

Global Markets Daily

Dot Plot Boosts the Dollar

Double Jumps in Dollar and UST Yields

Double jumps in DXY and UST yields were seen post Fed decision. Main trigger was a more hawkish-than-expected Fed dot plot, with median projections now looking at 2 rate increases by end 2023 (vs. 0 prior). Notably, the number of officials seeing no rate hikes by then has declined to 5 from 11 in Mar. Peripheral talk on tapering (no timeline yet) as well as the significant upward revision in 2021 PCE inflation estimate were also noted by markets. These made it harder for Powell to calm markets with dovish messaging even as he emphasized that the dot plot revision should be taken with “a big grain of salt”.

BI and CBC Likely to Stand Pat

BI will likely avoid further rate cuts later today, to reduce chances of IDR volatility linked to US tapering concerns (especially with Fed developments overnight). While higher interest rates could help with the nascent recovery in bond flows, there is a lack of urgency for any hikes given that inflation remains tame, and recent uptrend in the Covid contagion trajectory could still weigh on domestic growth. A stand-pat policy stance, alongside verbal support for IDR fundamentals, could help cap extent of interim USDIDR upsides. Meanwhile, we also expect CBC to keep rate on hold at 1.125%, even with CPI running above 2% (as policymakers dismissed it as transitory). Furthermore, tighter covid-related restrictions in TW may dampen activity momentum and there is no urgency for CBC to tighten ahead of the curve or the Fed.

US Philly Fed Business Outlook, EU CPI Due

Key data of interest today include US Philly Fed Business outlook, initial jobless claims, EU CPI, construction output. AU employment change in May came in at robust +115.2k (vs. expected 30.0k), while NZ 1Q GDP also saw significant upside surprise (2.4%/y vs. expected 0.9%).

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1995	↓ -1.08	USD/SGD	1.3366	↑ 0.67
GBP/USD	1.3988	↓ -0.67	EUR/SGD	1.6032	↓ -0.43
AUD/USD	0.761	↓ -1.00	JPY/SGD	1.2073	↑ 0.12
NZD/USD	0.7051	↓ -0.98	GBP/SGD	1.8694	↓ -0.02
USD/JPY	110.71	↑ 0.57	AUD/SGD	1.0171	↓ -0.34
EUR/JPY	132.79	↓ -0.52	NZD/SGD	0.9424	↓ -0.31
USD/CHF	0.9087	↑ 1.19	CHF/SGD	1.4709	↓ -0.45
USD/CAD	1.2277	↑ 0.76	CAD/SGD	1.0887	↓ -0.06
USD/MYR	4.1167	↓ -0.01	SGD/MYR	3.1043	↓ -0.01
USD/THB	31.17	↑ 0.05	SGD/IDR	10737.93	↑ 0.11
USD/IDR	14238	↑ 0.09	SGD/PHP	36.2803	↑ 0.14
USD/PHP	48.085	↑ 0.11	SGD/CNY	4.8232	↓ -0.03

Implied USD/SGD Estimates at 17 June 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3193	1.3462	1.3732

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com.sg

Tan Yanxi
(65) 6320 1378
tanyx@maybank.com.sg

Fiona Lim
(65) 6320 1374
fionalim@maybank.com.sg

Christopher Wong
(65) 6320 1347
wongkl@maybank.com.sg

G7: Events & Market Closure

Date	Ctry	Event
14 Jun	AU	Onshore Markets Closed
17 Jun	US	FoMC Policy Decision
18 Jun	JP	BoJ Policy Decision

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
14 Jun	CN, TW	Onshore Markets Closed
17 Jun	TW	CBC Policy Decision
17 Jun	ID	BI Policy Decision

G7 Currencies

■ **DXY Index - Surprise Hawkish Tilt.** USD rose sharply overnight as markets, including ourselves were caught wrong-footed by Fed's surprising hawkish tilt. In particular via the dots plot median projections, a majority of Fed officials (13 members vs. 7 members at the Mar FoMC) are now looking for 2 hikes in 2023 (vs. 0 at the last dots plot projection in Mar 2021). Median projection for core PCE projection for 2021 was also shifted higher to 3% (up from 2.2% at Mar) but subsequently projected to fall back to 2%-handle for 2022 and 2023. Growth projection was raised to 7% for 2021 (up from 6.5%). On key policy parameters, fed fund target rate and monthly QE purchases were kept unchanged at 0-0.25% and \$120bn/month, as widely expected. On the topic of tapering QE purchases, Fed Chair Powell said that Fed is monitoring economic data and has not made any decision on ending its bond purchases. But he also said "that the economy has clearly made progress" and that "you can think of this meeting that we had as the "talking about talking about" (Fed tapering) meeting. This gave the impression that **Fed officials' next agenda is likely to shift towards taper discussion in greater detail but short of an imminent taper as Powell reiterated that the Fed would provide ample notice ahead of taper.** We still think it is possible that Fed comes forth with a taper timeline for the future sometime at the Jackson Hole Symposium (end-Aug) or Sep FoMC. Elsewhere both IOER and RRP was raised by 5bps to 0.15% and 0.05%, respectively but note that the increase does not represent a change in policy stance but a technical adjustment to counter the downward pressure on front-end rates (this was also largely expected by market participants). In sum, Fed's hawkish tilt overnight (looking for earlier rate hikes in 2023) was a shift from its prior dovish rhetoric and **this was not priced.** Market adjustments for a slightly higher USD (or less bearish USD) could be slightly more sustained given that USD positioning was relatively light (small longs) and DXY was near 3-year lows. And going forward, increasing focus on Fed tapering timeline and potentially, markets looking for an earlier rate hike than the Fed's projection (Eurodollar futures are already pricing in first rate hike in Dec 2022) could see some support for USD. But we doubt the Fed will want to rock the boat too hard as the Fed is still on average inflation targeting regime. We look for cues from Fed speaks next week (there is plenty of Fed speaks lined up, including Powell on Wed). Furthermore it is not just the US economy recovering but the global economy as whole, is also on a recovery trajectory. And the countercyclical nature of the USD should eventually come in and counter any excessive USD strength. Any monetary policy divergence in favour of US could also be negated as other central banks (such as RBNZ, BoC, BoK) have also indicated its hawkish shift. **Our long-standing bias for moderate USD softness remains intact. To some extent, we see opportunities to take the spikes in USD to fade into, against KRW, NZD.** The one big risk to our moderate USD softness bias is if US inflation continues to go on higher. This would see markets turn less confident on Fed's pitch - that inflation is transitory. DXY was last seen at 91.35 levels. Bullish momentum on daily chart intact while RSI is rising towards near overbought

conditions. Resistance at 91.5 (200 DMA), 91.8 (38.2% fibo). Support at 90.80 (61.8% fibo retracement of 2021 low to high), 90.2 (21 DMA). Day ahead brings Philly Fed business outlook (Jun); Initial jobless claims..

■ **EURUSD - Tactical Buy.** EUR fell below 1.20 amid USD strength after Fed surprised with a hawkish tilt. Pair was last at 1.20 levels. Bearish momentum on daily chart intact while the decline in RSI stalls. Interim support here at 1.1985/20 (50% fibo retracement of Mar low to May high, 200 DMA) before 1.1920 (61.8% fibo). Resistance at 1.2050 levels (38.2% fibo retracement of Mar low to May high, 100DMA), 1.21 (50 DMA) and 1.2165 (21 DMA). Tactical buy favoured as we look to play 1.1980 - 1.2060 range. Week remaining brings CPI (May); construction output (Apr) on Thu; Current account (Apr); German PPI (May) on Fri.

■ **GBPUSD - Consolidate.** GBP extended its decline, consistent with our call for downside play. Move lower was due to USD rebound on the back of hawkish Fed. Pair was last at 1.3990 levels. Bearish momentum on daily chart intact but decline in RSI is showing signs of stalling. Immediate support at 1.3940/60 (50% fibo, 100 DMA). Resistance at 1.4020/30 (50 DMA, 38.2% fibo retracement of Apr low to May double-top), 1.4110 (23.6% fibo) and 1.4140 (21 DMA). We look for 1.3960 - 1.4090 range intra-day. Week remaining brings Retail sales (May) on Fri. We retain our cautious take on GBP's near term outlook on spread of delta variant. Nearly 90% of infections in UK is made up of the delta variant and the latest modelling suggests that even with the rapid rollout of vaccines, the UK could still face a 3rd wave of infection affecting younger people whom have not yet received vaccinations. The 4-week delay in reopening to 19th Jul would allow for more people (~9mio more people) to receive their 2nd doses and prevent thousands of hospitalisations.

■ **USDJPY - Spike.** The spike in USDJPY overnight materialized alongside a double jump in broad USD (DXY) as well as UST yields. UST10Y yield last seen at around 1.59%, vs. 1.49% yesterday morning. USDJPY last seen at 110.70, around 90 pips higher vs. intraday low yesterday. Main trigger for the up-move was a more hawkish-than-expected Fed dot plot, with median projections now looking at 2 increases by end 2023 vs. 0 prior. Expectations was for 0 to 1 hike by then. Powell also acknowledged that debate on tapering has begun, although no specific timeline was committed. While the USDJPY up-move has visibly slowed this morning, widened UST-JGB yield differentials could mean that USDJPY may remain relatively supported in the interim. In other news, Japan is likely to end the current state of emergency on 20 Jun as planned, with new Covid infections largely on a broad decline. Authorities are set to decide later this month on whether to allow spectators at the Olympics. Momentum on daily chart is bullish, but RSI is approaching near-overbought conditions. Support at 110.15 (76.4% fibo retracement of Mar high to Apr low), 109.20 (50% fibo, 50-DMA). Resistance nearby 111 (Mar high), before 112.20 (2020 high). CPI and BoJ policy due Fri.

■ **NZDUSD - 200DMA Near Term Floor?** NZD fell overnight amid USD bounce on hawkish FomC. But losses were partially retraced as 1Q GDP came in much stronger than expected (2.4% y/y vs. 0.9%). Markets were also likely to have reacted to some banks' projection for early 2022 hike for RBNZ. Pair was last at 0.7090 levels. Bearish momentum on daily chart intact but RSI shows tentative signs of rising. Immediate support here at 0.7070 before 0.7040 (200 DMA). Resistance at 0.7120 before 0.7180 (50, 100 DMAs) - 0.72 (21 DMA) area. Potential convergence of moving averages also suggest break-out trade soon. We look for 0.7050 - 0.7120 range intra-day.

■ **AUDUSD - Bearish Risks.** The AUDUSD broke out of the narrow range trading after the Fed's dot plot showed a median projections of 2 rate hikes in 2023 and 7 members (short of 2 to form a majority) look for a rate hike in 2022. AUDUSD slumped towards the 0.76-figure. With concerns about inflation brought to the fore, UST yields are likely to remain elevated in the next few weeks until CPI and PCE numbers prove that inflationary pressures are indeed transitory. The Fed's hawkish shift has given RBA a lot more room to taper without sounding more hawkish than the Fed and concomitantly likely to keep AUD under pressure. This is especially if RBA Lowe maintains the view that the cash target rate will not increase until 2024, a contrast to Fed's projection of 2 hikes in 2023. We recall that Minutes of the Jun meeting revealed QE options discussed including 1) stop bond purchases in Sep (other than to support the yield target if necessary); 2) repeat \$100bn of purchases for another 6 months; (3) reduce the amount purchased or spread the purchases over a longer period; (4) review pace of the bond purchases more frequently, based on the flow of data and the economic outlook. We had looked for RBA to extend QE program by a smaller \$50bn. Lowe gave a speech at Toowoomba this morning, reiterating the 4 options and crossing out the first option of ceasing bond purchases beyond Sep completely. He stressed on the fact that wage growth and inflationary pressures remain subdued and that monetary policy needs to enable a prolonged tight labour market conditions to lift wage growth, suppressed also by certain structural factors (technology, globalisation, industrial relations arrangement) over the years. Lowe elaborated that the Board have discussed on the possibilities of raising the cash target rate within the next three years and conclusions were mixed. These scenarios will be reviewed again in Jul. May labour report was solid with 97.5K full-time hires added along with 17.7K part-time for a total addition of 115.2K. Participation rate rise a tad to 66.2% from previous 66.0% and jobless rate slumped to 5.1% from previous 5.5%. Lowe's speech was well-timed ahead of this release, acknowledging that the level of employment is above its pre-pandemic level and that Australia and New Zealand are the only advanced economies where this is the case. He then stressed on the fact that strong wage growth remains elusive and that monetary policy strategy is designed to achieve this. Back on the AUDUSD chart, pair was last seen around 0.7630, climbing after the labour report and some profit-taking. Intra-day retracements after the slump cannot be ruled out but resistance around 0.7660 can capped while support is seen at 0.7550 (200-dma).

- **USDCAD - Bullish but Stretched.** USDCAD rallied to levels around 1.2270, guided by the broader USD strength. Bullish momentum is increasing, taking stochastics further into overbought terrain. Risk to the upside but stretched. Even as CPI came in firmer than expected, the print at 3.6%/y was not much higher than the expected 3.5% and did not raise rate hike expectations much. Instead, it was the hawkish shift within the FOMC as evidenced by the dot plot that was the dominant force of the night. Upside momentum is gathering and resistance at the 1.2280 is being tested and a break there may open the way towards the 1.2430 (100-dma). Support at 1.2110 (21-dma), 1.2010. Week ahead has Apr wholesale trade sales and May CPI on Wed.

Asia ex Japan Currencies

SGD trades around +0.76% from the implied mid-point of 1.3462 with the top estimated at 1.3193 and the floor at 1.3732.

- **USDSGD - Some Upside Risks, Bias to Fade.** Pair last seen at 1.3350, around 70 pips higher vs. yesterday morning, alongside a 1% jump in DXY. Up-move was induced by a more hawkish-than-expected Fed dot plot, with median projections now looking at 2 increases by end 2023 vs. 0 prior. Peripheral talk on tapering (no timeline yet) as well as the significant upward revision in PCE inflation estimate (3.4% from 2.4% prior) were also noted by markets. Back in Singapore, some signs of up-creep in Covid cases and a large cluster found at a market/food centre have also led authorities to relook at plans for further easing of Covid curbs (to allow dine-in) on 21 Jun. On net, some upside risks for USDSGD near-term as markets digest external and domestic developments, but bias to fade given significant vaccination progress (almost half of population having received first shot) and resilient macro fundamentals. We maintain end-2Q forecast at 1.33 (unchanged since Mar) for now. Momentum on daily chart is bullish, but RSI is approaching near-overbought conditions. Immediate resistance 1.3350 (50.0% fibo retracement of Feb low to Mar high), before 1.3390 (200-DMA), 1.3450 (23.6% fibo). Support at 1.3300 (50-DMA), 1.3220, 1.3160 (double-bottom). NoDX for May came in at 8.8%/y, more modest vs. expected 16.0%, but improving from 6.0% prior.
- **AUDSGD - Risks Tilt to the Downside.** Cross was last at 1.0190 as AUD weakens more than the SGD in the face of USD strength. Area of resistance at around 1.0280-1.0300 (marked by the 21,50,100-dma) remains intact. Momentum indicators are becoming bearish. Support is seen at 1.0111 (200-dma) before 1.0091 (Feb low).
- **SGDMYR - Downside Risk.** SGDMYR was a touch softer amid SGD underperformance. Move lower remains in line with our call for downside play. Cross was last seen at 3.0950 levels. Bearish momentum on daily chart intact while RSI is falling. Bias remains skewed to the downside. Support here at 3.0950 (38.2% fibo retracement of Mar low to May high), 3.0830 levels (50% fibo). Resistance at 3.1010 (50 DMA), 3.11 (23.6% fibo), 3.1140 (21 DMA) and 3.12 levels.
- **USDMYR - Consolidate.** USDMYR gapped higher in the open this morning, in reaction to broad USD bounce following hawkish FoMC. But its jump lagged other USDAXJs. Pair was last at 4.1320 levels. Bearish momentum on daily chart is fading while RSI is rising. Mild risks to the upside. Resistance at 4.1430, 4.15 levels. Support at 4.12 levels (23.6% fibo), 4.1050 (200 DMA) and 4.0970 (38.2% fibo retracement of 2021 low to high). Look for 4.12 - 4.13 range intra-day.
- **1m USDKRW NDF - Lean against Strength.** 1m USDKRW NDF jumped as high as 1136 overnight, in reaction to surprise hawkish tilt from the Fed. But the pair has since traded lower; last seen at

1128 levels. Mild bullish momentum on daily chart intact but rise in RSI stalled. Price expansion observed (break-out) following the compression of moving averages. This was highlighted in our GM Dailys. Our bias remains to fade upticks as the BOK is understandably turning hawkish and KRW being a pro-cyclical FX should benefit from ongoing economic recovery momentum in both global and domestic. Resistance at 1136, 1140 levels. Support at 1120, 1112.

- **USDCNH - Stretched.** USDCNH spiked to a high of 6.4425, lifted along with the most other USDxJ pairings. This pair has retraced lower to levels around 6.4255. The USDCNY reference rate was fixed 30pips above consensus, wider than the usual spread - a subdued signal from the central bank remains unwell to allow the CNY to appreciate further. The CNY tends to be more resilient vs. other Asian peers when UST becomes more volatile. However, keep in mind that there has been quite a number of jawboning. Last week, authorities flagged multiple reasons to be less positive on the RMB with outflow avenues such as the Southbound Bond connect, the expansion of QDLP upcoming to offset foreign interests in domestic bonds. Former SAFE official Guan Tao stated on China Business News that the SMEs would not make a profit if yuan rises more than 4% and a stronger yuan can hardly be deemed as a positive for China's economy and its stock market. The Fed's shift in tones have reduced bearish pressure on the USD and may leave USDAsians in more sideways trades, including USDCNH and USDCNY. Support for the USDCNH is seen at 6.40 before the next at 6.35. Besides the 6.41-resistance, next resistance at 6.46-6.47 (50-DMA, 100-DMA). In other news from home, Reuters reported that the State Administration for Market Regulation launched an antitrust investigation into Didi Chuxing, citing unnamed sources.

- **USDINR NDF - Buoyant.** The 1M NDF show signs of retracing lower and was last at 73.97, slipping from the 50-dma. Momentum on daily chart is bullish but conditions are stretched. Resistance at 73.65 (100-dma) before 73.77 (200-dma). Support at 73.26 (21-dma) before 73.00. 7-day average in new Covid cases remains largely on the decline, at around 77k on 15 Jun vs. interim peak of 391k on 9 May. Restrictions were being eased since the start of the week on Mon in many Indian states including Delhi with shops and malls allowed to resume business. On the vaccination front, 265.3mn vaccine doses have been administered in total. 3.27mn doses are administered per day and could take 1.5years to cover 75% of the population with a two-dose vaccine. RBI released the "State of the Economy" report and expressed cautious optimism as the current wave hurt domestic demand. However, there are other economic indicators that showed improvement with aggregate supply conditions such as agriculture and contactless services showing resilience.

- **USDVND - Bearish.** USDVND closed at 22963 and next support is seen around 22905 (the 76.4% fibo retracement of the 2018-2019 rally). Foreigners sold a net \$4.8mn of equities on Wed, paring the net equity inflow for this week so far to be \$4.2mn. Net portfolio inflow could be supportive of the VND. COVID infections remain elevated at home, with 7-day moving average back on the climb to 297 as of 15 Jun. In news, Health Minister said that eight storage facilities for

vaccination will be installed and 150mn vaccine doses are to be injected.

- **1M USDIDR NDF - *BI to Stand Pat***. Last seen near 14,400, in line with our earlier caution for modest upside risks. In this case, trigger for up-move overnight was the tightened timetable for Fed rate hikes suggested by the new dot plot. Powell also acknowledged that discussion on tapering timeline has begun. Later today, BI is likely to keep policy settings unchanged. Rate cuts would likely be avoided, to reduce chances of IDR volatility linked to US tapering concerns. While higher interest rates could help with the nascent recovery in bond flows, there is a lack of urgency for any hikes given that inflation remains tame, and recent uptrend in the Covid contagion trajectory could still weigh on domestic growth. A stand-pat policy stance, alongside verbal support for IDR fundamentals, could help cap extent of interim USDIDR upsides. On a more positive note, the World Bank has approved US\$800mn of development financing for Indonesia. Momentum and RSI on daily chart are mildly bullish. Support at 14,330 (21-DMA), 14,220 (61.8% fibo retracement of Feb low to Apr high). Immediate resistance at 14,400 (200-DMA), before 14,540 (23.6% fibo).
- **USDTHB - *Supported***. Last seen at 31.30, moving higher overnight on broad dollar strengthening following the Fed policy decision. Authorities plan to fully reopen to foreign visitors in around 3 months, and targets for majority of residents to receive at least one vaccine dose by early Oct. It remains to be seen though, whether the reopening will be well received by foreign visitors, especially with signs of recent Delta variant spread in Bangkok (accounting for around 10% of infections). Phuket's allowing of quarantine-free travel for vaccinated travellers starting Jul will be a key test of tourism demand. THB sentiments could remain mixed (i.e., supported USDTHB) until stronger signs of tourism recovery emerge. Momentum on daily chart is not showing a clear bias, while RSI is on the climb higher. Immediate resistance at 31.30 (50-DMA), before 31.60. Support at 31.00, before 30.80 (200-DMA).
- **1M USDPHP NDF - *Retracing Higher from Key Support***. NDF last seen at 48.40, continuing to retrace higher after touching area of key support at 47.70-80 earlier (last seen below this level in 2016). The up-move overnight came alongside broad dollar strengthening (DXY gained 1%) following the Fed policy decision. Cumulatively, the 1m NDF is now about 1.3% higher versus start of the week. Latest IMF projections also shows another cut to Philippines' 2021 growth forecast, to 5.4% from 6.9% prior, alongside drags from earlier lockdown measures due to second wave of the pandemic in Mar-Apr. Momentum on daily chart is bullish while RSI is approaching near-overbought conditions. Support at 48.00, before 47.70-80. Resistance at 48.65, 49.00.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.25	2.23	-2
5YR MO 9/25	2.48	2.50	+2
7YR MS 6/28	2.99	2.99	Unchanged
10YR MO 4/31	3.29	3.29	Unchanged
15YR MS 5/35	3.89	3.90	+1
20YR MY 5/40	4.18	4.19	+1
30YR MZ 6/50	4.29	*4.30/25	Not traded
IRS			
6-months	1.94	1.94	-
9-months	1.94	1.94	-
1-year	1.95	1.95	-
3-year	2.31	2.33	+2
5-year	2.61	2.62	+1
7-year	2.87	2.87	-
10-year	3.08	3.08	-

Source: Maybank KE

*Indicative levels

Winson Phoon
(65) 6340 1079
winsonphoon@maybank.com

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

- Government bonds were mixed with yields ranging from -4bps to +3bps. Activity remain focused at the front end and belly sectors. MGS benchmarks broadly unchanged to 1-2bps weaker amid better selling by local banks and investors, while foreigners were dip buying, especially on belly bonds. GII curve was supported and better bid by local banks, while local investors were better sellers given tighter MGS-GII spreads.
- In IRS market, activity only started to pick up in the second half of the day with notable paying interest around the belly area and the 5y IRS was taken at 2.63%. Curve was little changed other than 1-2bps higher along the 3y5y. 3M KLIBOR remained 1.94%.
- PDS remained active and saw more AAA and GG bonds being dealt at the belly and front end sectors. Levels were mostly sticky and unchanged, though some weakened by 2bps. Sarawak Hidro traded flat. Oddly, SEB 2033 was sold off by foreigners 20bps higher at 4.55%, while SEB 2032 was 2bps firmer at 4.23%. For AAs, the short ends were unchanged and better buying seen, likely for carry, especially in higher quality credits.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.35	0.36	+1
5YR	0.80	0.81	+1
10YR	1.42	1.44	+2
15YR	1.76	1.78	+2
20YR	1.79	1.81	+2
30YR	1.83	1.85	+2

Source: MAS (Bid Yields)

- SGD IRS snapped its recent outperformance trend against US rates as the SGD IRS curve bear-steepened, up by 1-4bps. SGS were sold in sympathy with the 15y to 20y sector bearing the brunt of the losses. 5y and 30y benchmark SGS did see some support from short covering interest. The yield curve bear-flattened and was higher by 1-2bps.
- Asian USD credits traded sideways as investors were on the sidelines ahead of the US FOMC meeting. Sovereign bond space was generally quiet and unchanged. MALAYS saw better selling interest again, probably absolute yield investors selling. In China IG, tech credits and Haohua were under selling pressure with the latter wider by 5-7bps, probably due to profit taking after the strong rally past few weeks. China tech better offered and Tencent traded 2-3bps wider, while other credits were sidelined. Korea and Japan IGs pretty much unchanged at the front end. All eyes on the US FOMC meeting.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.59	3.59	0.00
3YR	4.87	4.88	0.01
5YR	5.48	5.49	0.01
10YR	6.37	6.38	0.01
15YR	6.33	6.33	0.00
20YR	7.12	7.13	0.01
30YR	6.90	6.90	0.00

* Source: Bloomberg, Maybank Indonesia

Analysts

Myrdal Gunarto
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Indonesian government bonds were relative sideways yesterday. The market players continued to take safety action during their waiting for incoming Fed's meeting decision and seeing the latest condition on recent increasing trends on Indonesian COVID-19 cases. Yesterday, data showed that Indonesia added 8,161 of new daily cases on COVID-19 to be 1.93 million of total cases of COVID-19. Recent rapid increase the case of COVID-19 is feared to give strong obstacles for Indonesian economy to strongly rebound in 2Q21. The government estimates that the economy will grow on the range from 7.1% to 8.3% in 2Q21.
- Last night, the Fed decided to keep unchanged its policy rate at 0.00%-0.25%. There was also no issue regarding to taper tantrum on the Fed's quantitative easing policy. Furthermore, it seemed that the Fed took an appreciation with current progress on the economic recovery, especially due to the positive impact of vaccination to declining trends on the spread of COVID-19 on the U.S.. The Fed changed its macroeconomic projection to be stronger. The U.S. Central Bank decided to change its policy rate sooner than earlier projection in Mar-21. Fed's policy rate is expected to hike by 50 bps in 2023.
- Regarding to those conditions, both Dollar Index and U.S. Treasury yields directly increase. The dollar jumped to a near six-week high on Wednesday after the Federal Reserve brought forward its projections for the first post-pandemic interest rate hikes into 2023, citing an improved health situation and dropping a long-standing reference that the crisis was weighing on the economy. The dollar index, which tracks the greenback against six major currencies, was up 0.63% at 91.103, its highest since May 6. The U.S. 10-year Treasury yield climbed after Federal Reserve policy makers surprised markets and signaled two quarter-point rate hikes by the end of 2023. Ten-year yields rose five basis points to 1.57%, extending a rebound from a three-month low of 1.427% touched last week, as it touched the highest since June 8.
- We expect it will influence investors to rationalize their investment position from the emerging markets to the safe haven. For Indonesian financial markets, we believe further impacts of Fed's normalization policy will be relative limited, after seeing the magnitudes of foreign investors aren't too strong recently. We expect Bank Indonesia to keep maintaining its policy rate at 3.50% for keeping attractiveness on domestic investment climate.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2182	111.32	0.7753	1.4185	6.4760	0.7195	133.9233	85.0467
R1	1.2089	111.02	0.7682	1.4086	6.4582	0.7123	133.3567	84.6493
Current	1.1999	110.63	0.7634	1.3995	6.4263	0.7099	132.7400	84.4520
S1	1.1948	110.11	0.7573	1.3936	6.4065	0.7011	132.4567	83.9623
S2	1.1900	109.50	0.7535	1.3885	6.3726	0.6971	132.1233	83.6727
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3445	4.1234	14273	48.2250	31.3560	1.6133	0.6444	3.1083
R1	1.3406	4.1201	14256	48.1550	31.2630	1.6083	0.6440	3.1063
Current	1.3349	4.1330	14340	48.3750	31.3070	1.6017	0.6445	3.0964
S1	1.3291	4.1146	14228	48.0350	31.1100	1.6002	0.6429	3.1019
S2	1.3215	4.1124	14217	47.9850	31.0500	1.5971	0.6423	3.0995

*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	0.4322	Apr-21	Easing
BNM O/N Policy Rate	1.75	8/7/2021	Easing
BI 7-Day Reverse Repo Rate	3.50	17/6/2021	Easing
BOT 1-Day Repo	0.50	23/6/2021	Easing
BSP O/N Reverse Repo	2.00	24/6/2021	Easing
CBC Discount Rate	1.13	17/6/2021	Easing
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Easing
RBI Repo Rate	4.00	6/8/2021	Easing
BOK Base Rate	0.50	15/7/2021	Easing
Fed Funds Target Rate	0.25	17/6/2021	Easing
ECB Deposit Facility Rate	-0.50	22/7/2021	Easing
BOE Official Bank Rate	0.10	24/6/2021	Easing
RBA Cash Rate Target	0.10	6/7/2021	Easing
RBNZ Official Cash Rate	0.25	14/7/2021	Easing
BOJ Rate	-0.10	18/6/2021	Easing
BoC O/N Rate	0.25	14/7/2021	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	34,033.67	-0.77
Nasdaq	14,039.68	-0.24
Nikkei 225	29,291.01	-0.51
FTSE	7,184.95	0.17
Australia ASX 200	7,386.17	0.09
Singapore Straits Times	3,139.57	-1.11
Kuala Lumpur Composite	1,578.32	-0.19
Jakarta Composite	6,078.57	-0.17
Philippines Composite	6,973.35	-0.05
Taiwan TAIEX	17,307.86	-0.37
Korea KOSPI	3,278.68	0.62
Shanghai Comp Index	3,518.33	-1.07
Hong Kong Hang Seng	28,436.84	-0.70
India Sensex	52,501.98	-0.51
Nymex Crude Oil WTI	72.15	0.04
Comex Gold	1,861.40	0.27
Reuters CRB Index	210.17	0.00
MBB KL	8.17	-0.37

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	1,210	1.779	1.792	1.753
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	157	2.923	2.923	1.666
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	135	1.74	1.74	1.7
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	55	1.691	1.761	1.691
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	5	1.791	1.791	1.791
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	172	1.771	1.803	1.771
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	18	1.95	1.95	1.906
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	49	1.935	1.975	1.935
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	2	2	2	2
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	271	2.237	2.243	2.233
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	6	2.325	2.325	2.325
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	5	2.429	2.437	2.429
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	128	2.502	2.502	2.495
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	91	2.737	2.737	2.716
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	7	2.858	2.879	2.858
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	173	2.994	3.005	2.975
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	182	3.184	3.184	3.176
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	415	3.273	3.285	3.273
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	31	3.42	3.427	3.42
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	23	3.828	3.85	3.828
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	162	3.903	3.919	3.889
MGS 3/2017 4.762% 07.04.2037	4.762%	07-Apr-37	2	4.07	4.08	4.07
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	11	4.18	4.189	3.984
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	10	4.38	4.38	4.38
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	5	4.428	4.428	4.415
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	2	4.209	4.352	4.209
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	3	1.745	1.745	1.745
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	1	2.033	2.033	2.033
PROFIT-BASED GII 2/2013 31.10.2023	3.493%	31-Oct-23	30	2.099	2.108	2.099
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	200	2.073	2.101	2.073
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	126	2.25	2.25	2.25
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	80	2.297	2.307	2.297
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	226	2.683	2.69	2.67
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	21	3	3	2.985
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	1	3.136	3.136	3.136
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	61	3.235	3.242	3.229
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	120	3.339	3.339	3.326
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	4	3.976	3.979	3.974
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	1	3.958	3.98	3.958
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	17	4.019	4.028	4.019
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	220	4.32	4.323	4.315
Total			4,433			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.050% 28.12.2021 - Series 1	GG	4.050%	28-Dec-21	50	1.901	1.901	1.901
SME BANK IMTN 4.100% 09.03.2022	GG	4.100%	09-Mar-22	2	2.025	2.032	2.025
DANAINFRA IMTN 4.450% 11.11.2022 - Tranche No 37	GG	4.450%	11-Nov-22	2	2.139	2.142	2.139
TPSB IMTN 3.740% 18.11.2022 - Tranche No 1	GG	3.740%	18-Nov-22	2	2.131	2.134	2.131
DANAINFRA IMTN 4.370% 21.02.2025 - Tranche No 73	GG	4.370%	21-Feb-25	40	2.683	2.705	2.683
PRASARANA IMTN 4.47% 26.02.2026 - Series 8	GG	4.470%	26-Feb-26	10	2.926	2.931	2.926
PRASARANA IMTN 0% 04.08.2026 - MTN 4	GG	4.350%	04-Aug-26	10	2.99	3.011	2.99
PTPTN IMTN 4.220% 28.02.2028	GG	4.220%	28-Feb-28	10	3.229	3.229	3.229
MKDK IMTN 4.850% 01.10.2032	GG	4.850%	01-Oct-32	25	3.75	3.75	3.75
Infracap Resources Sukuk 2.83% 15.04.2022 (T1 S1)	AAA (S)	2.830%	15-Apr-22	10	2.544	2.569	2.544
DANGA IMTN 2.320% 25.01.2024 - Tranche 10	AAA (S)	2.320%	25-Jan-24	20	2.635	2.643	2.635
TELEKOM IMTN 4.820% 21.03.2024	AAA	4.820%	21-Mar-24	10	2.627	2.627	2.627
PLNG2 IMTN 2.370% 21.10.2024 - Tranche No 4	AAA IS	2.370%	21-Oct-24	10	2.789	2.792	2.789
TELEKOM IMTN 4.550% 20.12.2024	AAA	4.550%	20-Dec-24	10	2.846	2.852	2.846
SARAWAKHIDRO IMTN 4.47% 11.08.2027	AAA	4.470%	11-Aug-27	110	3.321	3.321	3.318
PLNG2 IMTN 2.760% 21.10.2027 - Tranche No 7	AAA IS	2.760%	21-Oct-27	5	3.259	3.259	3.259
TELEKOM IMTN 31.10.2028	AAA	4.680%	31-Oct-28	10	3.498	3.501	3.498
PLUS BERHAD IMTN 4.960% 12.01.2029 - Series 1 (13)	AAA IS	4.960%	12-Jan-29	20	3.609	3.62	3.609
SARAWAKHIDRO IMTN 4.61% 09.08.2030	AAA	4.610%	09-Aug-30	15	3.769	3.791	3.755
TNB NE 4.455% 29.11.2030	AAA IS	4.455%	29-Nov-30	5	3.74	3.74	3.74
BPMB IMTN 4.98% 02.03.2032 - Issue No 12	AAA	4.980%	02-Mar-32	10	4.109	4.111	4.109
SEB IMTN 5.320% 03.12.2032	AAA	5.320%	03-Dec-32	10	4.229	4.246	4.229
SEB IMTN 4.950% 25.11.2033	AAA	4.950%	25-Nov-33	10	4.551	4.551	4.349
TNB NE 4.690% 29.05.2034	AAA IS	4.690%	29-May-34	10	4.149	4.161	4.149
TNB NE 4.830% 29.05.2036	AAA IS	4.830%	29-May-36	10	4.359	4.371	4.359
PLNG2 IMTN 3.620% 21.10.2038 - Tranche No 18	AAA IS	3.620%	21-Oct-38	5	4.519	4.519	4.519
TENAGA IMTN 3.550% 10.08.2040	AAA	3.550%	10-Aug-40	1	4.29	4.339	4.29
SABAHDEV MTN 728D 26.5.2023 - Issue No. 211	AA1	4.200%	26-May-23	4	3.515	3.515	3.515
SABAHDEV MTN 730D 14.6.2023 - Issue No. 212	AA1	4.200%	14-Jun-23	5	3.528	3.528	3.528
KEVSB IMTN 4.710% 05.07.2023	AA+ IS	4.710%	05-Jul-23	20	2.88	2.91	2.88
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	2	4.6	4.977	4.6
MAYBANK IMTN 3.100% 08.10.2032	AA1	3.100%	08-Oct-32	20	3.489	3.493	3.489
KLK IMTN 3.95% 27.09.2034 - Tranche 2	AA1	3.950%	27-Sep-34	5	4.39	4.39	4.39
GENTING RMTN MTN 5479D 08.11.2034 - Tranche 2	AA1 (S)	4.380%	08-Nov-34	4	5.177	5.177	5.177
IMTIAZ II IMTN 4.580% 27.05.2022	AA2 (S)	4.580%	27-May-22	10	2.637	2.643	2.637
UMWH IMTN 3.030% 05.11.2025	AA2	3.030%	05-Nov-25	8	3.357	3.36	3.357
IMTIAZ II IMTN 3.540% 17.04.2026	AA2 (S)	3.540%	17-Apr-26	4	3.418	3.42	3.418
K-PROHAWK IMTN 5.260% 22.12.2026	AA2	5.260%	22-Dec-26	10	3.478	3.482	3.478
IMTIAZ II IMTN 3.900% 19.04.2028	AA2 (S)	3.900%	19-Apr-28	7	3.709	3.711	3.709
HLFG Tier 2 Subordinated Notes (Tranche 2)	AA2	4.300%	14-Jun-29	20	3.169	3.18	3.169
QSPS Green SRI Sukuk 5.200% 06.04.2023 - T9	AA- IS	5.200%	06-Apr-23	10	3.407	3.412	3.407
BUMITAMA IMTN 4.100% 22.07.2024	AA3	4.100%	22-Jul-24	20	3.207	3.214	3.207
THMC IMTN 3.720% 28.05.2026-Series 1/Tranche No. 1	AA- IS	3.720%	28-May-26	4	3.7	3.702	3.7
MAYBANK IMTN 4.130% PERPETUAL	AA3	4.130%	22-Feb-17	5	3.47	3.47	3.47
MAYBANK IMTN 4.080% PERPETUAL	AA3	4.080%	22-Feb-17	1	3.599	3.605	3.599
AFFINBANK SUBORDINATED MTN 3652D 20.9.2027	A1	5.030%	20-Sep-27	1	3.149	3.149	3.149
AIISL IMTN 4.880% 18.10.2028	A1	4.880%	18-Oct-28	30	3.727	3.745	3.727

June 17, 2021

CIMB 5.400% Perpetual Capital Securities - T3	A1	5.400%	25-May-16	20	3.484	3.492	3.484
ECO CAPITAL MTN 6.10% 13.8.2024	NR(LT)	6.100%	13-Aug-24	1	4.81	4.81	4.81
MAH SING 6.900% PERPETUAL SECURITIES - SERIES NO 1	NR(LT)	6.900%	02-Apr-17	1	3.192	3.192	3.192
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.196	6.4	6.196
Total				644			

Sources: BPAM

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Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 6320 1379

Christopher Wong
Senior FX Strategist
Wongkl@maybank.com.sg
(+65) 6320 1347

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 6320 1374

Yanxi Tan
FX Strategist
tanyx@maybank.com.sg
(+65) 6320 1378

Fixed Income

Malaysia

Winson Phoon Wai Kien
Fixed Income Analyst
winsonphoon@maybank.com
(+65) 6340 1079

Se Tho Mun Yi
Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

Indonesia

Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales

Malaysia

Azman Amiruddin Shah bin Mohamad Shah
Head, Sales-Malaysia, GB-Global Markets
azman.shah@maybank.com
(+60) 03-2173 4188

Singapore

Janice Loh Ai Lin
Head of Sales, Singapore
jloh@maybank.com.sg
(+65) 6536 1336

Indonesia

Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Shanghai

Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Hong Kong

Joanne Lam Sum Sum
Head of Corporate Sales Hong Kong
Joanne.lam@maybank.com
(852) 3518 8790