality strength though can fade into Nov and Dec. Domestically, the government had also expressed discomfort about excessive currency strength. We are cautious on the pair though we expect to remain sideways for the meantime. Resistance is at 32.80 (about the 38.2% fibo retracement from Sep low to Apr high), 33.00 (around 200-dma) and 33.50. Support is forming around 32.50 (previous resistance) and 32.00. Meanwhile, the BOT former governor Sethaput Suthiwartnarueput has warned in an open letter to the finance minister that inflation could stay below 1% until early 2026 and mentioned that monetary policy alone may not be able to address the issue. Key data releases this week include 10 Oct gross international reserves/forward contracts (Fri), Sep car sales (18 – 24 Oct) and Sep customs trade data (18 – 26 Oct).

- **USDVND - *Stabilizing*.** USDVND was last seen around 26350, showing some signs of a rebound from the 26340-support within the 26300-26440 range. Uptrend is still intact but ascending triangle is nullified with recent move lower and price action in the near-term could be more consolidative. USDVND reference rate has been fixed lower and USDVND has been trading near the upper bound of trading band. SGDVND was last seen around 20330, hovering below the 100-dma. New high around 20680 becomes key resistance and support is seen at 20120 (23.6% Fibonacci retracement of the Feb-Sep rally). MYRVND was last seen around 6230, pressing against the support level thereabouts. Resistance around 6300. At home, Vietnam government just issued a Decree 205 to promote the development of the supporting industries – to reduce its reliance on imported raw materials and components, noting a lack of investment in capital, technology and supply chain connectivity here. 94% of Vietnam's imports are raw materials, parts and components and Vietnam believes more of this can be domestically produced.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 4/28	3.07	3.07	Unchanged
5YR MI 5/30	3.19	3.18	-1
7YR M0 7/32	3.41	3.39	-2
10YR MS 7/35	3.47	3.45	-2
15YR MS 4/39	3.69	3.69	Unchanged
20YR MX 5/44	3.85	*3.88/3.85	Not Traded
30YR MZ 7/55	3.99	3.99	Unchanged
IRS			
6-months	3.24	3.24	Unchanged
9-months	3.23	3.21	-2
1-year	3.20	3.19	-1
3-year	3.14	3.10	-4
5-year	3.19	3.17	-2
7-year	3.28	3.25	-3
10-year	3.40	3.37	-3

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

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- Trading activity were mainly local real moneys and foreign accounts showing stronger buying interest in the belly, with a bias towards off-the-run GIIs. The 5y GII reopening auction drew strong demand, recording a bid-to-cover of 2.814x and a tight tail of 0.5bp.

- MYR IRS dropped a further 1-4bp as persistent risk-off sentiment driven by US-China trade tensions continued to pressure global rates. The 3m KLIBOR remained unchanged at 3.22%. The 18m was traded at 3.145%, 2y traded at 3.115%, 3y traded at 3.095% and 5y traded at 3.16-3.17%.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.44	1.44	Unchanged
5YR	1.58	1.57	-1
10YR	1.79	1.75	-4
15YR	1.86	1.83	-3
20YR	1.87	1.84	-3
30YR	1.97	1.94	-3

Source: MAS (Bid Yields)

- New developments in the US-China trade tensions sparked increased risk-off sentiment. SGS yields eased 1-4bp across the belly and long-end while the 2y remained unchanged. Overnight SORA declined further to 1.29% on 13 October, from 1.44% on 10 October.

Indonesia Fixed Income

Rates Indicators

Gov't Bonds	Previous Bus. Day	Latest Day's Close	Change
1YR	4.85	4.86	0.01
2YR	4.86	4.92	0.05
5YR	5.38	5.35	(0.02)
10YR	6.10	6.07	(0.03)
15YR	6.59	6.57	(0.03)
20YR	6.71	6.69	(0.03)
30YR	6.85	6.84	(0.01)

** Source: Bloomberg, Maybank Indonesia*

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Most Indonesian government bonds, especially medium long tenor series, still rallied yesterday. Nevertheless, we observed investors taking profits on short-term Indonesian government bonds, particularly the 2Y series, as global geopolitical tensions heated up again due to the ongoing trade tariff war between the United States and China. Furthermore, China also appears to be seeking stronger protectionist policies for strategic mining commodities, particularly rare earths. Recent developments indicate that U.S. President Donald Trump said he may stop trade in cooking oil with China, calling Beijing's refusal to buy American soybeans an "economically hostile act." On the other hand, we observe Indonesia's healthy fiscal condition, with a maintained fiscal deficit of 1.56% of GDP in 9M25, primarily supported by improved government performance in tax and non-tax revenues, contributing to the strengthening of medium-long-term Indonesian government bonds. Yesterday, the Indonesian government also successfully absorbed Rp10 trillion from its Sukuk auction, exceeding the indicative target by Rp7 trillion. PBS034 (14Y Series) became the most attractive series during this auction, with Rp16.36 trillion of investors' total incoming bids. Overall, investors' total incoming bids for this auction reached IDR 59.21 trillion.

Furthermore, we estimate that the Indonesian government bonds market will continue to strengthen, particularly for short- to medium-tenor benchmark series bonds, driven by 1.) Indonesia's fiscal condition, which signals solid fundamentals so far, and 2.) the latest dovish statement by Fed Governor Jerome Powell on a weakening labor market, which could strengthen expectations for a Fed rate cut this month. The yield on Indonesian 10-Year government bonds is close to breaking the psychological level of 6.00%.

Economic Update: Indonesian Fiscal Remains Healthy As State Expenditure Realization Remains Slow in 9M25

Indonesia's fiscal condition remained relatively stable as of 9M25, with the fiscal deficit rising moderately from Rp321.6 trillion (1.35% of GDP) in 8M25 to Rp371.5 trillion (1.56% of GDP) in 9M25, despite the change in Finance Minister from Sri Mulyani Indrawati to Purbaya Yudhi Sadewa. The government set a fiscal deficit target of Rp662 trillion (2.78% of GDP) in 2025. The government still managed to record a primary balance of Rp18 trillion in 9M25. This reflects the government's ability to collect state revenue, which is still sufficient to offset state spending needs, excluding debt interest payments. Furthermore, we estimate the government will maintain a healthy fiscal position in 2025, with our expectation for a fiscal deficit ratio of 2.71% of GDP.

In the new era of Finance Minister Purbaya Yudhi Sadewa, we still observe slow state spending realization, reaching only Rp2,234.8 trillion (63.4% of the outlook target) in 9M25. Central government spending appears to be suboptimal, reaching only Rp1,589.9 trillion (59.7% of the outlook target) in 9M25. This is due to relatively minimal spending realization for priority development programs from the National Nutrition Agency (16.9% of the outlook target), the Ministry of Agriculture (32.8% of the outlook target), and the Ministry of Public Works (48.2% of the outlook target). This situation requires stronger coordination to ensure faster realization of government priority development program spending and a stronger impact on national economic growth.

However, on the other hand, we see improvements in the government's ability to generate fiscal ammunition. State revenue realization accelerated from Rp1,638.7 trillion (57.2% of the outlook target) in 8M25 to Rp1,863.3 trillion (65.0% of the outlook target) in 9M25, primarily driven by a surge in productivity in tax revenues, customs and excise revenues, and non-tax revenues. We appreciate the government's strong commitment to boosting state revenue productivity, through improvements in Coretax (Coretax) performance to boost tax performance, eradicating the illegal cigarette business to boost excise revenue performance and a healthier cigarette business climate, and eradicating smuggling of illegal goods to boost overall state revenue.

On the budget financing side, the government has realized Rp458.0 trillion in 9M25 (69.2% of the outlook 2025 target of Rp662.0 trillion). The realization of budget financing up to 9M25 was supported by an era of lower debt costs, after Bank Indonesia implemented a policy of lowering the BI Rate from 5.75% in January 2025 to 4.75% in September 2025. Furthermore, we estimate that the government will implement a more efficient financing policy strategy, by utilizing the era of higher monetary interest rates, plus also considering the aggressiveness of debt issuance that balances the realization of the state budget, so that the absorption of liquidity funds in the financial system, especially domestically, is not absorbed wastefully, which should be used to encourage more aggressive economic activity.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1660	153.02	0.6563	1.3411	7.1557	0.5757	177.1067	100.2313
R1	1.1634	152.43	0.6525	1.3366	7.1479	0.5736	176.6733	99.3557
Current	1.1622	151.04	0.6508	1.3350	7.1279	0.5720	175.5400	98.3000
S1	1.1562	151.43	0.6444	1.3262	7.1340	0.5689	175.5833	97.7337
S2	1.1516	151.02	0.6401	1.3203	7.1279	0.5663	174.9267	96.9873

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3034	4.2380	16630	58.3400	33.0053	1.5126	0.5942	3.2617
R1	1.3009	4.2345	16603	58.2900	32.8987	1.5098	0.5937	3.2576
Current	1.2993	4.2295	16581	58.0950	32.5240	1.5059	0.5930	3.2610
S1	1.2968	4.2260	16551	58.1860	32.6067	1.5026	0.5923	3.2490
S2	1.2952	4.2210	16526	58.1320	32.4213	1.4982	0.5913	3.2445

**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 SORA Compounded	1.4075	Jan-26	Neutral
BNM O/N Policy Rate	2.75	6/11/2025	Neutral
BI 7-Day Reverse Repo Rate	4.75	22/10/2025	Easing
BOT 1-Day Repo	1.50	17/12/2025	Easing
BSP O/N Reverse Repo	4.75	11/12/2025	Easing
CBC Discount Rate	2.00	18/12/2025	Neutral
HKMA Base Rate	4.50	-	Easing
PBOC 1Y Loan Prime Rate	3.00	-	Easing
RBI Repo Rate	5.50	5/12/2025	Easing
BOK Base Rate	2.50	23/10/2025	Easing
Fed Funds Target Rate	4.25	30/10/2025	Easing
ECB Deposit Facility Rate	2.00	30/10/2025	Neutral
BOE Official Bank Rate	4.00	6/11/2025	Easing
RBA Cash Rate Target	3.60	4/11/2025	Easing
RBNZ Official Cash Rate	2.50	26/11/2025	Easing
BOJ Rate (Lower bound)	0.00	30/10/2025	Tightening
BoC O/N Rate	2.50	29/10/2025	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	46,270.46	0.44
Nasdaq	22,521.70	1.43
Nikkei 225	46,847.32	-2.58
FTSE	9,452.77	0.10
Australia ASX 200	8,899.42	0.19
Singapore Straits Times	4,354.52	-0.80
Kuala Lumpur Composite	1,611.46	-0.23
Jakarta Composite	8,066.52	-1.95
Philippines Composite	6,076.22	0.39
Taiwan TAIEX	26,793.15	-0.48
Korea KOSPI	3,561.81	-0.63
Shanghai Comp Index	3,865.23	-0.62
Hong Kong Hang Seng	25,441.35	-1.73
India Sensex	82,029.98	-0.36
Nymex Crude Oil WTI	58.70	-1.33
Comex Gold	4,163.40	0.74
Reuters CRB Index	294.51	0.60
MBB KL	9.92	-0.10

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