

Global Markets Daily

Expect More Tapering Discussions, Short of Commitment to Timeline

Equities Still Seeing Red; Hit to AxJ FX Modest for Now

The equity rout emanating from Chinese tech regulatory crackdowns spilled over to US equities overnight. A glimpse of Asian equities this morning also shows markets leaning towards caution for now. Meanwhile, most AxJ FX have weathered the news relatively well, even as USDCNH pushed above the 6.5-handle. The spike in the USDCNH, along with the rise in local yields were likely due to not just the risk aversion at home, but also rumours of US restricting investments into HK and China. Market focus may turn to FoMC tonight (Thu 2am SG/KL time), where we keep a lookout for more tapering discussions and Fed rhetoric.

Fed Parameters Likely on Hold, Tapering Talks in View

We expect all Fed policy parameters to remain on hold tonight. More discussion on tapering likely, but short of a commitment to a timeline. A likely scenario is for Fed to offer guidance (timeline) on tapering at the upcoming Jackson Hole symposium (26 - 28 Aug) or latest by Sep FoMC (22 Sep). Our baseline looks for gradual pace of tapering (in clips of \$10bn/month) to begin in Jan 2022 and to end the \$120bn/month QE purchase by end-2022 before tightening rates in 2023. Powell's testimony to Congress last week reinforced Fed's dovish bias. He attributed the jump in CPI to factors tied to economy reopening from pandemic, including temporary data quirks, supply constraints that should "partially reverse" and rise in demand for services that were hit by pandemic. Longer run inflation remains well anchored. Bear in mind Fed is now operating on Average Inflation Targeting (AIT) regime and being tolerant of inflation overshoots a key feature. A confirmation of Fed's dovish bias should keep sentiment supported.

Malaysia Trade Data Due

Key data of interest today include US Retail inventories, Japan Leading, coincident indices, Malaysia trade. Australia 2Q CPI came in at 3.8%/y, versus expectations for 3.7%.

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G7: Events & Market Closure

Date	Ctry	Event
29 Jul	US	Fed Monetary Policy Decision

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
26 Jul	TH	Market Closure
28 Jul	TH	Market Closure

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1817	↑ 0.12	USD/SGD	1.3604	↑ 0.16
GBP/USD	1.3879	↑ 0.44	EUR/SGD	1.6075	↑ 0.28
AUD/USD	0.7362	↓ -0.31	JPY/SGD	1.239	↑ 0.69
NZD/USD	0.6956	↓ -0.69	GBP/SGD	1.8881	↑ 0.60
USD/JPY	109.78	↓ -0.55	AUD/SGD	1.0013	↓ -0.12
EUR/JPY	129.72	↓ -0.44	NZD/SGD	0.9464	↓ -0.48
USD/CHF	0.9145	↓ -0.17	CHF/SGD	1.4876	↑ 0.31
USD/CAD	1.2602	↑ 0.41	CAD/SGD	1.0796	↓ -0.28
USD/MYR	4.233	↑ 0.05	SGD/MYR	3.1105	↑ 0.01
USD/THB	32.965	↑ 0.17	SGD/IDR	10654.67	↑ 0.06
USD/IDR	14493	↑ 0.07	SGD/PHP	37.0498	↑ 0.16
USD/PHP	50.413	↑ 0.15	SGD/CNY	4.7894	↑ 0.35

Implied USD/SGD Estimates at 28 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3366	1.3639	1.3912

G7 Currencies

- **DXY Index - Fed Tapering Talks to Intensify But Short of Timeline.** Key focus tonight on FoMC (Thu 2am SG/KL time) - keep a look out on tapering talks outcome and Fed's rhetoric. We expect all policy parameters to remain on hold but likely, **more discussion on tapering but short of a commitment to a timeline.** A likely scenario is for Fed to offer guidance (timeline) on tapering at the upcoming Jackson Hole symposium (26 - 28 Aug) or latest by Sep FoMC (22 Sep). Our baseline looks for gradual pace of tapering (in clips of \$10bn/month) to begin in Jan 2022 and to end the \$120bn/month QE purchase by end-2022 before tightening rates in 2023. Powell's testimony to Congress last week reinforced Fed's dovish bias. He attributed the jump in CPI to factors tied to economy reopening from pandemic and these set of factors include temporary data quirks, supply constraints that should "partially reverse" and rise in demand for services that were hit by pandemic. He also said longer run inflation remains well anchored. **We did not see any hint that Fed will normalise policies pre-emptively as Fed officials continue to interpret rising prices as transitory** and they will not rush to normalise. Bear in mind Fed is now operating on Average Inflation Targeting (AIT) regime and being **tolerant of inflation overshoots is one of the feature.** A confirmation of Fed's dovish bias should keep sentiment supported and weigh on USD. DXY was a touch softer overnight, as flagged out by technical signals. Last seen at 92.45 levels. Daily momentum shows signs of turning bearish while RSI is falling. Risk to the downside. Support here at 92.50 (21 DMA), 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.30/50 levels (50, 100, 200DMAs, 50% fibo). Resistance at 93.2 and 93.5 levels. Week remaining brings Retail inventories (Jun) on Wed; FoMC; GDP (2Q) on Thu; Chicago PMI (Jul); Personal income, spending, core PCE (Jun) on Fri.
- **EURUSD - Consolidate ahead of FOMC Event Risk.** EUR inched higher overnight; last seen at 1.1820 levels. Daily momentum and RSI indicators are mild bullish. Potential falling wedge pattern could be in the making. This is typically a bullish reversal though one can also argue that the apex is still way away. Resistance at 1.1820/40 (76.4% fibo retracement of Mar low to May high, 21 DMA). Break above this puts next resistance at 1.1920/30 (61.8% fibo), 1.1980/1.20 levels (50, 100, 200 DMAs, 50% fibo). Support at 1.1760 and 1.1705/15 levels. Week ahead brings Consumer confidence (Jul) on Thu; CPI estimate (Jul); 2Q GDP on Fri.
- **GBPUSD - Stay Long.** Rise in GBP extended overnight, in line with our call for upside risks as covid situation continued to show signs of improvement. Daily new infection rose at a slower pace of ~25k (vs. 7-day average of 40k). We also note that covid hospitalisation rate and ICU admissions are key as UK experiments with living with covid as endemic. So long covid hospitalisation/ICU admissions do not pick up significantly (and weigh on public healthcare system), daily infection continues to fall and more people become fully vaccinated, then this experiment of living with covid as an endemic could prove to be a template for the world - a potential boost to risk

sentiment (not forgetting that UK is not alone in this as Singapore is also working towards covid as endemic). Of interest is that 9 in 10 people in UK has covid antibodies and there are more people vaccinated in UK today than before (about 54% fully vaccinated and 69% of population with at least 1 dose). GBP was last seen at 1.3880 levels. Daily momentum is bullish while RSI is rising. Risks to the upside. Next resistance 1.3910 (50% fibo), 1.3960 (50 DMA). Support at 1.3830 (38.2% fibo), 1.3710/30 (23.6% fibo retracement of 2021 double-top to Jul low, 200 DMA). Week ahead brings CBI Trends Selling Prices (Jul) on Thu; Lloyds Business Barometer (Jul) on Fri.

■ **USDJPY - Larger Two-way Swings; Buy on Dips.** Pair last seen at 109.87. Pair had fallen by around 90 pips (vs. levels seen yesterday morning) towards 109.60 at one point, as the broadening of the tech crackdown in China (to education, food delivery) led to a rout in most equity markets. We had cautioned yesterday that interim haven demand could be supportive of the JPY and lead the USDJPY pair on intermittent downswings; this came to pass more strongly during the US session. Bias for the pair reverts to buy-on-dips at this point, with US10Y yields potentially seeing support in the 1.20-1.25% range (last at 1.25%). Momentum and RSI on daily chart are not showing a clear bias. Support at 109.60, before next at 109.10, 108.30 (23.6% fibo retracement of Mar high to Apr low). Resistance at 111, 112 (Mar high). Jobless rate, IP, retail sales due Fri.

■ **NZDUSD - 2-Way Trade.** NZD slipped, taking the cues from softer RMB (owing to renewed focus on US-China geopolitical tensions - chatters of US restricting investment flows into China/HK and China equity sell-off). Pair was last seen at 0.6955 levels. Technical signals remain mixed with formation of death cross (with 50DMA cutting 200 DMA to the downside) - a bearish signal but momentum indicating bullish bias. 2-way trade likely. Support at 0.6910, 0.6880. Resistance at 0.70, 0.7050 and 0.7090 (50, 200 DMAs). We look for 0.6940 - 0.6990 range intra-day. Week remaining brings Activity outlook, business confidence (Jul) on Thu; Consumer confidence (Jul); Building permits (Jun) on Fri.

■ **AUDUSD - Rangy.** AUDUSD remained in languid action, last seen around the 0.7370-level. Resistance is seen around 0.7430 (21-dma) before the next at 0.7500, before the next at 0.7590. Support at 0.7290 (Jul low). Price action remains subdued, weighed by the still-rising Covid infections in NSW with 7-day average infections at 142 as of 26 Jul (updated). Sydney is in its 5th week of lockdown and NSW Premier Gladys Berejiklian just announced a 4 week extension to 28 Aug. Victoria and South Australia declare a cautious exit out of their snap lockdowns. Queensland will keep borders closed to Victoria and South Australia. Data-wise, Jun private sector credit and 2Q PPI on Fri. 2Q CPI came in a tad above the consensus with a print of 3.8%/y.

■ **USDCAD - Caution Ahead of Borders Re-opening.** USDCAD rose a tad yesterday and was last at 1.2545, testing support at 1.2550. Momentum has turned bearish. This pair may remain within the wide 1.2370-1.2700 range with interim resistance marked by the 200-dma

at 1.2605. Some caution is warranted as the Trudeau administration prepares to open up its borders to fully vaccinated Americans into the country on 9 Aug and the other international travellers a month later. This comes after Canada's vaccination rate overtook the US' with approved vaccine supply reportedly surpassing 66mn doses, enough for all eligible. A poll in Jun revealed that around 80% of Canadian respondents are willing to be vaccinated. While infections rise in other parts of the world, Canada shows little signs of a new wave but that may change after the borders to the US re-open. PM Trudeau said that the pledge to have ample vaccine supply was fulfilled two months ahead of schedule. An election is expected to be triggered in the next few weeks by the governing Liberals with Trudeau to campaign on his successful vaccine roll-out. According to local CTV, more than 55% of the population is fully vaccinated. Data-wise, Jun CPI is due on Wed, May GDP and industrial product price for Jun due on Fri.

Asia ex Japan Currencies

SGD trades around +0.31% from the implied mid-point of 1.3639 with the top estimated at 1.3366 and the floor at 1.3912.

- **USDSGD - SGD NEER to Remain in Upper Half of Policy Band; Recovery May Slow.** USDSGD last seen at 1.3599, climbing a tad vs. yesterday morning. Sentiments among AxJ FX were more cautious on the back of the global equity rout triggered by China's tech crackdown, but extent of softening was largely contained. SGD NEER last seen at +0.3% above par, and despite current risk drivers (Delta spread in region, China's tech crackdown and potential spillovers from yuan), we remain of the view that the trade-weighted basket will remain in positive territory vs. implied policy mid-point for now. Earlier negativity in sentiments from the escalation in domestic unlinked cases and subsequent tightening of curbs looks to be easing. Momentum on USDSGD daily chart has turned mild bearish, while RSI is dipping lower from near-overbought conditions. Resistance at 1.3680, 1.3780. Support at 1.3530 (Mar high), 1.3450 (76.4% fibo retracement from Mar high to Jun low). 2Q unemployment rate due Thurs.
- **AUDSGD - Bearish Bias.** Cross was last seen around 1.0020 with the route of least resistance still to the downside. The 21-dma at 1.0066 continues to cap bullish attempts and this cross remains within the falling trend channel that started in May. Momentum on daily chart and stochastics are neutral at this point but price action is biased to the downside. Bullish divergence is seen but no signs of that playing out at this point. Support levels at parity before the next at 0.9920.
- **SGDMYR - Consolidate.** SGDMYR was steady; last seen at 3.1120 levels. Mild bullish momentum on daily chart intact while RSI is flat. Upside momentum paused as we look for signs of turn-around (lower). Resistance here at 3.1150 and 3.1220 levels. Support at 3.1030 (50 DMA), 3.0975 (21 DMA) and 3.0930 (100 DMA). We watch 3.1050 - 3.1150 range intra-day.
- **USDMYR - Room for Retracement.** USDMYR was last seen at 4.2305 levels. Bullish momentum on daily chart shows signs of fading while RSI shows signs of turning from overbought conditions. We still see room for retracement lower. Support at 4.20, 4.1900/50 levels (21DMA, 23.6% fibo retracement of 2021 low to high) and 4.1570 levels (50 DMA). Resistance here at 4.2450 (upper bound of bullish trend channel), 4.25 levels.
- **1m USDKRW NDF - Sell Rallies.** 1m USDKRW NDF was a touch firmer amid fears of China contagion stemming from recent equity rout after government crackdown on tutoring sector and renewed focus on US-China geopolitical tensions (chatters of US restricting investment inflows into China/HK). Pair was last seen at 1154 levels. Mild bullish momentum on daily chart faded while RSI shows signs of falling from near overbought conditions again. Potential rising wedge pattern in the making - typically associated with bearish reversal. Elsewhere we also noted a potential bearish divergence on daily MACD. Bias remains

to sell rallies. Resistance here at 1155, 1162 levels. Support at 1145 (21 DMA), 1138 levels.

- **USDCNH - Risks to the Upside.** The pair saw a spike above the 6.52-figure in late Asian session yesterday. Local bourses were on still a meltdown on Tue, reeling from the effects of recent regulatory measures that targeted different sectors - property, education, food platform/delivery services, financial technology companies this year. Big sweeping crackdowns has increased the uncertainty in the regulatory environment of China, spooking investors. The Shanghai Securities News had a commentary assuring that there is “no systemic risk” and that “stock valuations should recover”. CSI is down almost 10%ytd while Shanghai Comp is down 3.4%. The HS China Ent bourse is down 15.5%. Data compiled by Bloomberg on the HK-China Stock Connect show that net selling is around CNY4.2bn for 27 Jul, tapering from the massive CNY12.8bn seen on Mon. Nonetheless, eyes are on the National Team to render support as they have done in times of distress in the past. For the first time in a while, local bonds were also on the downmove, joining the equities in a sell-off. 10y yield rebounded above 2.9% yesterday from under the handle the day before. The spike in the USDCNH (and USDCNY), along with the rise in local yields were likely due to not just the risk aversion at home but also rumours of US restricting investments into Hong Kong and China. While it is hard to believe that the Biden administration would do something drastic that could affect both the equity markets in China and the US, it is clear that the rumour had increased geopolitical concerns. The frosty US-China talk in Tianjin did not help in the least. The RMB CFETS TWI fell to 98.19 this morning. Impact on the USDCNY and USDCNH was greater due to fear of outflows out of China should the rumours come true, resulting in the RMB’s trade-weighted underperformance, a déjà vu to trade-war era. The USDCNY reference rate was fixed at 6.4929 vs. consensus estimate of 6.4935. The deviation is not significant, suggesting that the authorities are somewhat comfortable with the behaviour of the RMB, perhaps also conveying a sense of confidence that there is “no systemic risk”. Back on the USDCNH chart, the spike in the USDCNH has possibly triggered plenty of stop-losses on the way. Afterall, the 6.50-resistance had held for much of the past month. To be clear, USDCNH has been falling for much of early trades, last at 6.5131, off the high recorded at 6.5287 for Tue. Momentum is bullish and any further risk aversion could bring this pair above the 6.5320-resistance. 21-dma to cut 200-dma to the upside, a bullish indicator that has been partially played out. **Eyes on FOMC tonight for any hawkish cues that can take the USD higher.** Data-wise for this week, NBS official non-mfg PMI, mfg PMI and Comp PMI are due on Sat.
- **USDINR NDF - Risks Skewed Downside.** The 1M NDF rose in tandem with most USDxJ peers. Last at 74.76. MACD is still bearish and risks are skewed to the downside and we see potential for further bearish extension towards 74.30. Resistance remains at 75.20, 75.55 and then at 76.00. Support at 74.70 (38.2% fibo retracement of the Feb-Apr rally) is being tested and then the next is seen at 74.30 before area of support around 74.00 (50,100,200-dma). In news, IMF slashed growth forecast for FY2021-2022 to 9.5% from 12.5% to reflect the

lack of vaccines and the impact of the renewed waves of COVID-19 in the country. Growth for FY23 is upgraded from 6.9% to 8.5%. No tier one data due this week.

- **USDVND - Stabilizing.** The pair closed 23010 on 27 Jul vs. 23012 on the day prior. This pair remained steady. 23072 remains as a resistance before the next at 23100. Covid cases at home remain on the rise with 7-day average still around 6595 as of 26 Jul. As of this morning, Vietnam remains a laggard in its vaccination drive with only 4.5% of its population getting its first dose with around 63K doses administered daily according to the Bloomberg Vaccine Tracker compared to 47K checked yesterday. The vaccination pace seems to be rising. At home, MoF proposed to delay an online tax on e-commerce vendors to take effect at the start of 2022 in order to support the recovery of the businesses affected by the current infection wave. Separately, supermarkets in Hanoi reported challenges in coping with the surge (of around 200-300%) in online orders after a lockdown was declared on the city, with restrictions also imposed on delivery personnel and operations of tech-based logistic firms halted. Congestions were also observed at checkpoints at the city borders. This may seem similar to what HCM City has experienced.
- **1M USDIDR NDF - Supported.** Last seen near 14,550, mildly higher vs. yesterday morning. After President Jokowi's announcement on Sunday that current restrictions will continue till 2 Aug, markets will be on the lookout for a clearer schedule of how/when curbs will be eased. Certain provisions were extended to various business groups (MSMEs, mall tenants) in the interim, but these were largely modest in extent. Heading into Aug, worries over the regional growth outlook as well as Fed tapering concerns could keep the 1m USDIDR NDF supported near-term. Momentum on daily chart is mildly bearish while RSI is not showing a clear bias. Resistance at 14,740 (Mar high). Nearby support at 14,520, before 14,350 (200-DMA). In other news, investments in Indonesia grew 16.2% in 2Q to IDR223trn, comprising domestic investment worth IDR106trn (surged 47.8%) and foreign investment worth IDR117trn (grew 19.6%).
- **USDTHB - Rising Risks to Sandbox Programme; But Bearish Divergence Emerging.** Onshore markets closed. Last seen at 32.89, remaining on par with levels seen yesterday morning. Cabinet has approved an additional THB46bn of support measures on Tues, with THB33bn offered directly to students (cash/tuition fee subsidy). The remaining amount will be allocated for Aug-Sep Covid treatment among at-risk groups. Meanwhile, we note rising challenges to Thailand's sandbox tourism programme. 26 visitors to Phuket have been tested positive, and recent spike in cases in the province has led to new curbs (shutting of Central Phuket shopping mall from 27 Jul to 2 Aug, extending closure of schools). On net, sentiments could still lean towards caution in the interim. But on technicals, we note that bullish momentum on USDTHB daily chart has largely moderated. RSI suggests overbought conditions still, and signs of bearish divergence (bearish signal) are emerging. Resistance at 33.20 (2020

high). Support at 32.00, before 31.80 (50-DMA). Mfg production and trade due Fri.

- **1M USDPHP NDF - *Momentum Turned Mild Bearish***. NDF last seen at 50.54, seeing more ranged trading after the dip seen in the second half of last week. The government fell short of its 1H spending target by around 10%, prompting growth drag concerns among watchers. Earlier though, we saw Moody's affirming Philippines' stable credit rating outlook, reflecting the view that pandemic recovery will restore economic growth and reverse fiscal and debt metrics deterioration suffered during the pandemic. This could help mitigate near-term negative shocks to PHP sentiments. Momentum on daily chart has turned mild bearish, while RSI has exited from overbought conditions. Resistance at 50.85 (61.8% fibo retracement of 2020 high to 2021 low), 51.60 (76.4% fibo). Support at 50.20 (21-DMA), 49.00 (50-DMA). In other news, the BoP deficit narrowed in June, to US\$312mn from May's US\$1.397bn.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.23	2.22	-1
5YR MO 9/25	2.61	2.61	Unchanged
7YR MS 6/28	2.95	2.97	+2
10YR MO 4/31	3.13	3.16	+3
15YR MS 5/35	3.67	3.70	+3
20YR MY 5/40	3.98	3.96	-2
30YR MZ 6/50	4.14	4.10	-4
IRS			
6-months	1.93	1.93	-
9-months	1.93	1.93	-
1-year	1.93	1.94	+1
3-year	2.28	2.31	+3
5-year	2.52	2.53	+1
7-year	2.76	2.78	+2
10-year	2.97	3.00	+3

Source: Maybank KE

*Indicative levels

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- Risk off sentiment from China bond markets led to some selling in medium to long tenor local government bonds, while the short and ultra-long ends remain supported. The selling was by locals while foreigners bidded lightly, albeit at wider levels. Ultra-long ends were supported by foreign buying in 20y MGS in low volume. Continuing risk off sentiment may spark some profit taking, but impact on local govies likely to mild.
- MYR IRS started a tad higher at the open amid thin liquidity and wide bid-offer spread. Offerors turned more aggressive in the afternoon alongside lower UST yields. Both 3y and 5y IRS were given at 2.30% and 2.52% respectively just before market closed. 3M KLIBOR still 1.94%.
- Corporate bonds saw some demand at the belly of the GG and AAA curves with yields firmer by 1-2bps, such as for Danainfra, Putrajaya Bina and Danga. AA credits mostly traded unchanged or within 1bp range, though the space was most active on names like Jimah Energy Ventures, Genting Malaysia, Tanjung Bin Energy, Celcom, MMC and Fortune Premiere. Corporate bond yield movements have generally been subdued.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.36	0.36	-
5YR	0.81	0.80	-1
10YR	1.33	1.34	+1
15YR	1.64	1.63	-1
20YR	1.72	1.71	-1
30YR	1.72	1.73	+1

Source: MAS (Bid Yields)

- SGS traded sideways in a +/-1bp range. While UST yields fell slightly in the afternoon, risk off sentiment in the region on the back of China's deeper equity selloff probably limited the upside in SGS.
- In Asian credit, China and HK IGs widened further as the continued selloff in China equities spooked the bond market. Tech bonds widened 3-5bps for benchmark names, while others widened 10-15bps for names like JD, TME and Meituan. Price action was rather choppy with wide bid-offers and low liquidity. Huarong also saw selling, falling 0.6-1.5pts. New deals priced overnight such as ICBC also widened by 5bps. The selling also extended to China HYs with property credits declining 0.5-2.0pts in price. Malaysian IG saw wider bids by 3-5bps at the belly, while the long end saw buyers for PETMK 2060. Interest in sovereign bonds was muted and MALAYS, INDON and PHILIP curves were unchanged. India IGs were sold off 5-10bps wider. Korea IGs broadly unchanged.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.62	3.62	0.00
3YR	4.87	4.87	(0.00)
5YR	5.27	5.26	(0.01)
10YR	6.31	6.31	0.00
15YR	6.39	6.38	(0.01)
20YR	7.11	7.11	(0.01)
30YR	6.89	6.89	(0.00)

* Source: Bloomberg, Maybank Indonesia

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- Indonesian government bonds slightly strengthened on the secondary bond market yesterday. Investors took momentum for collecting Indonesian governments bonds that offering attractive investment yields. Nevertheless, stronger prices on Indonesian government bonds seemed being limited due to recent persistent cases on Indonesian COVID-19's contagion. Moreover, investors were also being cautious before the Fed's monetary meeting on next early Thursday of local time. Investors will look for Chair Jerome Powell's comments about the timing for the start of tapering of the central bank's asset purchases. Investors' eyes will be on what Fed Chairman Jerome Powell says in an incoming press conference, particularly regarding inflation, economic growth, interest rates, and when the Fed is likely to start is going to reduce their purchases of government bonds.
- We believe that the market players still have short term orientation on their investment position after watching recent results of Indonesian relative high record on daily cases of COVID-19. Indonesian government reported another high record of daily COVID-19 cases. There were 45,203 confirmed cases in the 24 hours through midday Wednesday, with 2,069 people dying from the disease known as Covid-19. Actually, Indonesian government bonds offer attractive yields amidst recent manageable position on Rupiah against US\$ at below 14,500. The yields gaps between Indonesian government bonds against the U.S. government bonds remain wide. US government bond yields fell on Tuesday as risk appetite eased amid concerns over high inflation and the rapid spread of the delta coronavirus, which could hurt global economic growth. In late afternoon trading, the U.S. 10-year Treasury yield slid to 1.239% from 1.276% late on Monday. U.S. 30-year yields dropped to 1.891% from Mondays 1.925%.
- Yesterday, the government succesfully absorbed Rp13.15 trillion from its Sukuk auction yesterday. It exceeded the government's indicative target by Rp12 trillion. Investors also had strong interest to participate this Sukuk auction by recorded Rp56.69 trillion of total amount of offering/bids. As predicted, we believe local investors to have dominant portion on this auction. Local investors, especially the bank & non banking financial institution, need the investment assets that offering attractive yields and solid fundamental background during recent unfavorable condition on the credit side. Most investors had stronger interest for two series of Sukuk, such as PBS031 and PBS032. Yesterday, the government also successfully absorbed Rp6 trillion from its conventional bonds issuances by the Private Placement method. The government released FR0082 and FR0064 by giving yields at 6.18% and 5.80%, respectively.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1880	110.73	0.7415	1.3974	6.5624	0.7033	130.6333	81.8637
R1	1.1849	110.26	0.7388	1.3926	6.5446	0.6995	130.1767	81.3323
Current	1.1820	109.80	0.7358	1.3880	6.5156	0.6956	129.7800	80.7840
S1	1.1778	109.45	0.7336	1.3799	6.4932	0.6929	129.4067	80.4533
S2	1.1738	109.11	0.7311	1.3720	6.4596	0.6901	129.0933	80.1057
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3647	4.2396	14516	50.5237	33.0763	1.6157	0.6544	3.1194
R1	1.3625	4.2363	14504	50.4683	33.0207	1.6116	0.6526	3.1150
Current	1.3597	4.2325	14510	50.3900	32.9170	1.6070	0.6506	3.1128
S1	1.3575	4.2277	14474	50.3053	32.8757	1.6024	0.6496	3.1072
S2	1.3547	4.2224	14456	50.1977	32.7863	1.5973	0.6484	3.1038

*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	0.4300	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	19/8/2021	Easing Bias
BOT 1-Day Repo	0.50	4/8/2021	Easing Bias
BSP O/N Reverse Repo	2.00	12/8/2021	Easing Bias
CBC Discount Rate	1.13	23/9/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Neutral
RBI Repo Rate	4.00	6/8/2021	Easing
BOK Base Rate	0.50	26/8/2021	Tightening Bias
Fed Funds Target Rate	0.25	29/7/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	9/9/2021	Easing Bias
BOE Official Bank Rate	0.10	5/8/2021	Neutral
RBA Cash Rate Target	0.10	3/8/2021	Easing Bias
RBNZ Official Cash Rate	0.25	18/8/2021	Tightening Bias
BOJ Rate	-0.10	22/9/2021	Easing Bias
BoC O/N Rate	0.25	8/9/2021	Tightening Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	35,058.52	-0.24
Nasdaq	14,660.58	-1.21
Nikkei 225	27,970.22	0.49
FTSE	6,996.08	-0.42
Australia ASX 200	7,431.36	0.50
Singapore Straits Times	3,138.81	-0.01
Kuala Lumpur Composite	1,514.60	0.14
Jakarta Composite	6,097.05	-0.15
Philippines Composite	6,522.58	2.35
Taiwan TAIEX	17,269.87	-0.77
Korea KOSPI	3,232.53	0.24
Shanghai Comp Index	3,381.18	-2.49
Hong Kong Hang Seng	25,086.43	-4.22
India Sensex	52,578.76	-0.52
Nymex Crude Oil WTI	71.65	-0.36
Comex Gold	1,804.00	0.03
Reuters CRB Index	218.11	-0.64
MBB KL	8.00	0.00

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	520	1.747	1.775	1.701
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	175	1.75	1.75	1.744
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	245	1.745	1.745	1.74
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	127	1.89	1.908	1.89
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	78	2.254	2.254	2.222
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	18	2.259	2.259	2.259
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	30	2.306	2.306	2.306
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	47	2.531	2.555	2.523
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	375	2.604	2.607	2.599
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	10	2.919	2.919	2.919
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	45	2.964	2.967	2.937
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	59	3.176	3.176	3.155
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	84	3.187	3.187	3.181
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	47	3.162	3.162	3.121
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	10	3.315	3.315	3.315
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	10	3.709	3.709	3.696
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	4	3.966	3.966	3.966
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	50	3.973	3.977	3.87
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	1	1.615	1.615	1.615
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	28	1.718	1.77	1.697
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	5	1.661	1.668	1.661
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	160	1.955	1.955	1.955
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	90	2.288	2.295	2.284
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	80	2.598	2.598	2.594
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	40	2.965	2.965	2.965
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	60	2.984	2.984	2.966
GII MURABAHAH 9/2013 06.12.2028	4.943%	06-Dec-28	2	3.098	3.098	3.098
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	54	3.287	3.287	3.275
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	40	3.747	3.747	3.745
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	67	3.891	3.918	3.88
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	4	4.191	4.191	4.191
SPK 1/2014 4.731% 21.02.2024	4.731%	21-Feb-24	10	2.357	2.357	2.357
Total			2,576			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
KHAZANAH 0% 02.09.2022	GG	0.000%	02-Sep-22	60	1.953	1.953	1.953
DANAINFRA IMTN 3.470% 26.09.2029 - Tranche 12	GG	3.470%	26-Sep-29	20	3.301	3.301	3.301
PRASARANA IMTN 0% 28.09.2029 - MTN 2	GG	5.070%	28-Sep-29	20	3.301	3.301	3.301
PTPTN IMTN 4.580% 28.02.2034	GG	4.580%	28-Feb-34	270	4	4.002	4
DANAINFRA IMTN 4.910% 12.11.2035 - Tranche No 40	GG	4.910%	12-Nov-35	10	4.019	4.02	4.019
PASB IMTN 4.16% 11.11.2021 - Issue No. 4	AAA	4.160%	11-Nov-21	20	2.101	2.101	2.049
WESTPORTS IMTN 4.68% 01.04.2022	AAA	4.680%	01-Apr-22	10	2.155	2.155	2.125
TOYOTA CAP MTN 1826D 24.1.2023 - MTN 2	AAA (S)	4.650%	24-Jan-23	30	2.766	2.773	2.766
TOYOTA CAP MTN 1827D 30.1.2025 - MTN 5	AAA (S)	3.800%	30-Jan-25	30	3.358	3.361	3.358
SARAWAKHIDRO IMTN 4.38% 11.08.2025	AAA	4.380%	11-Aug-25	30	2.913	2.924	2.913
BPMB IMTN 2.800% 10.10.2025	AAA IS	2.800%	10-Oct-25	10	3.049	3.051	3.049
DANUM IMTN 4.300% 13.02.2026 - Tranche 1	AAA (S)	4.300%	13-Feb-26	20	2.95	2.95	2.946
Infracap Resources Sukuk 3.69% 15.04.2026 (T1 S3)	AAA (S)	3.690%	15-Apr-26	5	3.219	3.219	3.219
DANGA IMTN 4.520% 06.09.2027 - Tranche 7	AAA (S)	4.520%	06-Sep-27	20	3.194	3.209	3.194
PBSB IMTN 4.770% 24.03.2028	AAA IS	4.770%	24-Mar-28	10	3.268	3.271	3.268
Infracap Resources Sukuk 4.12% 14.04.2028 (T1 S4)	AAA (S)	4.120%	14-Apr-28	5	3.57	3.57	3.57
PBSB IMTN 4.150% 08.05.2029	AAA IS	4.150%	08-May-29	10	3.438	3.442	3.438
SEB IMTN 5.500% 04.07.2029	AAA	5.500%	04-Jul-29	15	3.56	3.56	3.56
PLUS BERHAD IMTN 5.000% 11.01.2030 - Series 1 (14)	AAA IS	5.000%	11-Jan-30	10	3.618	3.621	3.618
SARAWAKHIDRO IMTN 4.67% 11.08.2031	AAA	4.670%	11-Aug-31	5	3.801	3.801	3.801
PLUS BERHAD IMTN 5.270% 12.01.2033 - Series 1 (17)	AAA IS	5.270%	12-Jan-33	10	3.939	3.941	3.939
SEB IMTN 4.950% 25.11.2033	AAA	4.950%	25-Nov-33	10	4.129	4.131	4.129
CTX IMTN 5.05% 29.08.2024 - Series 10	AA+ IS	5.050%	29-Aug-24	30	2.848	2.854	2.845
GENM CAPITAL MTN 3651D 22.8.2025	AA1 (S)	4.900%	22-Aug-25	1	4.757	4.763	4.757
CTX IMTN 5.270% 28.10.2026 - Series 8	AA+ IS	5.270%	28-Oct-26	10	3.248	3.252	3.248
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	20	4.595	4.595	4.529
PUBLIC SUB-NOTES 3.90% 27.7.2029 Tranche 6	AA1	3.900%	27-Jul-29	5	3.039	3.039	3.039
FPSB IMTN 4.850% 07.09.2023	AA IS	4.850%	07-Sep-23	2	3.06	3.07	3.06
FPSB IMTN 5.050% 05.09.2025	AA IS	5.050%	05-Sep-25	10	3.434	3.434	3.428
MAHB Perpetual Subordinated Sukuk 5.75% - Issue 1	AA2	5.750%	14-Dec-14	20	4.325	4.353	4.325
JEV IMTN 0% 12.11.2021	AA3	9.400%	12-Nov-21	10	2.475	2.509	2.475
JEV IMTN 0% 12.11.2021	AA3	9.300%	12-Nov-21	10	2.48	2.513	2.48
MALAKOFF POW IMTN 5.250% 17.12.2021	AA- IS	5.250%	17-Dec-21	50	2.327	2.352	2.327
BGSM MGMT IMTN 7.100% 28.12.2022 - Issue No 6	AA3	7.100%	28-Dec-22	120	2.648	2.676	2.648
UEMS IMTN 4.000% 16.02.2024	AA- IS	4.000%	16-Feb-24	40	3.875	3.883	3.875
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	15	4.108	4.123	4.108
QSPS Green SRI Sukuk 5.760% 05.04.2030 - T23	AA- IS	5.760%	05-Apr-30	10	4.289	4.29	4.289
TBE IMTN 6.150% 15.09.2031 (Tranche 21)	AA3	6.150%	15-Sep-31	20	4.003	4.003	3.999
TBE IMTN 6.200% 16.03.2032 (Tranche 22)	AA3	6.200%	16-Mar-32	20	4.038	4.042	4.038
EDRA ENERGY IMTN 6.670% 03.07.2037 - Tranche No 32	AA3	6.670%	03-Jul-37	30	4.819	4.821	4.819
LDF3 IMTN 6.330% 23.08.2038	AA- IS	6.330%	23-Aug-38	3	5.493	5.493	5.493
PBB AT1CS - TRANCHE 1 5.080% PERPETUAL	AA3	5.080%	24-Jun-18	10	3.186	3.212	3.186
DRB-HICOM IMTN 4.850% 11.12.2026	A+ IS	4.850%	11-Dec-26	1	4.738	4.742	4.738
AISL IMTN 5.200% 15.03.2027	A1	5.200%	15-Mar-27	1	3.503	4.051	3.503
AMBANK MTN 3652D 15.3.2027 (SUB-NOTES)	A1	5.200%	15-Mar-27	1	3.157	3.965	3.157
AFFIN ISLAMIC T2 SUKUK MURABAHAH 5.05% 23.10.2028	A1	5.050%	23-Oct-28	70	3.698	3.735	3.698
CIMB 4.880% Perpetual Capital Securities - T4	A1	4.880%	25-May-16	20	3.576	3.576	3.562

July 28, 2021

CIMB 5.400% Perpetual Capital Securities - T3	A1	5.400%	25-May-16	10	3.389	3.416	3.389
HLFG Perpetual Capital Securities (Tranche 2)	A1	4.820%	30-Nov-17	10	3.679	3.714	3.679
AFFINBANK RM500M PERPETUAL AT1CS (T1)	A3	5.800%	29-Jul-18	1	3.543	3.899	3.543
EWIB IMTN 6.650% 27.04.2023	NR(LT)	6.650%	27-Apr-23	1	4.713	5.009	4.713
Total				1,179			

Sources: BPAM

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