

Global Markets Daily

Powell's Dovish Tone no Offset for US-China Jitters

Powell Kept Dovish Tone

Powell assured that scaling back monetary policy support would be premature as recovery progress is not “substantial enough” and stronger-than-expected inflation is still due to a narrow category of goods and will moderate. UST yields fell on the far end with 10y back to 1.33%. The USD fell in sympathy. US equity indices were whippy, weighed by news that the US will not resume high-level economic dialogue with China. In addition, the US Senate also banned all goods from Xinjiang. Elsewhere, Brent fell >3% on news that UAE and OPEC+ is at the brink of a compromise that would result in more production quota for the UAE as well as the rest of the members.

BoK Stands Pat; China's Activity Firmer Than Consensus

BoK China's 2Q GDP may have missed the consensus forecast of 8.0% by a hair with a print of 7.9%. However, most activity data for Jun actually came in firmer than expected with retail sale at 12.1%/y vs. previous 12.4%. Industrial production softened less than expected to 8.3%/y vs. previous 8.8% while rural FAI printed 12.6%/y (ytd) vs. previous 15.4%. While most headlines suggest moderations in growth pace were due to fading base effects, the stronger-than-expected retail number was perhaps the most encouraging print of the lot. The central bank has only offered CNY100bn via its monthly 1Y MLF at the unchanged rate of 2.95% vs. maturing CNY400bn. This partial roll-over underscores the central bank's stance that the RRR cut meant for the rise in liquidity needs seen in this half of the year, rather than a dovish pivot. Eyes are on whether the LPR would be lowered due to the RRR cut which would be a deviation from the unchanged policy rates (MLF, OMOs).

Other Data Apart from Powell's Testimony to the Senate

Australia's Jun labour report came out to be mostly in line with expectations with net 29.1K added for the month. Full-time employment rose 51.6K but part-time employment fell 22.5K. LFPR plateaued at 66.2%. Jobless rate fell to 4.9% from 5.1%. Later, we have UK ILO labour numbers, Philly Fed and US empire Mfg data, IP. Fed Evans will speak.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1837	↑ 0.52	USD/SGD	1.3531	↓ -0.16
GBP/USD	1.386	↑ 0.33	EUR/SGD	1.6017	↑ 0.36
AUD/USD	0.7481	↑ 0.46	JPY/SGD	1.2307	↑ 0.42
NZD/USD	0.7033	↑ 1.22	GBP/SGD	1.8753	↑ 0.16
USD/JPY	109.97	↓ -0.60	AUD/SGD	1.0123	↑ 0.29
EUR/JPY	130.16	↓ -0.10	NZD/SGD	0.9522	↑ 1.13
USD/CHF	0.9153	↓ -0.33	CHF/SGD	1.4797	↑ 0.29
USD/CAD	1.2509	↓ -0.03	CAD/SGD	1.0817	↓ -0.17
USD/MYR	4.2015	↑ 0.23	SGD/MYR	3.099	↓ -0.04
USD/THB	32.614	↓ -0.08	SGD/IDR	10680.63	↓ -0.17
USD/IDR	14480	↑ 0.11	SGD/PHP	37.1119	↑ 0.28
USD/PHP	50.306	↑ 0.61	SGD/CNY	4.7768	→ 0.00

Implied USD/SGD Estimates at 15 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3314	1.3585	1.3857

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G7: Events & Market Closure

Date	Ctry	Event
14 Jul	NZ	RBNZ Policy Decision
14 Jul	CA	BoC Policy Decision
14 Jul	US	Fed Chair Powell Deliver Semi-Annual Testimony to House Panel
16 Jul	JN	BoJ Policy Decision

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
15 Jul	SK	BoK Policy Decision

G7 Currencies

■ **DXY Index - Dovish Powell to Face Senate Banking Panel Next.** USD and UST yields fell as Fed Chair Powell reinforced dovish rhetoric. Powell acknowledged that inflation increased “notably”, data “have been higher than expected and hoped for” and is expected to remain higher in coming months before moderating. He attributed the jump in prices 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 said longer run inflation remains well anchored and it matters as the outlook shape the future path for prices. He added that Fed would be prepared to react if situation goes out of hand. Up to this point, there is no 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. He did add that at this point, Fed officials are debating when and how to slow their \$120bn monthly QE purchases and this would be the first step in moving policy away from emergency setting. On the red hot labor market, Powell noted improvements but “still a long way to go” (from Fed’s dual mandate of maximum employment). Tonight (930pm Sg/MY time), Powell will face another round of interrogation during his semi-annual testimony to Senate Banking panel. More of the same will be reiterated again. **With prices (CPI, PPI) rising and Fed still dovish and not likely to shift rates soon, real rates could stay further depressed and this makes the case for gold prices to stay supported, USD gains to be capped (or likely to reverse) while AXJs could take a breather.** Elsewhere we remain cautious on the covid front as there are signs of pick-up in infection globally. US daily new cases rose to +35k (above its 7-day average of +25k), UK, Indonesia rose to another fresh high of 42k, 54k, respectively while Singapore also reported a spike to 10-month high yesterday. Worries of another 3rd or 4th wave could trigger tighter restrictions. Already, some cities in the region including Sydney, Greater Seoul, Bangkok and over 10 cities in Indonesia have entered into lockdowns. Growth momentum, business confidence and investor sentiment can be crippled if lockdowns, restrictions are prolonged. DXY was last seen at 92.41 levels. Daily momentum turned mild bearish while RSI is falling. Risks to the downside. Support at 91.95/92 levels (61.8% fibo, 21DMA), 91.30/50 levels (100, 200DMAs, 50% fibo) and 91 levels (38.2% fibo, 50 DMA). Resistance at 92.5 (76.4% fibo retracement of mar high to May low), 93.2 and 93.5 levels. This week brings Empire Mfg, Philly Fed business outlook (Jul); initial jobless claims; IP (Jun); Fed Chair Powell semi-annual testimony to senate banking panel on Thu; Retail sales (Jun); Uni. Mich Sentiment (Jul P) on Fri.

■ **EURUSD - Falling Wedge Bullish Reversal.** EUR bounced overnight owing to USD softness on dovish Powell. Pair was last seen at 1.1825 levels. Daily momentum shows tentative signs of turning bullish while RSI rose. Potential falling wedge pattern formed. This is typically a bullish reversal. Resistance at 1.1840 (76.4% fibo retracement of Mar low to May high), 1.1870 (21 DMA), 1.1920/30 (61.8% fibo), 1.1990/1.20 levels (100, 200 DMAs, 50% fibo). Support at 1.1780 and 1.1705/15 levels. Day ahead consolidation in 1.18 - 1.1870 range within wider perimeters of 1.1780 - 1.19 likely this week. Week remaining brings CPI (Jun); Trade (May) on Fri.

- **GBPUSD - *Slight Cautious Bias***. GBP was a touch softer this morning amid concerns of covid spread. UK daily infection rose to another fresh high of 42k with hospitalisation rate on the rise. Pair was last seen 1.3830 levels. Daily momentum is mild bullish but RSI fell. 2-way trade with bias to the downside likely. Support here at 1.3810 (76.4% fibo), 1.3690 (200 DMA). Resistance at 1.3890 levels (61.8% fibo), 1.3940/60 levels (100 DMA, 50% fibo retracement of Apr low to May high). This week brings Labor market report (May) on Thu.
- **USDJPY - *Two-way Swings***. Pair last seen at 109.85, retracing lower yesterday. Powell's reassurance to markets that the US recovery has not progressed sufficiently to begin scaling back the Fed's massive monthly asset purchases, and of inflation likely moderating after remaining high in coming months, lead to double dips in DXY and treasury yields, dragging the USDJPY lower. US 10Y yield last seen at 1.34%, vs. 1.41% yesterday morning. Bearish momentum on the daily chart is intact, while RSI is on a gentle decline. Immediate support at 109.85 (50-DMA), before next at 109.40 (100-DMA), 108.30 (23.6% fibo retracement of Mar high to Apr low). Resistance at 110.55 (21-DMA), 111, 112 (Mar high). Tertiary industry index due today, BoJ policy decision due Fri. We expect status quo from BoJ, with the central bank giving more details on the new climate change-linked lending programme. There could be some incremental caution in the growth outlook, given the latest state of emergency in Tokyo.
- **NZDUSD - *Buy Dips; Eye on CPI Tomorrow***. NZD was a touch softer this morning but remains better bid overall, fuelled by a hawkish RBNZ (in ending QE on 23 Jul). Some in the markets are now bringing forward rate hike expectations to Aug MPR instead of Nov MPR. To recap, RBNZ expressed concerns that persistent inflation pressure could build due to rising domestic capacity pressures and growing labour shortages. Noting that economic conditions has been persistently stronger than expected, the "least regrets" policy now is to reduce monetary support sooner. NZD was last seen at 0.7005 levels. Daily momentum is mild bullish while RSI are showing some tentative signs of bullish bias. Resistance at, 0.7078 (200 DMA). Support at 0.70-figure, 0.6940, 0.6890. Intra-day look for 0.6990 - 0.7040 range. Week remaining has 2Q CPI, Mfg PMI (Jun) on Fri.
- **AUDUSD - *Falling Wedge Extends, 2-way Action Can Persist for Now***. AUDUSD was lifted by the NZD rally in early Asia yesterday but action became more subdued thereafter, last seen around 0.7470. Falling wedge formation at this point extends, bullish divergence is intact and we see possibility for rebound beyond the key resistance around the 0.75-figure at this point, and next at 0.7570 (200-dma), 0.7600. For the Covid situation at home, NSW just reported 65 local cases, a lower number compared to previous days of around 100s. However, high number of cases infectious in the community remains a concern for NSW Premier Berejiklian. Jun labour report came out to be mostly in line with expectations with net 29.1K added for the month. Full-time employment rose 51.6K but part-time employment fell 22.5K. Labour force participation rate seems to have plateaued at 66.2%. Jobless rate as a result, fell to 4.9% from 5.1%.

- **USDCAD - Bearish Divergence.** USDCAD hovered around 1.2540 after a rather choppy night with a low of 1.2428 seen before the pullback was being reversed out, also underpinned by the fall in Brent crude prices. Brent fell >3% on news that UAE and OPEC+ is at the brink of a compromise that would result in more production quota for the UAE as well as the rest of the members. BoC cut asset purchases from C\$3bn to C\$2bn per week. The central bank forecast inflation to be above 3% in 2H 2021 before tapering off towards 2% in 2022. Governor Macklem highlighted “strong consensus that growth will strengthen and broaden” but there is a 500K jobs to “recoup”. Back on the chart, USDCAD is likely to meet resistance at 1.2576 before the next at 1.2650. Bullish momentum is intact, but fading with a bearish divergence forming. Support at 1.2360 (21-dma) before the next at 1.2203 (50-dma).

Asia ex Japan Currencies

SGD trades around +0.33% from the implied mid-point of 1.3585 with the top estimated at 1.3314 and the floor at 1.3857.

- **USDSGD - *Bullish But Overbought***. Last seen at 1.3540, moving lower in the US trading session yesterday as Powell's reassurances on continued Fed support led to some easing in dollar strength during his first of two days of testimony to Congress. We note that SGD NEER is on a slight dip, inching towards 0.3% above par, as a bounce in new Covid cases tied to KTV clusters led to some uncertainties in the domestic pandemic trajectory. But authorities have assured that developments should not threaten reopening measures. Data released yesterday showed GDP rebounding by +14.3%/y in 2Q from last year's low base (albeit contracting modestly by -2.0%q/q SA on a sequential basis). The manufacturing sector (+18.5%/y) climbed to the highest level on record. Our economist team raises GDP growth forecast to +6.8% in 2021 (from +6.2%), given the stronger than expected manufacturing performance and the rapid vaccine rollout. 2022 GDP forecast is raised to +3.5% (from +2.5%), as the recovery in construction and worst-hit sectors such as tourism and air transport have been delayed and deferred to next year. Construction and services are recovering from the circuit breaker lows last year, but remain below pre-pandemic levels, partly due to foreign worker shortages and Phase 2 heightened alert measures. Momentum on daily chart is modestly bullish, while RSI is in near-overbought conditions. Resistance at 1.36, 1.3680. Support at 1.3530 (Mar high), 1.3450 (76.4% fibo retracement from Mar high to Jun low), 1.3370 (200-DMA). Exports due Fri.
- **AUDSGD - *Capped***. Cross was last seen around 1.0110. The 21-dma at 1.0120 is being tested at this point 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. Support levels at 1.0020 before the next at 0.9920.
- **SGDMYR - *Consolidate***. SGDMYR was last seen at 3.0990 levels. Bullish momentum on daily chart intact but RSI shows signs of falling. 2-way risks. Resistance here at 3.1020 (50 DMA) and 3.11 levels. Support at 3.0950, 3.0920 (21 DMA) and 3.0890 (100 DMA). We look for 3.0950 - 3.1050 range intra-day.
- **USDMYR - *Bullish but Overbought***. USDMYR remains better bid, hovering near 11-month highs of around 4.20 as covid cases rose. Daily new cases rose to 11k yesterday. Worries of prolonged lockdown undermining growth momentum, business confidence. Pair was last seen at 4.1990 levels. Daily momentum is bullish while RSI is showing tentative signs of turning from overbought conditions. Risk is still skewed to the upside, though the pace of the up-move could moderate. Resistance at 4.20, 4.2220 (50% fibo retracement of 2020 high to low). Support at 4.1685 (38.2% fibo), 4.14 (21 DMA).
- **1m USDKRW NDF - *Still Biased to Lean against Strength***. BOK kept policy rate on hold this morning, as widely expected. BoK said it

would need to assess the need to adjust policy support after sticking to its view that economy will grow around 4%. BoK Governor Lee said that while latest covid resurgence will negatively affect private consumption, it should not hurt recovery momentum much as vaccination proceed and if government's extra budget is approved and implemented. One BoK member, Koh Seungbeom voted for a 25bps hike. Markets are still pricing in 1 hike within 3 months. 1m USDKRW eased from recent highs; last seen at 1147. Mild bullish momentum on daily chart intact but shows signs of fading while RSI shows signs of turning lower. While upside risks remain, we remain biased to fade upticks. Tighter restrictions and ongoing inoculation should eventually see Korea contain the latest resurgence though we note daily new infection still shows no signs of abating (>1k cases). Resistance at 1151 (2021 high). 1162 levels. Support at 1144, 1137 (21 DMA).

- **USDCNH - Bearish Divergence.** The pair hovered around 6.4695. The USDCNY reference rate was fixed at 6.4640 vs. 6.4626. The USDCNH pair has risen from overnight lows of 6.4508. Support remains at 6.4640 (21-dma) before the next at 6.4360 (50-dma). Pair needs to break the 6.40-6.50 range for the next directional cue, failing which there is likely consolidating within the range. Data-wise, 2Q GDP may have missed the consensus forecast of 8.0% by a hair with a print of 7.9%. However, most activity data for Jun actually came in firmer than expected with retail sales at 12.1%/y vs. previous 12.4%. Industrial production softened less than expected to 8.3%/y vs. previous 8.8% while rural FAI printed 12.6%/y (ytd) vs. previous 15.4%. While most headlines suggest moderations in growth pace were due to fading base effects, the stronger-than-expected retail number was perhaps the most encouraging print of the lot. The central bank has only offered CNY100bn via its monthly 1Y MLF at the unchanged rate of 2.95% vs. maturing CNY400bn. This partial roll-over underscores the central bank's stance that the RRR cut meant for the rise in liquidity needs seen in this half of the year, rather than a dovish pivot. Eyes are on whether the LPR would be lowered due to the RRR cut which would be a deviation from the unchanged policy rates (MLF, OMOs).

- **USDINR NDF - Consolidation.** The 1M NDF waffled around 74.80. The fall in the crude oil prices might have contributed to the stability of the USDINR. 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) before 74.50 (21-dma) and then the next at 73.80 (50,100,200-dma). WPI softened to 12.07%/y from previous 12.94%, not producing much fireworks for the rupee indeed. Inflation pressure was lower for most subcomponents including manufactured product, fuel, power, lighting and primary article. Wholesale prices on the other hand picked up pace from previous 4.3% to 12.1%.

- **USDVND - Two-Way Moves.** The pair closed 23017 on 14 Jul vs. previous close of 23013. This pair remains within the 22900-23040 range as broader markets remain in consolidative state. Resistance at 23032 is marked by the 50-dma while 23004 at 21-dma could be an interim support. Covid cases at home remain a tad elevated with 7-day average still around 1867 as of 13 Jul with no signs of easing yet.

Vietnam remains a laggard in its vaccination drive with only 3.9% of its population getting its first dose.

- **1M USDIDR NDF - Covid Risks in Focus, Supported.** Last seen near 14,540, slightly lower versus levels seen yesterday. New Covid case counts continue to break daily records (54.5k cases on 14 Jul), and has exceeded the pace of contagion in India. But we note that the pace of vaccine delivery has quickened as well, to 2.4mn doses on 14 Jul, surpassing Jokowi's target of 1mn vaccine shots a day in Jul and double that starting Aug. Given recent decline in UST yields, there are signs of modest recovery in sovereign bond inflows, which could be helping to mitigate drags on IDR from the deterioration in domestic pandemic conditions. On net, market sentiments could still lean towards caution in the interim, and the 1m USDIDR NDF could see signs of support. Momentum on daily chart has turned slightly bearish, while RSI is not showing a clear bias. Resistance at 14,740 (Mar high). Nearby support at 14,520-14,540, before 14,360 (200-DMA). Trade due today.
- **USDTHB - Signs of Turning Lower?** Last seen at 32.63, largely on par with levels seen yesterday morning. Recent bout of depreciation in THB could have priced in much of recent negative developments (new domestic Covid wave, postponement in tourism recovery). Bullish momentum on daily chart is intact, even as RSI suggests severe overbought conditions. Stretched RSI could suggest some room for retracement lower, if signs of easing in the newest Covid wave emerges. Resistance at 33.20 (2020 high). Support at 32.00, before 31.60 (50-DMA). Foreign reserves due Fri. In other news, Thailand is considering imposing limits on exports of locally-produced AstraZeneca vaccines. If this materializes, it could drag on vaccine rollout efforts in Malaysia, Indonesia, Vietnam.
- **1M USDPHP NDF - Bullish Momentum Moderating.** NDF last seen at 50.50, modestly higher versus levels seen yesterday morning. Sentiment drags from Fitch Ratings' lowering of the country's outlook from "stable" to "negative" is still in play but could be moderating. Overseas remittances grew by 13.1%/y in May, fastest in nearly five years, notably driven by low base effects in the same period last year. 5M2021 was up +6.3% to USD12.3bn vs 5M2020. Our economist team maintains full-year +3.3% forecast (2020: -0.8%), a pace which is mildly supportive of the PHP. More broadly, the recent bout of PHP softening could have priced in much of the domestic growth drags, and we note that Covid contagion is significantly more contained in Philippines versus peers Indonesia and Thailand. Any further PHP depreciation from here could be slower in pace. Bullish momentum on daily chart shows signs of moderating while RSI is in overbought conditions. Resistance at 50.85 (61.8% fibo retracement of 2020 high to 2021 low), 51.60 (76.4% fibo). Support at 50.00, 49.50, 49.40 (21-DMA). BoP due Fri.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.26	2.25	-1
5YR MO 9/25	2.53	2.53	Unchanged
7YR MS 6/28	2.98	2.97	-1
10YR MO 4/31	3.24	3.25	+1
15YR MS 5/35	3.83	3.82	-1
20YR MY 5/40	4.08	4.07	-1
30YR MZ 6/50	4.22	4.23	+1
IRS			
6-months	1.93	1.93	-
9-months	1.93	1.93	-
1-year	1.95	1.95	-
3-year	2.32	2.31	-1
5-year	2.59	2.58	-1
7-year	2.82	2.82	-
10-year	3.04	3.05	+1

Source: Maybank KE

*Indicative levels

- Ringgit government bonds remain supported, despite the overnight UST selloff, with local real money better buying the long ends, such as 30y GII trading 3bps firmer. Other yields moved in +/-1bp range. Flows focused more at the front end of the curve. 15y GII reopening auction saw strong demand as it gathered a high BTC of 3.06x and an average yield of 3.982% on good bids by local real money and banks. At current level, the 15y GII spread over MGS seem somewhat wide. Government bonds could continue to trade sideways given active two-way interests.
- MYR IRS rates were unperturbed by the overnight climb in UST yields with offerors aplenty across tenors. 7y IRS was negotiated at 2.83% while the rates curve ended little changed from previous day. 3M KLIBOR remain flat at 1.94%.
- Corporate bonds saw profit taking, with the selling focused on medium and long tenor bonds as yields rose 1-2bps, while the front end remain supported and unchanged. Investors were generally sidelined. GG space saw Danainfra 10y and 30y bonds traded. Rated corporate bonds space was subdued, with few AAA credits dealt and AA credits broadly unchanged. Activity in AA space skewed to the belly sector, which saw GENM, JEP and MMC traded, while the short ends were 1bp firmer.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.39	0.39	-
5YR	0.90	0.91	+1
10YR	1.48	1.50	+2
15YR	1.78	1.80	+2
20YR	1.83	1.85	+2
30YR	1.83	1.86	+3

Source: MAS (Bid Yields)

- Overnight, a beat in the US CPI print followed by a tail in 30y UST auction resulted in a UST selloff. SGD IRS curve bear steepened in sympathy, though the 10y rose 1-2bps lesser. In SGS space, front end yields declined, despite the upcoming supply, as liquidity remains flushed. Medium to long tenor yields were higher by 1-3bps.
- Generally upbeat tone in Asian credits. Strong buying in China corporate bonds with tech names 1-4bps tighter at the belly and financials unchanged to 1bp tighter. Tencent curve rallied 4bps as buying bolstered after regulators approved its privatization of Sogou, easing some concerns over China's recent crackdown on tech companies. Huarong curve also saw mild buying in senior bonds and perps, but junior perps lagged. Malaysia IGs broadly unchanged and saw selling interest in PETMK curve, albeit at tighter levels. Sovereign bond flows remain light, and spreads tightened 1-2bps at the belly, while the long end widened 1bp. Some buying interest from onshore investors for INDOIS at the front end and belly. Sovereign bond prices marginally lower due to higher UST yields. HY prices broadly unchanged to higher by 0.85pts for China property credits, while India HYs were up 0.25pts as risk sentiment remain supported.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.54	3.59	0.05
3YR	4.57	4.55	(0.02)
5YR	5.37	5.35	(0.02)
10YR	6.50	6.42	(0.07)
15YR	6.41	6.40	(0.00)
20YR	7.21	7.15	(0.06)
30YR	6.91	6.89	(0.02)

* Source: Bloomberg, Maybank Indonesia

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- Indonesian government bonds sustained their rally trends yesterday. Investors took momentum for collecting Indonesian government bonds that offering attractive yields amidst recent stable trends on Rupiah. Moreover, there are some attractive series of government bonds that will be “the benchmark” next year, such as FR0090, FR0091, and FR0092. Recently, on the global side, the Fed’s indication about its further monetary direction remains dovish enough. Last night, U.S. Federal Reserve Chair Jerome Powell reassured the market again that an inflation spike will be transitory. Powell reiterated in prepared congressional testimony that inflation will remain anchored around the Fed’s 2% target and the U.S. economy was “still a ways off” from levels the Fed wanted to see before tapering its stimulus support. His comments came as a report showed U.S. producer prices rose more than expected, posting their biggest annual increase in more than 10-1/2 years. A day earlier, data showed June U.S. inflation hit its highest in more than 13 year. Nevertheless, we believe that the market players still have short term orientation on their investment position after watching recent results of Indonesian highest record on daily cases of COVID-19. Indonesian government reported another highest record of daily COVID-19 cases. There were 54,517 confirmed cases in the 24 hours through midday Wednesday, with 991 people dying from the disease known as Covid-19.
- Indonesian government stated that its net bond issuance target for 2021 is estimated to decline by Rp283 trillion to Rp924 trillion, as the govt utilizes the unspent cash balance, known as SILPA. The unspent cash balance was at Rp245.6 trillion in 2020 and Rp136 trillion as of Jun-21. The 2021 budget deficit is estimated at Rp939.6 trillion.
- Aside from the COVID-19 factor, Indonesia has solid economic background that becomes the most reasonable factor for investors to put their investment position here. Moreover, Indonesian currency remained stable at below 14,600. It gives better investment valuation for foreigners to put Indonesian bonds on their portfolio. The country’s government bonds are also offering very attractive yields, and having significant gap of investment return against bonds’ yields from the developed countries, such as the U.S. government bonds. U.S. Treasury yields fell after Federal Reserve Chair Jerome Powell on Wednesday maintained his view that strong inflation will be temporary, even after data showed for the second day that price pressures rose more than expected in June. Benchmark 10-year yields fell six basis points on Wednesday to 1.356%. The yield curve between two-year and 10-year notes flattened to 112 basis points.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1883	110.96	0.7521	1.3942	6.4987	0.7110	130.6133	82.7103
R1	1.1860	110.47	0.7501	1.3901	6.4789	0.7072	130.3867	82.4847
Current	1.1830	109.89	0.7476	1.3844	6.4635	0.7027	130.0000	82.1540
S1	1.1793	109.71	0.7446	1.3810	6.4451	0.6967	129.9767	82.0787
S2	1.1749	109.44	0.7411	1.3760	6.4311	0.6900	129.7933	81.8983
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3599	4.2066	14514	50.5227	32.7193	1.6066	0.6528	3.1086
R1	1.3565	4.2040	14497	50.4143	32.6667	1.6041	0.6511	3.1038
Current	1.3540	4.1995	14485	50.3200	32.6440	1.6017	0.6497	3.1020
S1	1.3511	4.1987	14469	50.1113	32.5757	1.5974	0.6480	3.0926
S2	1.3491	4.1960	14458	49.9167	32.5373	1.5932	0.6466	3.0862

*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	0.4307	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	22/7/2021	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	15/7/2021	Tightening Bias
Fed Funds Target Rate	0.25	29/7/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	22/7/2021	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	16/7/2021	Easing Bias
BoC O/N Rate	0.25	14/7/2021	Tightening Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	34,933.23	0.13
Nasdaq	14,644.95	-0.22
Nikkei 225	28,608.49	-0.38
FTSE	7,091.19	-0.47
Australia ASX 200	7,354.69	0.31
Singapore Straits Times	3,153.15	-0.43
Kuala Lumpur Composite	1,512.32	-0.48
Jakarta Composite	5,979.22	-0.55
Philippines Composite	6,835.41	0.59
Taiwan TAIEX	17,845.75	-0.01
Korea KOSPI	3,264.81	-0.20
Shanghai Comp Index	3,528.50	-1.07
Hong Kong Hang Seng	27,787.46	-0.63
India Sensex	52,904.05	0.25
Nymex Crude Oil WTI	73.13	-2.82
Comex Gold	1,825.00	0.83
Reuters CRB Index	213.38	-0.35
MBB KL	8.05	-0.12

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	298	1.739	1.758	1.739
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	238	1.76	1.76	1.735
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	23	1.723	1.774	1.723
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	29	1.734	1.827	1.734
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	45	1.899	1.916	1.899
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	30	1.906	1.912	1.906
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	1	1.944	1.944	1.944
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	526	2.244	2.258	2.233
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	168	2.323	2.34	2.316
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	56	2.336	2.339	2.336
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	59	2.446	2.446	2.413
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	75	2.521	2.527	2.507
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	40	2.659	2.659	2.659
MGS 2/2006 4.709% 15.09.2026	4.709%	15-Sep-26	20	2.705	2.705	2.705
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	72	2.534	2.534	2.532
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	30	2.877	2.883	2.877
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	5	2.914	2.949	2.914
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	363	2.968	2.991	2.96
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	3.27	3.27	3.27
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	118	3.252	3.258	3.24
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	37	3.497	3.497	3.475
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	46	3.72	3.72	3.72
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	44	3.828	3.828	3.816
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	94	4.07	4.118	3.946
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	3	4.394	4.394	4.394
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	7	4.215	4.234	4.185
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	192	1.933	1.949	1.933
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	189	2.28	2.286	2.274
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	40	2.57	2.57	2.57
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	80	2.589	2.589	2.589
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	301	2.608	2.628	2.564
PROFIT-BASED GII 5/2012 15.06.2027	3.899%	15-Jun-27	2	2.862	2.862	2.862
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	18	2.923	2.923	2.923
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	111	2.995	2.995	2.968
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	63	3.059	3.062	3.059
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	20	3.208	3.208	3.208
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	140	3.3	3.3	3.3
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	384	3.975	4	3.867
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	08-May-47	10	4.455	4.455	4.455
GII MURABAHAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	60	4.417	4.417	4.407
Total			4,034			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MKDK IMTN 4.430% 21.02.2025	GG	4.430%	21-Feb-25	70	2.57	2.57	2.567
MKDK IMTN 4.470% 25.04.2025	GG	4.470%	25-Apr-25	25	2.608	2.608	2.608
PRASARANA IMTN 0% 04.08.2026 - MTN 4	GG	4.350%	04-Aug-26	5	2.877	2.877	2.877
DANAINFRA IMTN 2.840% 24.02.2028 - Tranche 17	GG	2.840%	24-Feb-28	10	3.176	3.176	3.176
PTPTN IMTN 4.270% 01.03.2029	GG	4.270%	01-Mar-29	10	3.34	3.352	3.34
DANAINFRA IMTN 4.080% 30.03.2029 - Tranche No 86	GG	4.080%	30-Mar-29	50	3.3	3.321	3.3
DANAINFRA IMTN 4.950% 19.03.2032 - Tranche No 58	GG	4.950%	19-Mar-32	10	3.609	3.62	3.609
DANAINFRA IMTN 4.890% 25.05.2032 - Tranche No 64	GG	4.890%	25-May-32	10	3.609	3.619	3.609
PTPTN IMTN 4.930% 17.08.2032	GG	4.930%	17-Aug-32	100	3.73	3.742	3.73
DANAINFRA IMTN 4.010% 23.09.2050 - Tranche No 107	GG	4.010%	23-Sep-50	20	4.511	4.511	4.51
PBSB IMTN 4.450% 12.09.2024	AAA IS	4.450%	12-Sep-24	50	2.705	2.708	2.705
PASB IMTN 3.070% 05.06.2025 - Issue No. 20	AAA	3.070%	05-Jun-25	10	2.911	2.922	2.911
PSEP IMTN 3.800% 17.03.2028	AAA	3.800%	17-Mar-28	20	3.69	3.7	3.69
Infracap Resources Sukuk 4.90% 15.04.2036 (T1 S11)	AAA (S)	4.900%	15-Apr-36	30	4.42	4.43	4.42
KLK IMTN 4.580% 12.08.2025 - IMTN 1	AA1	4.580%	12-Aug-25	40	2.998	3.003	2.998
GENM CAPITAL MTN 3652D 31.3.2027	AA1 (S)	4.980%	31-Mar-27	10	4.581	4.585	4.581
GENM CAPITAL MTN 5479D 31.3.2032	AA1 (S)	5.200%	31-Mar-32	10	4.943	4.943	4.919
FPSB IMTN 4.850% 02.11.2023	AA IS	4.850%	02-Nov-23	10	3.115	3.123	3.115
WCT IMTN 5.320% 11.05.2022	AA- IS	5.320%	11-May-22	10	3.833	3.846	3.833
CSSB IMTN 4.870% 31.01.2024	AA- IS	4.870%	31-Jan-24	10	3.288	3.292	3.288
UEMS IMTN 4.75% 22.03.2024 - Issue No. 7	AA- IS	4.750%	22-Mar-24	10	3.931	3.931	3.931
7-EMHB MTN 1096D 28.6.2024 (Tranche 1)	AA-	4.000%	28-Jun-24	1	3.851	3.999	3.851
UEMS IMTN 5.150% 31.10.2025	AA- IS	5.150%	31-Oct-25	20	4.338	4.341	4.338
JEP IMTN 5.620% 03.12.2027 - Tranche 14	AA- IS	5.620%	03-Dec-27	10	3.895	3.895	3.888
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	15	4.125	4.133	4.125
JEP IMTN 5.740% 04.06.2029 - Tranche 17	AA- IS	5.740%	04-Jun-29	10	4.144	4.149	4.144
TG EXCELLENCE SUKUK WAKALAH (TRANCHE 1)	AA- IS (CG)	3.950%	27-Feb-20	1	4.211	4.211	4.211
JATI IMTN 5.110% 31.01.2023	A1	5.110%	31-Jan-23	15	4.291	4.351	4.291
AISL IMTN 4.880% 18.10.2028	A1	4.880%	18-Oct-28	20	3.717	3.756	3.717
ALLIANCEB MTN 3650D 25.10.2030	A2	3.600%	25-Oct-30	1	3.701	3.701	3.701
ALLIANCEI IMTN 5.950% 29.03.2119	BBB1	5.950%	29-Mar-19	1	3.9	4.034	3.9
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.723	6.723	6.146
Total				614			

Sources: BPAM

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