

Global Markets Daily

Brexit—Are We There Yet?

Lack of Brexit Deal Confirmation Keeps Markets on Their Toes

GBP is now above the 1.28-figure. Even as EU Chief Negotiator Barnier briefed EU27 diplomats in Brussels that a full agreement has yet to be reached, an EU diplomat said that EU negotiators are currently working intensely with a goal of presenting the legal text of an agreement to the working group of EU27 Brexit diplomats before the Summit today (BBG). Risk of no final agreement is still possible given the history of fluidity in Brexit talks, which could unwind recent gains, but this scenario looks less likely now. Focus will then be on whether the Democratic Unionists and Tory Brexiteers support PM BoJo's revised deal that would be put to the parliament's vote on Sat. In the lead up to key event dates this week, we continue to see 2-way trades amid rising vols (1m GBP vol at 14-handle). Our bias remains for GBP to remain supported on the back of our base case assumption that calls for a smooth, orderly exit (i.e. either UK to leave EU with a modified deal by 31st Oct or another brexit extension).

AUD Boosted by Robust Jobs Data

AUDUSD saw a spike this morning on better-than-expected jobs data. Step up was from around 0.6758 towards 0.6791. Pair was last seen at 0.6789. Unemployment rate came in at 5.2% vs. 5.3% expected, while full-time employment rose by 26.2k. This likely led investors to cut back on expectations for further aggressive easing by the RBA, given that jobs data is one key focus of the RBA in its setting of policy rates. Next decision is due on 5 Nov.

US Housing, IP; UK Retail Sales Today

Data of interests today include US Building Permits, Housing Starts, IP (Sep), Philly Fed (Oct), EU Construction Output (Aug), AU Employment Change (Sep), UK Retail Sales (Sep), SG Trade (Sep). Fed's Evans, ECB's Villeroy, Visco, Knot, De Cos, RBA's Debelle speak.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1072	↑ 0.35	USD/SGD	1.37	↓ -0.06
GBP/USD	1.2832	↑ 0.35	EUR/SGD	1.5168	↑ 0.30
AUD/USD	0.6759	↑ 0.09	JPY/SGD	1.2597	↑ 0.05
NZD/USD	0.6292	↓ -0.03	GBP/SGD	1.7579	↑ 0.30
USD/JPY	108.76	↓ -0.09	AUD/SGD	0.926	↑ 0.03
EUR/JPY	120.43	↑ 0.27	NZD/SGD	0.8619	↓ -0.08
USD/CHF	0.9953	↓ -0.35	CHF/SGD	1.3769	↑ 0.33
USD/CAD	1.3202	↑ 0.02	CAD/SGD	1.0377	↓ -0.07
USD/MYR	4.1945	↑ 0.06	SGD/MYR	3.0564	↓ -0.06
USD/THB	30.405	↑ 0.12	SGD/IDR	10326.39	↓ -0.09
USD/IDR	14172	↑ 0.04	SGD/PHP	37.5811	↓ -0.26
USD/PHP	51.593	↓ -0.11	SGD/CNY	5.1735	↑ 0.14

Implied USD/SGD Estimates at 17-Oct-19, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3624	1.3902	1.4180

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G7: Events & Market Closure

Date	Ctry	Event
14 Oct	US	Market Closure
	CA	
	JP	

AXJ: Events & Market Closure

Date	Ctry	Event
14 Oct	TH	Market Closure
16 Oct	KR	BoK Meeting

G7 Currencies

- **DXY Index - *Bias Remains to Sell Rallies.*** USD was broadly lower against both DM and EM currencies yesterday, weighed at first by the weaker than expected retail sales at -0.3%/m (vs. est. +0.3%; prev. +0.6%). Taking away auto and gas subcomponent, retail sales did not grow at all in Sep. That lifted the probability of a rate cut end of this month from 72.9% a day ago to 86.3%, as implied by Fed Funds Futures. Even so, breakdown suggests that there were a few factors that have weighed on the headline including fall in gasoline prices as well as a large decline in building materials which was actually due to the reversal in the demand from Hurricane Dorain. Later in New York session, Trump also spoke about signing a US-China deal at Chile and assured that China has already started to up their purchase of US agricultural goods, seemingly nonchalant about the fresh China's demand for US to roll-back tariffs (significantly). Adding to the DXY downmove was the increasing hope that there could be a deal for Brexit that was positive for GBP and concomitantly EUR. The DXY index eased below 98-figure overnight and was last seen around 97.95. Daily momentum is increasingly bearish while stochastics is falling. The greenback is approaching next support at 97.80 (100 DMA) before 97.30 (200 DMA). Resistance at 98.70 (21 DMA), 99.60 (2019 high) levels. Data/Events of focus this week include Building Permits, Housing Starts, IP (Sep); Philly Fed (Oct); Fed's Evans speaks on Thu; Fed's Williams speaks on Fri. This move is playing out our view for a USD downmove. We hold the view that continued USD appreciation and slowing global growth will result in tighter financial conditions, resulting in the need for Fed to turn more dovish. This could take the USD lower, especially when USD long positions are stretched at 30-month high.
- **EURUSD - *Bullish, Overbought.*** EUR finally broke out higher, along with the GBP on positive Brexit-headlines. There is a sense of increasing hopes for Brexit deal that Boris Johnson may be able to clinch with the EU that could also gain the blessings from parliament at home. Brexit-centred EU Summit starts today (17-18th Oct) and while there are concerns about whether a legal text could be presented. Another sticking point is the collection of VAT in Northern Ireland if the UL decides to have a different rate from the EU. Separately, there is an increasing chance of a significant fiscal stimulus as sources cited by Bloomberg said that crucial opponents of fiscal stimulus seems to more receptive of the idea. Momentum for the EURUSD is increasingly bullish with the pair last seen around 1.1080. Stochastics have entered overbought condition and resistance at 1.1110 before 1.1140 (100-dma). Support at 1.0980 (21 DMA), 1.0950 levels. Focus this week on Construction output (Aug); ECB's Villeroy, Visco, Knot, De Cos speak on Thu; Current account (Aug) on Fri.
- **GBPUSD - *Bullish ahead of Summit.*** GBP is now above the 1.28-figure. Even as EU Chief Negotiator Barnier briefed EU27 diplomats in Brussels that agreement has yet to be reached, a EU diplomat said that the EU negotiators are still working with a goal of

reaching an agreement, presenting the legal text to the working group of EU27 Brexit diplomats, to ambassadors before the Summit today (BBG). Eyes are on whether the Democratic Unionists and Tory Brexiteers support PM BoJo's revised deal that would be put to the parliament's vote on Sat. Before that, Boris needs to get a deal sorted by the end of Summit (18th Oct). There could a political "yes" before the EU Summit starts. Risk of no final agreement is still possible given the history of fluid brexit talks. A total disappointment here could unwind recent gains. Nonetheless if negotiation positively progresses into a deal (agreed by EU), then BoJo will bring the deal back to parliament for a vote this Sat. A rejection by UK lawmakers will be negative for GBP but an approval will cement a brexit on 31st Oct, with a transitional deal. This would reinforce our idea of *buy GBP on dips*. In the lead up to key event dates this week, we continue to see 2-way trades amid rising vols (1m GBP vol at 14-handle). Our bias remains for GBP to trend higher on the back of our base case assumption that calls for a smooth, orderly exit (i.e. either UK to leave EU with a modified deal by 31st Oct or another brexit extension). GBP was last seen at 1.2820 levels. Next resistance at 1.2880 (38.2% fibo retracement of 2018 high to 2019 low), 1.3170 (50% fibo) and 1.3450 (61.8% fibo). Support at 1.2710 (200 DMA), 1.2530 (23.6% fibo) and 1.2410 (100 DMA). Data calendar has retail sales (Sep) on Thu.

- **USDJPY - Sell Rallies.** The pair traded in a relatively tight range yesterday, hugging the 108.70-level quite closely. The significant step-up on Tuesday night probably flushed out market participants who had very bullish bets on the JPY. Markets are now waiting for more confirmation of Brexit and US-China trade talk developments before making further moves. Pair last seen around 108.70. In US-China relations, US will likely press ahead with legislation to support pro-democracy supporters in HK, despite China's warnings, even as Trump thinks that a deal could be signed next month at the APEC summit in Chile and that the Chinese have already resumed buying of agricultural goods from US. We caution for further swings today on Brexit developments. Negotiations in Brussels are in their final stages but a confirmation/rejection of the draft deal could either swing the USDJPY pair towards 109.30 or back towards 108.45 (and below). Nonetheless, even if the USDJPY pair rallies, trade deal uncertainties and the aftermath of Typhoon Hagibis (repatriation of funds home to Japan) could suggest some downward bias in the near-term. Prefer to sell USDJPY rallies for now. Momentum on daily chart is modestly bullish and stochastics are in overbought territory. Resistance at 109, 109.30 (Aug high). Support at 108.45 (Sep high), 107.50 (23.6% Fibonacci retracement from Aug low to Sep high), 106.90 (38.2% fibo). CPI due on Fri.
- **NZDUSD - Under Pressure.** NZD rose in late NY sessions and hovered around 0.6290, buoyed by the downmove in the USD. This pair may remain in sideways trades within the 0.62-0.6350 range. Mild bullish shows signs of fading while stochastics is falling. Support at 0.6250, 0.6210 levels. Resistance at 0.63 (21 DMA), 0.6350 (50 DMA).

- **AUDUSD - Lower jobless rate unwinds easing bet just a little.** AUDUSD was lifted this morning by the fall in jobless rate, a closely monitored indicator for RBA's next move. Hiring was decent with net 14.7K hires for Sep (26.2k full-time and -11.4k part-time). Participation rate fell a tad to 66.1% from historical high of 66.2%. Eyes on China's activity data tomorrow. AUDUSD is still rather elevated at around 0.6780. We do not expect RBA to ease anymore this year although we see the risk that easing expectations could still weigh on this pair. Recall that from the Minutes of the Oct RBA meeting, members of the board were concerned about the limited ammunition but took the cash target rate lower from 1.00% to 0.75% anyway as they see the benefits of a rate cut outweighing the concerns on "dwindling ammunition". Does that mean more rate cuts in the future? As long as growth does not pick up and wage growth remains subdued, that remains a risk and drag on the AUDUSD. In addition, there appears to be some element of international pressure as many other central banks have been engaged in easing. Price was last seen around 0.6788. Price action is gaining bullish momentum. Next resistance at 0.6810. Support at 0.6760/25.

- **USDCAD - Range-Trades Likely.** USDCAD hovered around 1.3200, not very much different from where it was this time yesterday. Range-bound action seems likely to continue within 1.3150 and 1.3340. perhaps with the Federal Election on 21st Oct, investors like to keep their bets on the CAD conservative. CPI headline came in steady at 1.9%/y for Sep, a tad lower than expected at 2.1%. Week ahead has Aug manufacturing sales for Thu and ADP payroll on Thu.

Asia ex Japan Currencies

- **SGD trades around 1.5% above the implied mid-point of 1.3902 with the top estimated at 1.3624 and the floor at 1.4180.**
- **USDSGD - *Upward Bias*.** The pair was climbing steadily up towards 1.3730 yesterday afternoon before tanking towards 1.3700 at night on broad USD weakness (US retail sales weaker than expected, optimism on Brexit deal exerting upward pressure on GBP/EUR and hence downward pressure on USD). China has suggested that current tariffs will need to be rolled back (on both sides) before it can buy the amount of US agricultural products (US\$40-50bn) US wants it to. It has also vowed retaliation if US passes a bill supporting HK protests, but thus far the warning has been ignored by US lawmakers. Domestically, trade data this morning suggests that the outlook for exports still seems frail in the interim (NODX at -8.1%/y vs -7.2% expected, electronics exports at -24.8%/y vs. -23.0% expected). SGD NEER is currently around +1.5% above the estimated mid-point of the policy band, and there is a lack of triggers to cause SGD to weaken to policy mid quickly. A more likely outcome is for SGD NEER to see a gentle decline, perhaps by -0.5% or more, in the interim. We still expect USDSGD to take cue from USDCNH. In particular, the yuan reference fixings (7.0789 today vs. 7.0746 yesterday vs. 7.0708 Tues) could exert a tad of upward pressure on USDSGD, especially if the soft-yuan bias is maintained in subsequent fixings. Pair last seen at 1.3696. Daily chart is modestly bearish, while stochastics are in oversold conditions. Support at 1.3660 (200 DMA), 1.36 (76.4% Fibonacci retracement from Jul low to Sep high). Resistance at 1.3770 (38.2% fibo), 1.3840 (23.6% fibo).
- **AUDSGD - *Rebound on Australia's Jobs Report*.** AUDSGD formed a doji yesterday and made a strong rebound this morning, on the back of a good labour report out of Australia, last seen around 0.9295. 0.9229 is the low for the yesterday and has become a support level for now and next resistance for re-energized bulls to take out is the 21-dma at 0.9310. Beyond 0.9229, next support is seen at 0.9060 (2008 low).
- **SGDMYR - *Overbought*.** Cross was last seen at 3.0573 levels, not too different from yesterday morning. Though bullish momentum on daily chart remains intact, stochastics shows signs of turning from overbought conditions. We see tentative signs of an interim top being formed on this run-up. A pullback lower is not ruled out. Support at 3.5210, 3.0430 levels. Resistance at 3.0610 (Oct high) before 3.0680 levels.
- **USDMYR - *Range*.** USDMYR inched modestly lower this morning amid broad USD softness since last night. Last seen at 4.1915 levels. Daily momentum indicator is not showing a clear bias, while stochastics seem to be inching down from near-overbought conditions. Resistance at 4.20, 4.22 levels. Support at 4.18 before 4.16 (neckline of the head & shoulders pattern). Look for 4.19 - 4.2030 range intra-day.

- **1m USDKRW NDF - *Rebound Risks*.** NDF was showing signs of rebounding upwards in early trading yesterday, before broad USD weakness at night led it to decline. NDF last seen at 1185.8, not too different from where it was yesterday morning. BoK had lowered policy rate by 25bps to 1.25% yesterday morning, as expected. Accompanying statement said that the pace of global growth has continued to slow while global financial markets exhibited high levels of volatility. CPI will fluctuate around 0% levels for some time before rising towards 1% range in 2020. NDF will take cues from developments in ongoing trade disputes (US-China, SK-Japan), domestic deflation risks, tech cycle. Signs of further cracks in US-China partial deal could lead to a tentative rebound, given that inking of the actual deal (potentially at APEC summit in Chile) is a month away. Bearish momentum remains intact but stochastics is showing signs of turning from oversold conditions. Resistance at 1189 (100 DMA), 1195 levels. Support at 1177 (61.8% fibo retracement of Jul low to Aug high), before 1166 (76.4% fibo).
- **USDCNH - *More Flexible Fix Coincides with Broadly Softer USD*.** PBoC fixed USDCNY reference rate at **7.0789**, 43 pips higher than the previous **7.0746**. The spread between the USDCNY and the fix has narrowed and there are definitely two-way risks now. However, this also coincides with broad USD strength that can cap the USDCNY and Trump's reiteration on a deal in Nov at Chile also serves to rein in RMB bears. A more market-driven fix would also mean more room for RMB bears as we watch how Trump manages the Hong Kong bill at home after China threatened retaliation. The bills now go to the Senate and the clearance of the bill at the Senate would see them sent to Trump for him to sign the act or issue a veto. In addition, China is said to have asked for a roll-back of tariffs so that only \$50bn of goods attract levies by the US. We continue to hold our view that there needs to be caution for now. Eyes are on the activity numbers due out of Fri. In spite of the discouraging PPI prints that bode ill for industrial profits and activity, we note that the improvements in the PMI-mfg prints released earlier this month hint that the infrastructure boosts and other fiscal stimulus including tax cuts and fee reductions could start to see effect. The OECD composite leading indicator also project a stable growth momentum in China with a tentative turning point already emerged the latest report published 8 Oct. So we do think that there is a potential for an upside surprise in the activity prints and the 3Q GDP number that can take the USDCNH and USDCNY lower, along with the rest of USDAsians including USDSGD. We continue to watch the USDCNY fix, the spread between the USDCNY spot and the fix as well as the spread between the USDCNY fix and our estimate of the fix for a sense of policy guidance from PBoC and also clues of trade talk development. We hold our view to remain cautious leading into the main APEC event in Chile on 17th Nov where both Trump and Xi Jinping would attend and where the deal is expect to be sealed. Should the neckline of the head and shoulders be broken and played out for USDCNH, this could usher in the next leg of RMB gains. This leg of the RMB rally could bring the USDCNH to test the 7.0. We had taken partial profit on our short USDCNH here at 7.11 (25 Sep) at 7.0760 on Monday. We

still maintain the view that the break of the 7.07 would open the way towards 7.0 and then at 6.95, 6.90. Stoploss at 7.19. Risk reward ratio of 1:2.63. In the near-term, resistance at 7.12 (21-dma) before 7.15. We also hold our short SGD against the CNH as the rising wedge seems to have been violated. This cross is still supported by the 21-dma at 5.16. Break there would bring this cross towards 5.1450 before 5.1430. First target at 5.0970 before the next target at 5.0788. Spot reference at 5.1620 (25 Sep). Stoploss at 5.20 with a risk-reward ratio of 1:2.19.

- **1M USDINR NDF - Uptrend.** This pair hovered around 71.65 as we write this morning. Equity-related inflows have been supportive of the rupee this week. Foreign investors bought \$1.17bn of equity between Mon-Tue as of last available data and sold \$70.8mn in the same period. Market players remained concerned about the lack of room for further easing by RBI given the recent firmer CPI numbers. Weakness in domestic demand belies the narrower trade deficit posted for Sep yesterday with a drop of -13.8%/y recorded that exceeded the drop in exports. Narrower trade deficit could mean INR could be less hurt in times of risk-off but weakness in aggregate demand could weigh on the INR in the medium term. Based on our recent study, sharp weakness in CNY coincides with weakness in the INR as the impact of shrinking global trade (owed no less to the US-China trade war) starts to crimp on India's export receipts. This is in addition to domestic concerns at home that also undermined INR vs. the rest of regional peers. In other news, US trade representative Lighthizer said that he may visit India within 2 weeks on trade. This comes after Modi just had a visit from China President Xi last week.
- **1M USDPHP NDF - Upsides Capped Despite Oversold Conditions.** Aside from a temporary spike yesterday morning, the NDF continued to see some downward pressure yesterday, on both broad USD weakness and potentially a positive bias for PHP. Last seen at 51.55. Trump's signalling that the "phase 1" trade agreement could be inked next month at the APEC summit in Chile was mildly positive for EM Asia FX, even as markets appeared to remain cautious over developments, especially as tones on China's end sound more reserved. Nonetheless, in the interim, we think up-moves in the NDF will be capped. Markets are expecting another RRR cut (perhaps by 100bps) to come before year end, which would further boost credit growth. Remittances continued to rise by 4.6%/y in August. Prior tax reforms seem to be working, with collections above target for the first half of 2019. Momentum on daily chart is modestly bearish, while stochastics are in oversold conditions. Support at 51.30 (76.4% Fibonacci retracement from Jul low to Aug high), 50.80 (Jul low). Resistances at 51.60 (61.8% fibo), 52.10 (38.2% fibo, 50/200 DMA), 52.90 (Aug high). BoP due Friday.
- **1m USDIDR NDF - Range.** NDF saw ranged trading yesterday. Last seen at 14220. External and domestic conditions seem to be finely balanced for now. Externally, markets are awaiting further hints of cracks/progress in US-China relations, given that next few weeks will be focused on distilling broad agreements down to concretized details in the "phase 1" trade deal. A surprise trade deficit recorded in Sep (-

US\$161mn vs. revised +\$112mn prior) could also keep investors on their toes still. Domestically, cabinet posts will be announced soon after the presidential inauguration on Oct 20. If respected Finance Minister Sri Mulyani maintains her current role or sees increased influence over financial and economic affairs, foreign investor confidence could be supported a tad. Meanwhile, parliament discussions on amendments to the constitution that could see reduced influence for President Jokowi and potentially return power to traditional Indonesian elites, continue to be worrying as it might impinge on the credibility of proposed reforms. We see fair chance of ranged trading around the 14100 to 14300 level in the interim. Momentum and stochastics on daily chart are not showing clear biases. Support at 14200-level (38.2% Fibonacci retracement from Aug high to Sep low), 14100 (23.6% fibo), 14000. Resistance at 14300, 14430 (76.4% fibo).

- **USDTHB - Range.** USDTHB saw a tad of downward pressure this morning, in line with a broadly softer USD. Last seen at 30.375. We note that ranged behavior for the pair has largely dominated after the step-up last Thurs (on news that BoT will soon relax rules relating to capital outflow and gold trading, in a bid to curb THB strength), and this behavior is expected to continue in the interim. PM Prayut will table the budget bill for fiscal year 2020 today, already 2 months later than usual. There appears to be some objections from opposition camps over high spending on national security and arms purchases, but we expect the bill to be passed nonetheless. Commerce Ministry's plans for export stimulus, farmers' income guarantee appear intact despite the Ministry's budget cuts. While business sentiment is at a 21-month low in September, firm macro fundamentals (current account balance >5% of GDP, growth between 2-3%) could continue to assuage market concerns. Momentum on daily chart is mildly bearish, while stochastics remain in oversold conditions. Pair has continued to hover just above or below key level at 30.40 (longer-term 23.6% fibo retracement from 2009 high to 2013 low). Resistance at 30.50 (21 DMA), 30.60 (50 DMA), then 31.00 (38.2% Fibonacci retracement from May high to Sep low). Next support at 30.00.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 3/22	3.12	3.11	-1
5YR MI 6/24	3.23	*3.23/20	Not traded
7YR MK 7/26	3.38	3.37	-1
10YR MO 8/29	3.41	3.41	Unchanged
15YR MS 7/34	3.62	*3.64/59	Not traded
20YR MX 6/38	3.73	3.76	+3
30YR MZ 7/48	3.98	3.99	+1
IRS			
6-months	3.33	3.33	-
9-months	3.28	3.28	-
1-year	3.24	3.24	-
3-year	3.23	3.23	-
5-year	3.28	3.28	-
7-year	3.31	3.31	-
10-year	3.39	3.39	-

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Source: Maybank KE

*Indicative levels

- Local government bonds were fairly resilient with yields little changed, except the 20y MGS and 15y GII benchmarks which rose 1-4bps in yield. There was better buying at the front end, but trading interest was generally on off-the-run bonds. Bids were defensive and liquidity remained thin.
- Still thin liquidity in MYR IRS market absent catalysts. IRS levels generally stayed flat and there were no trades reported dealt. 3M KLIBOR was unchanged at 3.38%.
- Corporate bond market activity picked up slightly. GGs were very active but skewed towards better selling at the long end, rising 2-7bps higher in yield and the 20y sector underperformed. The front end and belly of the curve were somewhat defensive and traded unchanged. AAA space remained muted and saw very few quotes. AA credits traded 1bp lower in yield at the belly, with IPPs slightly better bid. Active names were SPG and YTL Power.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.58	1.58	-
5YR	1.59	1.60	+1
10YR	1.69	1.70	+1
15YR	1.78	1.79	+1
20YR	1.89	1.89	-
30YR	2.01	2.01	-

Source: MAS

- SGD rates generally higher, but bond-swap spreads narrowed, reversing previous day's movement. SGD IRS were paid up across the curve, which bear-steepened and rose 1-3bps higher. Meanwhile, SGS was supported by dip buyers and apart from some softness in the 3y sector, yields were flat to 1bp higher.
- In Asian USD credit market, IGs tightened after rates were sold off overnight. Low beta names were in demand by real money and spreads tightened 3-6bps. Sovereign space was quiet with a lack of flows and market makers were sidelined amid tight spreads. Chinese and HK IGs grinded tighter, with Haohua 10y outperforming tightening 5bps. Major Chinese financials tightened 3-4bps on the back of short covering. HYs remained weak amid a lack of bidding interest and investors looking to take profit.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (%-pt)
1YR	5.93	5.93	0.00
3YR	6.42	6.40	(0.02)
5YR	6.64	6.61	(0.03)
10YR	7.21	7.19	(0.02)
15YR	7.60	7.58	(0.02)
20YR	7.84	7.81	(0.03)
30YR	8.00	8.00	(0.00)

* Source: Bloomberg, Maybank Indonesia

- Indonesian bond market continued its appreciation trends until yesterday. The market players keep investing on Indonesian government bonds for seeking attractive yields amidst current dovish expectation on further policy rate decision by various Central Banks. Investors' stronger dovish expectation on further policy rates decisions occurred after seeing recent unfavorable global macro data results, weakening global economic growth prospect, various geopolitics problems, and persistent uncertainty on the global trade war conditions. Meanwhile, Indonesia's social economic political aspects are relative manageable so far. The country's international trade activities are on moderation condition during recent global trade wars. Meanwhile, domestic political condition remains stable, ahead of Presidential inauguration on 20 Oct-19. Going forward, we believe that investors still put strong attention on Indonesian bonds assets that offering high investment yields.
- Various sources news reported that the so-called "phase 1" U.S.-China trade deal described by President Donald Trump was not finalized, and that Beijing wanted to iron out a few details before it committed to the agreement. Furthermore, investors also saw renewed signs of weakness in export-dependent Germany, the largest economy in the European Union. The German ZEW economic sentiment index fell to a reading of negative 22.8 points this month, from negative 22.5 points in September. Reuters reported the German government now expected gross domestic product to expand by a 1% pace next year, from 1.5% before. Moreover, U.S. retail sales dropped 0.3% MoM in Sep-19 as consumers cut back on spending. It was the first drop since February, suggesting that the weakness visible all year in manufacturing is spreading to other sectors of the economy. Then, IMF recently sees global economic growth falling to 3% this year, the slowest pace since the 2008 financial crisis. Meanwhile, St. Louis Fed President James Bullard, one of the most dovish members at the Fed, made the case in a speech in London for further interest rate cuts to protect against downside risks but said the central bank will be cautious in making more rate cuts.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1123	109.03	0.6792	1.3008	7.1277	0.6363	120.9367	73.8700
R1	1.1098	108.90	0.6775	1.2920	7.1138	0.6328	120.6833	73.6900
Current	1.1078	108.79	0.6786	1.2824	7.1019	0.6291	120.5200	73.8240
S1	1.1035	108.60	0.6733	1.2701	7.0848	0.6249	119.9633	73.2000
S2	1.0997	108.43	0.6708	1.2570	7.0697	0.6205	119.4967	72.8900

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3747	4.1984	14201	51.8197	30.5030	1.5231	0.5955	3.0613
R1	1.3724	4.1965	14187	51.7063	30.4540	1.5199	0.5934	3.0588
Current	1.3693	4.1890	14175	51.5300	30.3700	1.5170	0.5911	3.0594
S1	1.3686	4.1923	14163	51.5183	30.3530	1.5122	0.5889	3.0544
S2	1.3671	4.1900	14153	51.4437	30.3010	1.5077	0.5865	3.0525

*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	1.8724	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	1.25	29/11/2019	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	27,001.98	-0.08
Nasdaq	8,124.18	-0.30
Nikkei 225	22,472.92	1.20
FTSE	7,167.95	-0.61
Australia ASX 200	6,736.54	1.27
Singapore Straits Times	3,134.71	0.59
Kuala Lumpur Composite	1,574.90	0.55
Jakarta Composite	6,169.59	0.19
Philippines Composite	7,915.30	0.96
Taiwan TAIEX	11,162.83	0.46
Korea KOSPI	2,082.83	0.71
Shanghai Comp Index	2,978.71	-0.41
Hong Kong Hang Seng	26,664.28	0.61
India Sensex	38,598.99	0.24
Nymex Crude Oil WTI	53.36	1.04
Comex Gold	1,494.00	0.71
Reuters CRB Index	174.98	0.13
MBB KL	8.52	0.12

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	121	3.052	3.052	3.03
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	50	3.082	3.082	3.071
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	24	3.065	3.069	3.065
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	318	3.071	3.077	3.071
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	230	3.078	3.082	3.059
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	210	3.097	3.1	3.097
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	18	3.098	3.098	3.098
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	120	3.109	3.109	3.109
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	50	3.119	3.119	3.119
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	26	3.194	3.194	3.194
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	77	3.197	3.197	3.188
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	111	3.241	3.266	3.241
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	11	3.272	3.276	3.272
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	80	3.353	3.368	3.351
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	10	3.406	3.406	3.406
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	151	3.366	3.381	3.355
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	6	3.445	3.445	3.445
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	184	3.465	3.47	3.456
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	48	3.45	3.45	3.447
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	99	3.409	3.411	3.402
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	10	3.555	3.555	3.555
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	7	3.625	3.625	3.625
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	15	3.697	3.697	3.697
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	127	3.713	3.722	3.703
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	107	3.739	3.739	3.735
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	37	3.757	3.757	3.724
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	15	3.919	3.919	3.919
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	55	3.986	3.991	3.986
PROFIT-BASED GII 7/2012 15.05.2020	3.576%	15-May-20	70	3.079	3.079	3.079
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	100	3.088	3.088	3.088
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	200	3.13	3.13	3.13
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	5	3.131	3.131	3.131
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	07-Jul-23	40	3.225	3.225	3.225
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	76	3.232	3.251	3.232
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	1	3.347	3.347	3.347
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	40	3.404	3.404	3.404
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	100	3.387	3.387	3.387
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	240	3.466	3.466	3.459
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	1	3.4	3.4	3.4
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	70	3.693	3.693	3.676
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	100	3.737	3.738	3.734
GII MURABAHAH 5/2017 4.755% 04.08.2037	4.755%	04-Aug-37	30	3.831	3.84	3.83

Total**3,389**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
KHAZANAH 0% 24.02.2021	GG	0.000%	24-Feb-21	30	3.213	3.213	3.213
DANAINFRA IMTN 4.210% 31.10.2023 - Tranche No 10	GG	4.210%	31-Oct-23	2	3.441	3.441	3.441
PTPTN IMTN 4.670% 28.03.2024	GG	4.670%	28-Mar-24	60	3.335	3.335	3.335
PASB IMTN (GG) 4.40% 17.06.2026 - Issue No. 26	GG	4.400%	17-Jun-26	35	3.58	3.58	3.58
LPPSA IMTN 4.050% 21.09.2026 - Tranche No 4	GG	4.050%	21-Sep-26	60	3.539	3.539	3.539
PRASARANA IMTN 4.64% 22.03.2030 - Series 3	GG	4.640%	22-Mar-30	10	3.669	3.669	3.669
DANAINFRA IMTN 4.610% 05.04.2030 - Tranche No 33	GG	4.610%	05-Apr-30	10	3.668	3.668	3.668
DANAINFRA IMTN 4.570% 02.05.2031 - Tranche No 45	GG	4.570%	02-May-31	10	3.709	3.709	3.709
DANAINFRA IMTN 4.890% 25.05.2032 - Tranche No 64	GG	4.890%	25-May-32	10	3.759	3.759	3.759
MKDK IMTN 4.850% 01.10.2032	GG	4.850%	01-Oct-32	90	3.8	3.8	3.74
DANAINFRA IMTN 4.900% 16.11.2032 - Tranche No 70	GG	4.900%	16-Nov-32	10	3.775	3.775	3.775
PRASARANA SUKUK MURABAHAH 4.09% 05.08.2039 - S13	GG	4.090%	05-Aug-39	10	3.999	3.999	3.999
DANAINFRA IMTN 5.020% 03.05.2046 - Tranche No 48	GG	5.020%	03-May-46	5	4.099	4.099	4.099
DANAINFRA IMTN 4.950% 19.10.2046 - Tranche No 54	GG	4.950%	19-Oct-46	5	4.099	4.099	4.099
NBAD 4.9% 28.12.2020	AAA	4.900%	28-Dec-20	4	3.357	3.366	3.357
YTL POWER MTN 3651D 10.6.2022	AA1	4.550%	10-Jun-22	20	3.705	3.711	3.705
YTL POWER MTN 1826D 24.8.2023	AA1	4.650%	24-Aug-23	10	3.806	3.812	3.806
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	03-May-27	10	3.999	4.031	3.999
MAYBANK IMTN 4.710% 31.01.2031	AA1	4.710%	31-Jan-31	80	3.951	3.951	3.947
MALAKOFF POW IMTN 5.050% 17.12.2019	AA- IS	5.050%	17-Dec-19	4	3.177	3.207	3.177
IJM IMTN 4.830% 10.06.2022	AA3	4.830%	10-Jun-22	2	3.83	3.834	3.83
SPG IMTN 4.970% 30.10.2026	AA- IS	4.970%	30-Oct-26	10	3.838	3.841	3.838
SPG IMTN 5.000% 30.04.2027	AA- IS	5.000%	30-Apr-27	10	3.869	3.872	3.869
SPG IMTN 5.370% 29.10.2032	AA- IS	5.370%	29-Oct-32	20	4.139	4.141	4.139
DRB-HICOM IMTN 5.330% 14.03.2022	A+ IS	5.330%	14-Mar-22	5	4.409	4.409	4.409
ECO CAPITAL MTN 6.10% 13.8.2024	NR(LT)	6.100%	13-Aug-24	2	6.097	6.097	6.097
TROPICANA 7.000% PERPETUAL SUKUK MUSHARAKAH - T1	NR(LT)	7.000%	25-Sep-19	1	6.649	6.661	6.377
Total				524			

Sources: BPAM

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