

Global Markets Daily

Focus Back on US-China Trade Talks This Week

USD/AXJs to Take Cues from USDCNY Fix Tomorrow As Well

USD/AXJs firmed this morning. News headline of *“China narrows scope for trade deal with US ahead of talks”* does not bode well for sentiment. Vice Premier Liu He told visiting dignitaries that he would bring an offer to Washington that won't include commitments on reforming Chinese industrial policy or the government subsidies. Trump, on the other hand repeatedly said that US would only be after an all-encompassing deal with China. Risk of breakdown in trade talks will re-ignite fears and pose further upward pressure on USDAXJs including, CNH, KRW and MYR. Elsewhere USD/AXJs will also be watching for clues from USDCNY fix tomorrow when Chinese markets reopen after their golden week holidays.

USD-Long Vulnerable to Squeeze?

Much-awaited US jobs report last Friday was mixed with unemployment rate unexpectedly falling to near-50year low of 3.5% but Sep NFP (+136k vs. +145k expected) and average hourly earnings missed estimates (0% m/m vs. 0% expected). Initial price action had DXY rising to 99-levels from 98.75 levels but gains post-NFP was soon erased into NY close. **This week's focus is on US PPI, Powell's speech (Tue) and CPI (Thu).** Another run of downside surprise to US data could fuel expectations for Fed to turn more dovish. This could take USD lower especially when USD long positions are at 30-month high (risk of squeeze on stale USD longs leading to sharp sell-off in DXY).

Little on the Data Docket Today

Data of interests this week include China Caixin services PMI; US PPI; German IP; AU business confidence; Fed Chair Powell speaks on Tue. For Wed, AU consumer confidence. For Thu, FoMC and ECB minutes; US CPI; UK GDP. For Fri, Uni. Mich sentiment; German CPI; SG retail sales; Malaysia Industrial production; NZ PMI.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0979	↑ 0.13	USD/SGD	1.3787	↓ -0.10
GBP/USD	1.2331	↓ -0.01	EUR/SGD	1.5136	↑ 0.02
AUD/USD	0.6771	↑ 0.43	JPY/SGD	1.2892	↓ -0.19
NZD/USD	0.632	↑ 0.27	GBP/SGD	1.7008	↓ -0.12
USD/JPY	106.94	↑ 0.02	AUD/SGD	0.9334	↑ 0.32
EUR/JPY	117.39	↑ 0.15	NZD/SGD	0.8712	↑ 0.15
USD/CHF	0.9958	↓ -0.33	CHF/SGD	1.385	↑ 0.20
USD/CAD	1.3314	↓ -0.17	CAD/SGD	1.0356	↑ 0.07
USD/MYR	4.185	↓ -0.04	SGD/MYR	3.0343	↑ 0.17
USD/THB	30.45	↓ -0.30	SGD/IDR	10252.33	↓ -0.02
USD/IDR	14138	↓ -0.24	SGD/PHP	37.5594	↑ 0.21
USD/PHP	51.795	↓ -0.02	SGD/CNY	5.1764	↑ 0.51

Implied USD/SGD Estimates at 7-Oct-19, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3659	1.3938	1.4217

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G7: Events & Market Closure

Date	Ctry	Event
7 Oct	AU	Market Closure
10 - 11 Oct	US, China	High-level trade talks in Washington

AXJ: Events & Market Closure

Date	Ctry	Event
7 Oct	CH	Market Closure
7 Oct	HK	Market Closure
8 Oct	IN	Market Closure
9 Oct	SK	Market Closure
10 - 11 Oct	TW	Market Closure

G7 Currencies

- **DXY Index - Downside to Accelerate on Break Below 21, 50 DMAs.** Much-awaited jobs report was mixed with unemployment rate unexpectedly falling to near-50year low of 3.5% (vs. 3.7% prior), prior months NFP were revised upwards but Sep NFP (+136k vs. +145k expected) and average hourly earnings missed estimates (0% m/m vs. 0% expected). Initial price action had DXY rising to 99-levels from 98.75 levels but gains post-NFP was soon erased into NY close. **This week's focus is on US PPI, Powell's speech (Tue) and CPI (Thu).** Another run of downside surprise to US data is likely to fuel expectations for Fed to turn more dovish (i.e. abandon mid-cycle easing rhetoric and shift to outright easing cycle). This would take USD lower especially when USD long positions are at 30-month high (risk of squeeze on stale USD longs leading to sharp sell-off in DXY). Elsewhere, US-China trade talks this week - deputies meet Mon-Tue; high level trade talks (Liu He expected to visit Washington) on Thu-Fri - will take centre-stage. Developments on that space and where USDCNY fixes when onshore markets return are likely to skew USD/AXJ direction. We reiterate our *doubts over sustained USD strength as continued USD appreciation and slowing global growth will result in tighter financial conditions and could crimp US growth momentum. Fed will then need to turn more dovish (USD-negative).* DXY was last seen at 98.77 levels. Daily momentum turned mild bearish while stochastics is falling from overbought conditions. Immediate support at 98.67 (21 DMA), 98.36 (50 DMA). Losses could accelerate towards 97.30 (200 DMA) on decisive break below 21, 50 DMAs. Resistance at 99.60 (2019 high), 100.15 (76.4% fibo retracement of 2016 high to 2018 low). Our technical observation for a potential bearish divergence on MACD could potentially be playing out. Data/Events of focus this week include Fed's George, Kashkari speak on Mon; Fed's Powell, Evans, Kashkari speak, PPI (Sep) on Tue; JOLTS job openings (Aug) on Wed; FoMC minutes; CPI (Sep); Fed's Mester, Bostic, Kashkari speak on Thu; Fed's Kashkari, Kaplan, Rosengren speak; Uni. Of Michigan Sentiment (Oct P) on Fri.
- **EURUSD - Rising but Slowly.** EUR rebounded last week, owing to Draghi's comments, GBP's rise spill-over to EUR and broad USD softness (owing to weak US data). And this is despite WTO ruling in favor of US on Airbus dispute paving the way for US to impose \$7.5bn tariffs on EU goods, including Scotch whisky, French wines, cheese and aircraft. Draghi said (1 Oct) that "fiscal boost alongside monetary policy would lead to a faster return to price stability... fiscal policy becomes more powerful when monetary policy is close to effective lower bound as multipliers are higher". This **underscores our view that fiscal stimulus could take the pressure off unorthodox ECB stimulus and help to mitigate EUR weakness.** EUR was last seen at 1.0990 levels. Daily momentum turned mild bullish while stochastics is turning higher from oversold conditions. Extension of the rebound is not ruled out but resistance at 1.10 (21 DMA), 1.1060 (50 DMA) needs to be decisively breached. A move towards 1.1150 (100 DMA) should not be ruled out. Immediate support at 1.0930, 1.0860 levels (76.4% fibo

retracement of 2017 low to 2018 high). Bullish divergence on daily MACD - as previously highlighted - appears to be underway. Focus this week on Sentix Investor Confidence (Oct); German Factory Orders (Aug) on Mon; ECB's Lane, Hernandez speak; German IP (Aug) on Tue; ECB meeting Minutes; German trade, current account (Aug) on Thu; German CPI (Sep) on Fri.

- **GBPUSD - 2-Way Trades amid Brexit Uncertainties.** The next 7 - 10 days will see intense scrutiny on the details of the proposal. We still do not expect the EU, Ireland to accept the proposal wholesale and will see to-and-fro discussions intensify in the days ahead before the proposal is finalised (or compromised). In the interim such developments and potentially political noises from UK Opposition (to attempt to thwart developments) will continue to be fluid, driven by headlines - hence 2 way direction risks are still expected in the interim. It was also reported on The Telegraph that BoJo is preparing to launch legal action to avoid having to write a letter asking for Brexit delay (in the event of no deal being agreed on 31 Oct). GBP was last seen at 1.2330 levels. Bearish momentum on daily chart remains intact but shows tentative signs of fading while stochastics is showing tentative signs of turning from near-oversold conditions. We continue to favor accumulating on dips. Resistance at 1.2380 (21 DMA), 1.2430 (100 DMA) before 1.2590. Immediate support at 1.2250 (50 DMA) before 1.2210 levels. Focus this week on Unit Labor cost (2Q); BoE's Carney, Tenreyro speak on Tue; Monthly GDP, IP, Construction output, Trade (Aug) on Thu.
- **USDJPY - Range.** Pair moved in a ranged fashion last Friday. US NFP came in at 136k, weaker than the 145k expected, but the extent of downside surprise was relatively mild compared to earlier ISM figures. This probably imparted some stability to USD Fri night and this morning. USDJPY pair last seen at 106.75. Hong Kong protests seem to have escalated in terms of incidence of violence over the weekend. Prospects for Brexit deal by end-month are very faint. More whistle-blowers are joining the impeachment proceedings against Trump. Geopolitical risks should continue to support the Yen a tad this week. We see interim range of 106.50 to 107.50 as likely. Nonetheless, the 21-DMA is showing signs of cutting the 100-DMA to the upside, which could be a tentative bullish signal for the pair. Momentum on daily chart is modestly bearish and stochastics are heading towards near-oversold territory. Next support at 106.50 (50% Fibonacci retracement from Aug low to Sep high), then 106. Resistance at 107, 107.50 (23.6% fibo), 108.45 (Sep high). Coincident/leading indices due today, BoP due tomorrow, machine tool orders due Wed, core machine orders due Thurs.
- **NZDUSD - Relief Rebound Stalled.** NZD's relief rebound appeared to have run into resistance at 21DMA (last seen at 0.6325 levels). This could serve to limit the pair's gains intra-day ahead of key event risks - China returns tomorrow and US-China trade talks. Mild bullish momentum remains intact while stochastics is rising from near oversold conditions. Immediate resistance at 0.6325 (21

DMA) - 0.6350 needs to be broken for further gains to materialise. Support at 0.6280, 0.6250. In absence of fresh cues and ahead of key event risks, we look for range-bound trade in 0.6290 - 0.6330 intra-day. Our tactical trade initiated on 24 Sep to long NZD (spot ref at 0.6290) looking for a move higher towards 0.6390, 0.6470, with SL at 0.62 was closed this morning at 0.6315 with a small, negligible profit of 0.03%. We do not rule out re-initiating the trade idea on clearer cues going forward. This week there is little tier-1 data to focus on with food Prices (Sep) on Thu; Mfg PMI, Card Spending (Sep) on Fri.

- **AUDUSD - *Upside Bias***. AUDUSD softened this morning amid news that China narrowed the scope for a trade deal with the US ahead of the two-day talks scheduled for 10-11 Oct. This could suggest that amid the impeachment proceedings officially launched against US President Trump, China may be trying to dictate the terms to discuss at the high-level negotiations. Dips may be shallow as eyes are on the USDCNY fix tomorrow and with news headlines like these which could be seen as negative for trade talks, investors may prefer to steer to the sidelines. We see this as a sign of assertion and also perhaps a show of confidence by China and that could suggest a steady fix tomorrow. Last seen around 0.6750, momentum indicators suggest some upside bias but trade talks uncertainty could keep AUDUSD capped under the 0.68-figure. Not helping the pair in the least is the Sep construction index which deteriorated further to 42.6 from previous 44.6. Breakdown suggest that housing activity is still weak although commercial activity has seen some improvement with selling prices also 3.8pts higher. Overall picture is still a very subdued one for construction. AUDUSD is off highs made last Fri when the US NFP came in a tad weaker than expected with average hourly earnings also weakening unexpectedly. Week ahead has NAB business conditions for Sep tomorrow, Westpac consumer confidence for Oct on Wed, home loans, investment lending for Aug on Thu.
- **USDCAD - *Range-trading with more room for downsides***. USDCAD was unable to make much headway above the 1.3340 last week and is last seen around 1.3315. Broad USD weakness nudged this pair lower along in line with the region. At the same time, CAD was also buoyed by the small recovery in crude prices. Given that this pair was unable to make a break above the 1.3340, we see a greater likelihood for this pair to revert to sideways trades within the 1.3140-1.3350. Data calendar has housing starts due for Sep tomorrow along with Aug building permits. New housing prices for Aug due on Thu and then Sep labour report will be watched on Fri.

Asia ex Japan Currencies

- **SGD trades around 1.0% above the implied mid-point of 1.3938 with the top estimated at 1.3659 and the floor at 1.4217.**
- **USDSGD - *Upside Bias Before MAS Policy*.** Pair saw some downward pressure in early trading last Fri, but has since retraced upwards to key support level of around 1.38. US NFP came in at 136k last Fri night, weaker than the 145k expected, but the extent of downside surprise was relatively mild compared to earlier ISM figures. Down-move in USD has temporarily lost momentum as a result. USDSGD pair last seen at 1.38. In comparison, SGD NEER is still hovering around 1.0% above mid-point, arguably too elevated for the current state of the economy. It looks increasing likely that MAS policy will be announced next Mon. We look for MAS to ease—both easing options, i.e., reduction of slope by 0.5% (from current estimated 1.0%) and easing to neutral slope, are still in play. There is a fair chance that easing expectations could nudge SGD NEER lower as the announcement nears, but continued inflows into SGD assets amid environment of global low rates/heightened regional political risk could tug against the down-move. On net, we still look for SGD NEER to fall nearer to +0.5% above mid-point (another 0.5% to go). Momentum on the USDSGD daily chart is mildly bullish, while stochastics are slipping off from near-overbought conditions. Pair is currently in 1.3790/1.3820 (21, 50 DMA) support/resistance area. Next support at 1.3730 (100 DMA), 1.3650 (200 DMA). Next resistance at 1.3840 (23.6% Fibonacci retracement from Jul low to Sep high), then 1.3940 (Sep high). Retail sales due Fri.
- **AUDSGD - *Turning Higher*.** AUDSGD rose to levels around 0.9310. Resistance at 0.9385 before 0.9430. Stochastics are in oversold condition. Support is seen at 0.9250. On the weekly chart, the downtrend is very much intact. Watch if the 0.9250-support go, the next support at 0.9060 comes into view.
- **SGDMYR - *Near Term Upside Risk*.** SGDMYR inched higher this morning; last seen at 3.0360 levels. Mild bearish momentum is fading while stochastics is showing tentative signs of turning from near oversold conditions. Upside risks on ruled out in the interim. Resistance at 3.0380, 3.04 levels. Support at 3.03 (200 DMA), 3.0280 (50 DMA).
- **USDMYR - *Looking for Cues*.** USDMYR was a touch firmer this morning. News headline of “China narrows scope for trade deal with US ahead of talks” does not bode well for sentiments. Vice Premier Liu He told visiting dignitaries that he would bring an offer to Washington that won’t include commitments on reforming Chinese industrial policy or the government subsidies. Trump, on the other hand repeatedly said that US would only be after an all-encompassing deal with China. Renewed uncertainty on this front could pose upside risks to USD vs. AXJs including MYR, CNH, KRW. Pair was last seen at 4.1910 levels. Daily momentum and stochastics indicators are not showing a clear bias for now. Potential head & shoulders pattern (bearish reversal) may be in the making but remains early to conclude if the downside could extend as the neckline (around 4.16 levels) is still not breached. Only a decisive break below the neckline can confirm the bearish

reversal and if true, USDMYR could extend lower towards 4.10 levels. However, if the neckline is defended, price action could consolidate in 4.16 - 4.20 next week. On the data front, Aug industrial production is due for release on Fri.

- **1m USDKRW NDF - *Bearish Divergence Possibly Underway.*** 1m USDKRW NDF firmed this morning. Risk sentiment was softer on renewed focus on US-China trade talks (high-level talks to resume on Thu in Washington). In particular China's Vice Premier Liu He told visiting dignitaries that he would bring an offer to Washington that won't include commitments on reforming Chinese industrial policy or the government subsidies. Trump, on the other hand repeatedly said that US would only be after an all-encompassing deal with China. Breakdown in trade talks will re-ignite fears and pose upside risks to USDKRW. Pair was last seen at 1196 levels. Bullish momentum on daily chart is fading while stochastics is turning lower. Immediate support at 1188 (100 DMA), 1180 levels. Resistance at 1201 (50 DMA), 1205 levels. Interim upside pressure likely ahead of key event risks but we retain our bias to lean against strength.
- **USDCNH - *Watch for CNY fix tomorrow, we anticipate it to be steady.*** The 7.11-7.16 USDCNH range that we have called for (since 30 Sep) in the absence of onshore mainland China turned out to be rather sharp as USDCNH touched a high of 7.1587 and a low of 7.1075 reached last week. Ahead of Asia morning, Bloomberg cited sources saying that China has narrowed the scope of the trade deal ahead of the high-level trade talks (led by Vice Premier Liu He). The offer that Vice Premier Liu He brings will not include commitments on reforming Chinese industrial policy or the government subsidies that the US has been complaining about. USDCNH rebounded towards 7.13 this morning as the news suggests that China's negotiating team seems to have hardened their stance and a deal is less possible now given Trump's insistence on a "complete deal". We also see a potential possibility that China is taking the opportunity of the impeachment proceeding to dictate the terms which may or may not turn out well. Regardless, this could be a show of confidence which may also mean that the USDCNY fix tomorrow may also show stability. **As of 30th Sep, the USDCNY reference rate was fixed at 7.0729 vs. 7.0731 (2 pips lower).** The next USDCNY fix is only known on 8th Oct. We had been looking forward to this fix as it could give a clearer RMB policy indication after the National Day holidays. We continue to see a potential head and shoulders formation for the USDCNH, a bearish formation with a slanted neckline (marked by 13-Aug low of 6.9908 and 7.0312) that needs to be broken at around 7.05, depending on the formation of the right shoulder. In our recent notes, we had looked for the right shoulder to be formed around 7.13-7.15. We keep our view for USDCNH to come off but this view may still be threatened should the US and China talks refuse to show further promise. Should the head and shoulders play out for USDCNH, this could usher in the next leg of RMB gains. This leg of the RMB rally could bring the USDCNH below the 7-figure towards 6.9. We hold our short USDCNH here at 7.11 (25 Sep) for first target of 7.03 before 7.0 and then at 6.95, 6.90. Stoploss at 7.19. Risk reward ratio of 1:2.63. We also like to short SGD against the CNH as we see a rising wedge for this cross. The weekly chart shows a formation of a rising

wedge with an apex around Oct. We can anticipate a reversal towards 5.0970 before the next target at 5.0788 from spot which is around 5.1620 (24 Sep). Stoploss at 5.20 with a risk-reward ratio of 1:2.19. This is a one-month view. Failure to break above the recent high of 5.1750 could mean a double top in the making, also a bearish set up for the SGDCNH. Eyes on the high-level trade talks on 10-11 Oct ahead of the scheduled tariff hike on 15th Oct. Week ahead has Caixin Services PMI for Sep tomorrow, aggregate financing, money supply numbers and new yuan loans for Sep between 9-15th Oct.

- **1M USDINR NDF - *Risks to the Downside***. This pair hovered around 71.30. RBI cut policy rates by 25bps as we have predicted. The decision was well-priced in terms of INR and had little effect on the currency. However, markets were disappointed by the steep cut in growth forecast from 6.9% previously to 6.1%. Governor Das assured there is “policy space to address growth concerns” and kept its accommodative bias. After the 35bps cut, there were some disappointments that the cut was not as large as the last, given the fact that RBI had sharply downgraded the growth forecast. The transmission mechanism has been slow and we anticipate that the Reserve Bank would like to wait a bit more to allow more of its earlier cuts to work their way into the economy rather than using up more of its ammunition when there are other reforms at work. Another 25bps cut is likely before the end of the year. Eyes on USDCNY fix which could dictate the USDxJ direction for the rest of the week. Momentum is bearish for this pair and the 21-dma is about to cut the 50-dma to the downside. However, stochs are oversold and turning higher. We see potential sideways trades today before the CNY fix tomorrow. Support at 70.60 before the 70.10 comes into view. Resistance at 71.55/71.75 before 72.00. Week ahead has industrial production for Aug on Fri.
- **1M USDPHP NDF - *Consolidation***. NDF saw some upward pressure this morning, similar to other USD-AxJs. Last seen at 51.89. Sep CPI last Fri came in at 0.9% (vs. 1.1% expected and 1.7% prior), indicating continued tame inflation. Manufacturing output fell for the ninth straight month in Aug (-9.3%/y vs. -6.1% prior). 7 out of 20 sub-sectors saw contractionary outcomes, including petroleum products, furniture and fixtures and transport equipment. There is probably room for one more 25bps cut in policy rate over the next 3 to 6 months, even after the three 25bps cuts since the start of the year. Nonetheless, the 2018 Allianz Global Wealth Report highlighted Philippines as one of the more resilient countries amid the global trade tensions. Recent reforms including corporate tax cuts, also indicate continued efforts to anchor more FDI flows. On net we look for this pair to trade between 51.60 and 52.10 in the interim. Momentum on daily chart is modestly bearish, while stochastics are inching down towards near-oversold conditions. Support at 51.60 (61.8% Fibonacci retracement from Jul low to Aug high), 51.30 (76.4% fibo). Key resistance at 52.10 (38.2% fibo, 21/50/200 DMA), then 52.90 (Aug high). Trade due Thurs.
- **1m USDIDR NDF - *Sell on Rallies***. The NDF traded ranged last Friday but saw some upward pressure this morning, in line with most USD-AxJs. Last seen at 14204. Consumer confidence for Sep softened to 121.8 from 123.1 prior. There might be increasing concerns among

foreign investors over progress in reforms, such as the proposed changes to labor legislation (simplified minimum wage system, less restrictions on hiring and firing etc.). In particular, ground opposition from trade unions seems strong, with up to 150,000 workers expected to protest in various cities this Wed. This could lead to some upward pressure on the NDF this week (i.e., IDR softening). Nonetheless, any up-moves should be temporary. We assess the medium-term outlook for Indonesia as positive. The Trade Ministry is expected to revise 18 regulations considered to be impeding exports and investments in the country. Sentiments on fiscal coffers probably also saw a modest lift from news that a planned tax bill could potentially force e-commerce start-ups as well as Google, Amazon and Netflix to contribute to VAT collections. BI has also assured that there will be “bold intervention” in bond markets if further outflows are seen, underscoring its commitment to IDR stability. We think 14300 will be a strong interim resistance. Risk-reward could favor a downward bias (from ~14200-14300 levels). Momentum on daily chart is mildly bullish while stochastics are inching down from near-overbought conditions. Support at 14100 (23.6% Fibonacci retracement from Aug high to Sep low), 14000. Key resistance at 14240 (50, 100, 200 DMAs), 14300, 14430 (76.4% fibo).

- **USDTHB - Upsides Capped.** USDTHB continued to see broad downward pressure, albeit at a slower pace. Last seen at 30.45. Support for THB is consistent with continued resilience in gold prices >\$1500 again (THB maintains a positive correlation with gold). BoT is hinting at plans to take the strength of the THB down a notch, including relaxing rules on capital outflows via increasing ceilings which allow mutual funds/Thai individuals to invest abroad, or in adjustment of rules to allow exporters more flexibility in keeping foreign currencies abroad. Nonetheless, these measures will take time to be calibrated/implemented. In the interim, THB is unlikely to see significant downsides (i.e., up-moves in USDTHB capped). Momentum and stochastics on daily chart are largely neutral. Resistance at 30.66 (50 DMA), then 31.00 (38.2% Fibonacci retracement from May high to Sep low). Support at 30.40 (longer-term 23.6% fibo retracement from 2009 high to 2013 low), then 30.00. Consumer confidence due Thurs.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 3/22	3.10	3.09	-1
5YR MI 6/24	3.23	*3.25/23	Not traded
7YR MK 7/26	3.31	3.31	Unchanged
10YR MO 8/29	3.28	*3.30/28	Not traded
15YR MS 7/34	3.57	3.56	-1
20YR MX 6/38	3.63	3.60	-3
30YR MZ 7/48	3.89	3.90	+1
IRS			
6-months	3.34	3.34	-
9-months	3.30	3.29	-1
1-year	3.27	3.26	-1
3-year	3.26	3.23	-3
5-year	3.30	3.27	-3
7-year	3.34	3.31	-3
10-year	3.38	3.37	-1

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Source: Maybank KE

*Indicative levels

- In govies, benchmarks traded mixed with yields ranging +1bp to -3bps. Long end fared better with 15y MGS, 20y MGS and 10y GII yields lowering 1-3bps. Real money had buying interest at the belly of the curve. There was also better buying on off-the-run bonds by domestic investors. 10y MGS 8/29 reopening will be in a size of MYR3b. There were no trades reported in the WI and tightest quote was 3.30/27%.
- MYR IRS rates gapped 1-3bps lower amid a quiet market with thin liquidity. There were no rates reported dealt. 3M KLIBOR was unchanged at 3.38%.
- PDS space was a tad quiet though levels were firmer. GGs lowered 3bps in yield led by buying in LPPSA 2026. AAAs generally saw muted price movement as blocks of Tenaga and Danga bonds dealt unchanged, while Digi bonds lowered 4bps in yield. AA yields ranged from being flat to -4bps, with better bids seen in TBEI, lmtiaz and Westports. Westports 2026 and 2028 traded 3-4bps lower in yield. Secondary market may continue to be subdued as primary pipeline is expected to ramp up.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.64	1.60	-4
5YR	1.64	1.59	-5
10YR	1.69	1.64	-5
15YR	1.80	1.74	-6
20YR	1.89	1.83	-6
30YR	2.02	1.94	-8

Source: MAS

- SGD IRS rates plunged on the back of strong selling flows, declining by 1-8bps led by the 5y tenor. SGS trailed for most of the day with yields lower by only 1-3bps amid light trading. This lasted until the 30y bond got lifted which stirred some buying. SGS yields ended 4-8bps lower, and the 5y bond-swap spread widened.
- Muted Asian USD credit market though it saw slight buying interest after US equities retraced slightly overnight. Possible short covering by fast money as well. INDONs traded firmer on real money and banks buying at the belly and long end, with spreads 2-6bps tighter and prices 1.0-1.5pts higher. Chinese Financials and low beta SOEs traded 1-3bps wider due to lack of bidding interest. IG enquiries skewed towards better selling for sovereigns and corporates like MALAYS, TNBMK and Haohua amongst others. The spreads generally widened. Indian credits also widened 4-5bps, while Korea and Japan spaces were quiet. All eyes turn to the US NFP data for market cues.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
1YR	6.05	5.99	(0.06)
3YR	6.53	6.51	(0.02)
5YR	6.68	6.64	(0.04)
10YR	7.26	7.23	(0.03)
15YR	7.70	7.68	(0.03)
20YR	7.85	7.84	(0.00)
30YR	8.00	8.00	0.00

* Source: Bloomberg, Maybank Indonesia

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- Indonesian bond market sustained its positive trend in the Friday of last week. Investors still had strong appetite to invest in Indonesian bond market. It occurred after seeing attractive yields with solid backgrounds of Indonesian social political and economic conditions. Moreover, the global markets were fulfilled by dovish environment on the monetary side after seeing recent weakening result on economic data generally, especially global manufacturing data that signalling further faltering growth. Total foreigners' ownership in Indonesian government bond increased from Rp1,028.02 trillion on 27 Sep-19 to Rp1,031.16 trillion on 3 Oct-19. This week, we expect Indonesian bond market is still attractive enough during recent unfavourable condition on the global side.
- Several highlights on the last week were 1.) The Trump administration has issued a partial -- and qualified -- denial of reports that it is discussing the imposition of limits on U.S. investments in Chinese companies and financial markets, 2.) Federal Reserve Chairman Jerome Powell, who's noncommittal about further interest rate cuts, is facing greater pressure to make a third-straight reduction in response to weakening data, volatile markets and a continued bashing from Trump, 3.) U.S. nonfarm payrolls expanded by 136,000 in September, slightly missing estimates, while August's reading was revised upward. Wage gains cooled and the unemployment rate fell, 4.) U.S. ISM factory index slipped to 47.8 in September, the lowest since June 2009, missing all estimates, 5.) Markets placed about a 75% chance of a rate reduction at the October meeting after the jobs report on Friday, compared to 85% Thursday and 40% on Monday, 6.) India's central bank cut its key interest rate for a fifth straight time this year, moving aggressively to revive economic growth as the banking system faces new stresses, 7.) Inflation in Indonesia and Thailand weakened in September, providing policy makers ample room to keep lowering interest rates to spur growth, 8.) Indonesian President Joko Widodo said the wave of protests sweeping the country over his government's controversial legislative agenda would not derail reforms aimed at bolstering growth. Widodo said he'll introduce sweeping changes to labor rules by the end of the year and open up more sectors of the economy to foreign investment. He also said the resources powerhouse wants to process more crude palm oil domestically.
- For this week, some key events coming up are 1.) Indonesia's foreign reserves announcement, 2.) Chinese Vice Premier Liu He visits Washington for trade talks with his U.S. counterparts. 3.) FOMC minutes released Wednesday from the Sept. 17-18 policy meeting. 4.) U.S. releases September inflation data.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1019	107.41	0.6796	1.2402	7.1408	0.6359	117.7233	72.7410
R1	1.0999	107.18	0.6784	1.2367	7.1267	0.6339	117.5567	72.5630
Current	1.0984	106.83	0.6753	1.2325	7.1376	0.6314	117.3400	72.1360
S1	1.0958	106.66	0.6749	1.2286	7.1030	0.6298	117.1567	72.1000
S2	1.0937	106.37	0.6726	1.2240	7.0934	0.6277	116.9233	71.8150

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3826	4.1910	14163	51.9537	30.6340	1.5178	0.5863	3.0382
R1	1.3806	4.1880	14151	51.8743	30.5420	1.5157	0.5859	3.0362
Current	1.3806	4.1920	14158	51.8800	30.4710	1.5165	0.5864	3.0365
S1	1.3772	4.1815	14125	51.6753	30.3850	1.5118	0.5850	3.0315
S2	1.3758	4.1780	14111	51.5557	30.3200	1.5100	0.5844	3.0288

*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	1.8755	Oct-19	Easing Bias
BNM O/N Policy Rate	3.00	5/11/2019	Easing Bias
BI 7-Day Reverse Repo Rate	5.25	24/10/2019	Easing
BOT 1-Day Repo	1.50	6/11/2019	Neutral
BSP O/N Reverse Repo	4.00	14/11/2019	Easing
CBC Discount Rate	1.38	19/12/2019	Neutral
HKMA Base Rate	2.25	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Easing
RBI Repo Rate	5.15	5/12/2019	Easing
BOK Base Rate	1.50	16/10/2019	Easing
Fed Funds Target Rate	2.00	31/10/2019	Easing
ECB Deposit Facility Rate	-0.50	24/10/2019	Easing Bias
BOE Official Bank Rate	0.75	7/11/2019	Neutral
RBA Cash Rate Target	0.75	5/11/2019	Easing Bias
RBNZ Official Cash Rate	1.00	13/11/2019	Easing Bias
BOJ Rate	-0.10	31/10/2019	Easing
BoC O/N Rate	1.75	30/10/2019	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	26,573.72	1.42
Nasdaq	7,982.47	1.40
Nikkei 225	21,410.20	0.32
FTSE	7,155.38	1.10
Australia ASX 200	6,517.08	0.37
Singapore Straits Times	3,078.36	-0.31
Kuala Lumpur Composite	1,557.67	-0.41
Jakarta Composite	6,061.25	0.38
Philippines Composite	7,704.60	2.11
Taiwan TAIEX	10,894.48	0.17
Korea KOSPI	2,020.69	-0.55
Shanghai Comp Index	0.00	#DIV/0!
Hong Kong Hang Seng	26,110.31	0.26
India Sensex	37,673.31	-1.14
Nymex Crude Oil WTI	52.81	0.69
Comex Gold	1,512.90	-0.06
Reuters CRB Index	173.49	0.05
MBB KL	8.44	-0.47

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	275	3.06	3.06	3.044
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	173	3.065	3.072	3.027
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	1	3.08	3.08	3.08
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	67	3.062	3.071	3.04
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	8	3.095	3.095	3.088
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	50	3.109	3.109	3.104
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	30	3.111	3.111	3.111
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	18	3.118	3.118	3.116
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	351	3.096	3.105	3.083
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	32	3.104	3.104	3.104
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	1	3.14	3.14	3.14
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	50	3.201	3.201	3.201
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	87	3.184	3.184	3.178
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	151	3.189	3.216	3.175
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	8	3.199	3.199	3.199
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	43	3.254	3.257	3.243
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	79	3.272	3.276	3.269
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	40	3.304	3.314	3.304
MGS 3/2005 4.837% 15.07.2025	4.837%	15-Jul-25	20	3.331	3.331	3.331
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	65	3.337	3.356	3.331
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	11	3.309	3.309	3.307
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	40	3.434	3.438	3.414
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	11	3.422	3.458	3.422
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	60	3.4	3.451	3.391
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	9	3.275	3.275	3.275
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	10	3.588	3.606	3.588
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	10	3.662	3.662	3.662
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	119	3.56	3.56	3.538
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	1	3.711	3.711	3.711
MGS 3/2017 4.762% 07.04.2037	4.762%	07-Apr-37	1	3.671	3.671	3.635
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	52	3.597	3.597	3.594
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	53	3.871	3.903	3.871
PROFIT-BASED GII 3/2011 30.04.2021	4.170%	30-Apr-21	3	3.127	3.127	3.127
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	10	3.12	3.12	3.12
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	24	3.12	3.12	3.116
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	07-Jul-23	50	3.196	3.196	3.196
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	21	3.236	3.244	3.236
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	213	3.263	3.281	3.263
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	10	3.231	3.231	3.231
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	50	3.346	3.346	3.322
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	50	3.359	3.359	3.354
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	2	3.437	3.437	3.437
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	110	3.419	3.426	3.419
PROFIT-BASED GII 1/2013 08.08.2028	3.871%	08-Aug-28	20	3.46	3.486	3.46
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	230	3.421	3.425	3.413
GII MURABAHAH 9/2013 06.12.2028	4.943%	06-Dec-28	2	3.449	3.449	3.449

GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	280	3.371	3.384	3.371
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	51	3.526	3.526	3.526
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	1	3.661	3.661	3.661
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	90	3.63	3.643	3.63
SPK 37/2012 3.701% 25.04.2023	3.701%	25-Apr-23	70	3.309	3.309	3.309
Total			3,211			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 4.210% 31.10.2023 - Tranche No 10	GG	4.210%	31-Oct-23	60	3.328	3.334	3.328
LPPSA IMTN 4.050% 21.09.2026 - Tranche No 4	GG	4.050%	21-Sep-26	50	3.45	3.45	3.45
PRASARANASUKUK MURABAHAAH 4.440% 03.12.2027 - S9	GG	4.440%	03-Dec-27	45	3.489	3.489	3.489
DANAINFRA IMTN 5.020% 03.05.2046 - Tranche No 48	GG	5.020%	03-May-46	10	4.005	4.006	4.005
DIGI IMTN 3.50% 18.09.2026 - Tranche No 4	AAA	3.500%	18-Sep-26	5	3.569	3.569	3.569
DIGI IMTN 3.60% 20.09.2029 - Tranche No 5	AAA	3.600%	20-Sep-29	10	3.639	3.639	3.619
DANGA IMTN 4.880% 29.01.2030 - Tranche 4	AAA (S)	4.880%	29-Jan-30	10	3.708	3.709	3.708
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	25	3.859	3.861	3.859
TENAGA IMTN 27.08.2038	AAA	4.980%	27-Aug-38	10	4.021	4.021	4.021
KLK IMTN 4.650% 24.04.2026 - IMTN 2	AA1	4.650%	24-Apr-26	10	3.692	3.692	3.692
WESTPORTS IMTN 5.380% 30.04.2026	AA+ IS	5.380%	30-Apr-26	30	3.84	3.84	3.84
WESTPORTS IMTN 4.580% 31.03.2028	AA+ IS	4.580%	31-Mar-28	20	3.939	3.961	3.939
IMTIAZ II IMTN 4.500% 22.11.2019	AA2 (S)	4.500%	22-Nov-19	15	3.24	3.24	3.24
IMTIAZ II IMTN 4.650% 24.11.2021	AA2 (S)	4.650%	24-Nov-21	10	3.576	3.583	3.576
IMTIAZ II IMTN 4.580% 27.05.2022	AA2 (S)	4.580%	27-May-22	10	3.666	3.674	3.666
TBEI IMTN 5.350% 15.09.2023	AA3	5.350%	15-Sep-23	10	3.727	3.743	3.727
TBEI IMTN 5.400% 15.03.2024	AA3	5.400%	15-Mar-24	10	3.749	3.763	3.749
UEMS IMTN 4.75% 22.03.2024 - Issue No. 7	AA- IS	4.750%	22-Mar-24	6	3.788	3.791	3.788
UEMS IMTN 5.150% 31.10.2025	AA- IS	5.150%	31-Oct-25	4	3.928	3.93	3.928
EDRA ENERGY IMTN 5.850% 05.01.2026 - Tranche No 9	AA3	5.850%	05-Jan-26	10	4.263	4.273	4.263
EDRA ENERGY IMTN 5.880% 03.07.2026 - Tranche No 10	AA3	5.880%	03-Jul-26	10	4.287	4.299	4.287
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	60	4.943	4.943	4.937
EDRA ENERGY IMTN 6.710% 05.01.2038 - Tranche No 33	AA3	6.710%	05-Jan-38	1	4.699	4.799	4.699
TSH IMTN 0% 24.08.2020	A+ IS	5.230%	24-Aug-20	10	4.013	4.013	3.972
TSH IMTN 0% 01.12.2021	A+ IS	5.050%	01-Dec-21	10	4.287	4.294	4.287
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	5	4.559	4.559	4.559
IJM LAND 5.730% PERPETUAL SUKUK MUSHARAKAH -S1 T2	A2 (S)	5.730%	17-Mar-19	10	4.641	4.641	4.641
TROPICANA 7.000% PERPETUAL SUKUK MUSHARAKAH - T1	NR(LT)	7.000%	25-Sep-19	2	6.881	6.939	6.474
Total				468			

Sources: BPAM

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