

Global Markets Daily

Casting Away Omicron Fears?

Omicron Fears Fading; The Rise of Old Tensions

Stronger-than-expected US unit labor cost for 3Q and narrower trade deficit lifted the DXY index to a high of 96.59 in overnight trades before the index eased back for the rest of the session into Asia morning. Amid some reassuring news of Pfizer vaccine providing partial Omicron shield, US bourses were lifted in spite of some signs that old tensions are rising. Biden-Putin had a video call - Biden had threatened sanctions and more military aid for Ukraine if Putin decides to invade Ukraine. This comes as Russian forces have been deployed near its border with Ukraine over the past months. During the call, Russian President Putin requested for a legal guarantee that forbid NATO's expansion towards the East, concerned about Ukraine's West leanings. US National Security adviser Jake Sullivan assured the press that there was no concession on NATO and that things that US "did not do in 2014" (likely in reference to the annexation of Crimea), "we are prepared to do now". A briefing was held with European leaders thereafter. Energy prices are bid.

Targeted Easing Supports RMB and Some Asian FX

PBoC lowered its relending rate for farmers and SMEs by 25bps on Tue. Relending rates for 3M, 6M and 1Y are now at 1.7%, 1.9% and 2%. Focus remains on the property sector as Evergrande undergoes restructuring and Kaisa faces default. Local press Securities Times reported that several Chinese developers plan to issue asset-backed securities to raise funds after China eased curbs on the ABS last month. Kaisa has halted trading on HK Exchange this morning, possibly defaulted on its \$400mn bond due Tue. Gradual signs of more growth support coming from the government underpins the RMB, also providing some support for other Asian FX such as the SGD and MYR.

Key Events and Data Today

CAD remains on the climb, on the back of firmer oil and better risk sentiment and ahead of the BoC policy decision tonight. We anticipate BoC to remain largely mindful of inflation but some caveats for Omicron could be mentioned as Covid infection rates start to tick higher at home.

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G7: Events & Market Closure

| Date | Ctry | Event |
|-------|------|----------------------|
| 7 Dec | AU | RBA Policy Decision- |
| 8 Dec | CA | BoC Policy Decision |

Asia Ex JP: Events & Market Closure

| Date | Ctry | Event |
|--------|------|---------------------|
| 7 Dec | TH | Market Closure |
| 8 Dec | PH | Market Closure |
| 8 Dec | IN | RBI Policy Decision |
| 10 Dec | TH | Market Closure |

FX: Overnight Closing Levels/ % Change

| Majors | Prev | Close | % Chg | Asian FX | Prev | Close | % Chg |
|---------|--------|-------|---------|----------|----------|-------|---------|
| EUR/USD | 1.1267 | | ↓ -0.16 | USD/SGD | 1.3664 | | ↓ -0.17 |
| GBP/USD | 1.3244 | | ↓ -0.15 | EUR/SGD | 1.5394 | | ↓ -0.34 |
| AUD/USD | 0.7119 | | ↑ 0.98 | JPY/SGD | 1.2028 | | ↓ -0.27 |
| NZD/USD | 0.6791 | | ↑ 0.56 | GBP/SGD | 1.8097 | | ↓ -0.31 |
| USD/JPY | 113.6 | | ↑ 0.11 | AUD/SGD | 0.9726 | | ↑ 0.78 |
| EUR/JPY | 127.95 | | ↓ -0.09 | NZD/SGD | 0.9273 | | ↑ 0.31 |
| USD/CHF | 0.9254 | | → 0.00 | CHF/SGD | 1.4769 | | ↓ -0.13 |
| USD/CAD | 1.2639 | | ↓ -0.92 | CAD/SGD | 1.0808 | | ↑ 0.73 |
| USD/MYR | 4.2325 | | → 0.00 | SGD/MYR | 3.0959 | | ↑ 0.19 |
| USD/THB | 33.668 | | ↓ -0.49 | SGD/IDR | 10522.16 | | ↓ -0.20 |
| USD/IDR | 14378 | | ↓ -0.44 | SGD/PHP | 36.881 | | ↑ 0.25 |
| USD/PHP | 50.377 | | ↓ -0.08 | SGD/CNY | 4.6595 | | ↑ 0.02 |

Implied USD/SGD Estimates at 8 December 2021, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3485 | 1.3760 | 1.4035 |

G7 Currencies

■ **DXY Index - *Bias to Fade***. Risk appetite recovered amid omicron optimism while China cutting RRR by 50bps, thereby injecting liquidity into the system alleviated some fears. In particular, preliminary findings of omicron is that hospitals are not overwhelmed (though admissions are slowly on the rise) and Pfizer vaccine shot has shown to provide partial shield against the variant. This somewhat took away fears of global economy, reopening efforts being derailed (a positive on risk sentiment). Nonetheless it was reported that omicron infection results in about 40-fold reduction in virus blocking antibodies compared with the strain detected in China two years ago. The results were in line with scientists' expectations. While it remains early to judge on effectiveness of vaccines or severity of Omicron, we opined it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. A confirmation from medical science experts or WHO that Omicron is less severe than delta could further see risk proxies recover. While DXY was firmer amid unwinding of safe-haven proxies such as EUR, JPY and CHF (makes up about 75% weight in DXY basket), the USD was overall weaker against most other FX including AUD, THB, CAD and KRW. Focus shifts to upcoming US CPI (Fri) and FoMC (16 Dec). A stronger than expected print (6.7%) could fuel USD upside. Elsewhere we see a good chance of Fed doubling its pace of taper to \$30bn per month starting Jan-2022 and to end QE in Mar-2022 (earlier than Jun-2022 earlier anticipated) while dots plot should reflect higher inflation, growth and rate hikes projection. We think it is likely the base case for Fed is 2 hikes in 2022, up from 1 hike judging from Fed officials' comments over the past 2 weeks. Such a scenario will see policy divergence grow in favour of USD especially over negative yielding FX (i.e. central banks that do not express intents to normalise policies such as ECB, BoJ and SNB). On this note, USD strength could be seen vs. EUR, JPY and CHF. DXY was last at 96.30 levels. Mild bearish momentum on daily chart intact while RSI fell. Potential rising wedge appears to be forming - can be associated with bearish reversal. We are biased to lean against strength. Resistance at 96.70, 97.70 (61.8% fibo). Support next at 96 (21 DMA) before 94.50/70 levels (38.2% fibo retracement of 2020 high to 2021 low, 50 DMA). This week brings JOLTS Job openings (Oct) on Wed; Wholesale trade sales, inventories (Oct) on Thu; CPI (Nov); Uni of Michigan sentiment (Dec P) on Fri.

■ **EURUSD - *Still Driven by EU-UST Yield Differentials***. Same old story with EUR being dragged lower as 2y EU-UST yield differentials widened further to -138bps, from -126bps start of Dec. Re-widening was due to UST yield picking up pace as omicron fears fade and in anticipation of Fed's hawkish tilt and ahead of US CPI release (this Fri). EUR was last at 1.1280 levels. Mild bullish momentum on daily chart intact while RSI fell. Sideways trade likely. Resistance at 1.1330 (21 DMA) and 1.1490 levels (50% fibo retracement of 2020 low to 2021 high). Support at 1.1220,

1.1180. Week remaining brings German trade (Oct) on Thu and German CPI (Nov) on Fri.

■ **GBPUSD - Looking for Technical Rebound.** GBP held steady near recent lows amid early omicron optimism. Pair was last at 1.3245 levels. Pair may have found an interim base around 1.32 levels as the decline over the past few days failed to break lower decisively. Bearish momentum on daily chart faded while RSI is showing signs of rising from near oversold conditions. Potential bullish divergence still seen on daily MACD - yet to play out. Falling wedge pattern observed - a potential bullish reversal. We monitor price actions for potential rebound. Resistance at 1.3350 (21 DMA), 1.3410 (23.6% fibo retracement of Oct high to Nov low) and 1.3540 (50 DMA). Support at 1.3190 (2021 low). Relatively quiet week ahead with data dump on Fri: Monthly GDP, IP, Trade, construction output, Trade (Oct).

■ **USDJPY - Supported.** Last seen at 113.55, largely on par with levels seen yesterday morning. Biden-Putin call saw some tensions, with US communicating that it would initiate “strong” measures, including providing Ukraine more weaponry, if Russia were to attack the country. Still, tech shares led US equities significantly higher overnight, as markets focused on positive narratives regarding the Omicron variant, including assurance from various vaccine makers that shots were still effective, to varying extents. Earlier, we saw more signs of policy support from Chinese authorities, including a 50bps RRR cut. Continue to expect swings in volatility, but maintain glass half-full view on Omicron developments. On net, USDJPY pair could see incremental support emerging. Bearish momentum on daily chart is moderating while RSI is not showing a clear bias. Support at 112.90, 112.30 (50.0% fibo retracement from Sep low to Nov high), 111.60 (61.8% fibo). Resistance at 114.00 (23.6% fibo), 115.50 (Nov high). Leading index CI (Oct P) came in at 102.1, improving from 100.2 prior. Current account for Oct came in at JPY1180bn, widening from JPY1034bn prior. Machine tool orders due Thurs, PPI due Fri.

■ **NZDUSD - Bias to Buy Dips.** NZD rebounded amid recovery in risk appetite fuelled by early omicron optimism and China’s RRR cut. Preliminary findings of omicron is that hospitals are not overwhelmed (though admissions are slowly on the rise) and Pfizer vaccine shot has shown to provide partial shield against the variant. This somewhat took away fears of global economy, reopening efforts being derailed (a positive on risk sentiment). Nonetheless it was reported that omicron infection results in about 40-fold reduction in virus blocking antibodies compared with the strain detected in China two years ago. The results were in line with scientists’ expectations. While it remains early to judge on effectiveness of vaccines or severity of Omicron, we opined it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. A confirmation from medical science experts or WHO that Omicron is less severe than delta could further see risk proxies recover. NZD

was last seen at 0.6780 levels. Bearish momentum on daily chart shows signs of fading while RSI is near oversold conditions. We are still biased to buy dips, opportunistically. Support at 0.6720/40 levels. Resistance at 0.6805, 0.6860, 0.6905 (21DMA, 23.6% fibo retracement of Oct high to Nov low). This week brings Mfg activity (3Q) on Thu; Mfg PMI, card spending (Nov) on Fri.

■ **AUDUSD - Breakout!** AUDUSD rebounded from the key 0.70-figure and was last seen around 0.7120, buoyed by a combination of better risk appetite and fading fears on Omicron. RBA left cash target rate at 10bps and interest rate on Exchange settlement balances at 0%. The central bank will continue QE at rate of \$4bn a week until at least mid-Feb 2022, flagging a review of the program then. RBA highlighted three considerations for its next course of action - actions of other central banks, conditions of the domestic bond market and “most importantly”, “actual and expected progress towards the goals of full employment and inflation consistent with the target”. Within its statement, the central bank reiterated “patience” approach for “materially higher” wage growth. In terms of outlook, the central bank seems to be optimistic as Omicron is not expected to “derail the recovery” and growth to return to “pre-Delta” trend in 1H 2022. This note of confidence likely boosted the antipode a tad more. Stochastics are rising from oversold condition and next resistance is seen around 0.7195 (21-dma). Support at 0.7063. We note again that short AUD contracts are near record levels again and that stretched positioning probably propelling the AUD higher at this point.

■ **USDCAD - Breakout of the Rising Wedge.** USDCAD plunged to levels around 1.2640 this morning. Stronger risk appetite and firmer crude oil prices boosted the CAD. This comes ahead of the policy decision on tonight where we expect the central bank to keep its projection for rate lift-off to in the middle two quarters of 2022 when output gap is expected to close. The emergence of Omicron variant could mean that the strong Oct labour data cannot translate to an immediate further hawkish shift at this meeting. We anticipate BoC to remain largely mindful of inflation but we expect some caveats for Omicron as Covid infection rates start to tick higher at home. Back on the daily USDCAD chart, momentum has turned bearish with stochastics falling from overbought conditions. Pair is last at 1.2640, testing a support thereabouts (38.2% Fibonacci retracement of the Oct-Dec rally) and the next support is seen around 1.2570 (50% fibo). Data-wise capacity utilization rate for 3Q is revealed on Fri.

Asia ex Japan Currencies

SGDNEER trades around +0.75% from the implied mid-point of 1.3760 with the top estimated at 1.3485 and the floor at 1.4035.

- **USDSGD - Bullish Momentum Moderated.** USDSGD last seen at 1.3650, pulling back lower from near-overbought levels earlier. Cautious optimism on Omicron developments appears to be holding, with major US indices recovering strongly overnight, alongside assurance from various vaccine makers that shots were still effective against Omicron, to varying extents. Futures readings suggest that positive sentiments could be spilling over to regional equities as well. US-Russia tensions over Ukraine and China property developers' debt fallout remain as peripheral risks, and may restrain the pace of USDSGD moves lower. On the USDSGD daily chart, bullish momentum has largely moderated, while RSI is dipping from near-overbought conditions earlier. Resistance at 1.3700, 1.3750. Support at 1.3620 (38.2% fibo retracement of Oct low to Nov high), 1.3540 (61.8% fibo), 1.3500 (76.4% fibo).
- **AUDSGD - Turning Bullish.** AUDSGD rose further yesterday, buoyed by the AUD on better sentiment. Bearish momentum faded and stochastics are rising from oversold conditions. Resistance at 0.9720 (23.6% fibo retracement of the Oct-Dec decline) before the next at 0.9800 (21-dma) and then at 0.9870/0.9920 (50% fibo, 50,100-dma). Support at 0.9588.
- **SGDMYR - Range.** SGDMYR held steady; last at 3.0910 levels. Bullish momentum intact while RSI showed signs of turning lower. Slight risk to the downside but likely within recently established range. Support at 3.0830/40 (21, 50DMAs, 50% fibo), 3.0720 (61.8% fibo). Resistance at 3.0940/60 levels (100 DMA, 38.2% fibo retracement of Mar low to 2021 double top). Intra-day, we look for 3.0850 - 3.0950 range.
- **USDMYR - Bias to Lean against Strength.** USDMYR fell, in line with our bias to lean against strength. Move lower came amid recovery in risk appetite fuelled by early omicron optimism, decline in USDCNH, China's RRR cut. Preliminary findings of omicron is that hospitals are not overwhelmed (though admissions are slowly on the rise) and Pfizer vaccine shot has shown to provide partial shield against the variant. This somewhat took away fears of global economy, reopening efforts being derailed (a positive on risk sentiment). Nonetheless it was reported that omicron infection results in about 40-fold reduction in virus blocking antibodies compared with the strain detected in China two years ago. The results were in line with scientists' expectations. While it remains early to judge on effectiveness of vaccines or severity of Omicron, we opined it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. A confirmation from medical science experts or WHO that Omicron is less severe than delta could further see risk proxies recover. That said we still keep in view upcoming US CPI

release (Fri) and FoMC next Thu. A stronger than expected print (6.7%) could further fuel USD upside while Fed speaks last week also dropped hints that Fed is potentially preparing the ground for a hawkish shift at upcoming FoMC (15-16 Dec). There may be some risks to the upside ahead of FoMC but bias to fade. Market consensus and positioning is now long USD and a hawkish Fed may somewhat be priced in. Hence we are more inclined to fade USD strength instead. USDMYR was last at 4.2170 levels. Bullish momentum on daily chart is fading while RSI is falling. Near term risks to the downside. Support at 4.20 (break out level), 4.19 (100 DMA). Resistance at 4.22, 4.2450 levels. FTSE KLCI was -0.34% this morning. As of yesterday, foreigners net sold \$7.9mn of local equities. In light of omicron concerns, border rules were slightly tightened with increase in home quarantine days to 10days from 7day for visitors coming from US, UK, Australia, France and Norway while a digital tracker will have to be put on on arrival.

- **1m USDKRW NDF - Sell Rallies.** 1m USDKRW NDF fell sharply in line with our call to sell rallies. Decline was largely fuelled by external drivers - early omicron optimism, decline in USDCNH and China's RRR cut. Preliminary findings of omicron is that hospitals are not overwhelmed (though admissions are slowly on the rise) and Pfizer vaccine shot has shown to provide partial shield against the variant. This somewhat took away fears of global economy, reopening efforts being derailed (a positive on risk sentiment). Nonetheless it was reported that omicron infection results in about 40-fold reduction in virus blocking antibodies compared with the strain detected in China two years ago. The results were in line with scientists' expectations. While it remains early to judge on effectiveness of vaccines or severity of Omicron, we opined it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. A confirmation from medical science experts or WHO that Omicron is less severe than delta could further see risk proxies recover. That said we still keep in view upcoming US CPI release (Fri) and FoMC next Thu. A stronger than expected print (6.7%) could further fuel USD upside while Fed speaks last week also dropped hints that Fed is potentially preparing the ground for a hawkish shift at upcoming FoMC (15-16 Dec). There may be some risks to the upside ahead of FoMC but bias to fade. Market consensus and positioning is now long USD and a hawkish Fed may somewhat be priced in. Hence we are more inclined to fade USD strength instead. Pair was last at 1176 levels. Bearish momentum on daily chart intact while RSI fell. Next support at 1172 (76.4% fibo retracement of Oct low to Nov high), 1168 levels. Resistance at 1177 (61.8% fibo), 1183 (21 DMA).

- **USDCNH - Bearish Bias.** USDCNH drifted lower and was last at 6.3611 this morning. Right after a RRR cut was provided, PBoC also lowered its relending rate for farmers and SMEs by 25bps on Tue. Relending rates for 3M, 6M and 1Y are now at 1.7%, 1.9% and 2%. Focus remains on the property sector as Evergrande undergoes

restructuring (also failed to make coupon payments to bond holders of two of its bonds) and Kaisa faces default. Local press Securities Times reported that several Chinese developers plan to issue asset-backed securities to raise funds after China eased curbs on the ABS last month. Kaisa has halted trading on HK Exchange this morning, possibly defaulted on its \$400mn bond due Tue. Gradual signs of more growth support (albeit targeted easing) coming from the government underpins the RMB, also providing some support for other Asian FX such as the SGD and MYR. Back on the USDCNH, pair was last at 6.3611, testing the Nov low at 6.3616 before the next at 6.3525. Resistance at 6.3822 (21-dma) before the next at 6.3941. The USDCNY is fixed at 6.3677 (**above median estimate** at 6.3665). This week, Nov trade is due on Tue, CPI and PPI on Thu, aggregate financing, money supply and new yuan loans are due from 9-15 Dec.

- **1M USDINR NDF - Bullish.** NDF last seen at 75.66 buoyed by the rise in UST yields and higher oil prices. Momentum is bullish for this pair, propelled by the unwinding of the US treasuries as Omicron concerns fade and focus shifts towards the FOMC meeting next week. Support at 75.27 (23.6% fibo retracement of the Sep-Oct rally) before the next at 74.86. Resistance is seen around 75.65 (being tested now before 75.93 (Oct high). Week ahead has RBI policy meeting on Wed and policy rates are mostly expected to remain unchanged with repo rate at 4.00%, reverse repo at 3.35% and cash reserve ratio at 4.00%. India has had stronger aggregate demand with private consumption and investment demand recovering, buoyed by the acceleration in vaccination and improvement in the Covid situation at home. Hiring was swift to recover after the second wave but the emergence of Omicron could slow any intention to tighten in the near future.
- **USDVND - Upside Bias.** USDVND closed at 29093 on 7 Dec, higher versus the 23064-close on 6 Dec. Momentum is bullish and stochastics remain on the rise, albeit overbought. Resistance is seen around 23094 before the next at 23150 and the support is seen around 22900. We have noticed some upside pressure that closed the gap between the daily central rates and USDVND spot. Once the gap is closed and stabilized, there could be some stabilization. At home, HCMC People Council Chair Nguyen Thi Le warned that the city will not be able to meet growth target of 6% for 2021 due to the fourth wave but its budget revenue will exceed the target. Secretary of the HCMC Party Committee Nguyen Van Nen pledged to support businesses in the city and implement pandemic prevention and control measures into 2022.
- **1M USDIDR NDF - Upsides Capped.** 1M NDF last seen near 14,390, continuing to see modest retracements lower as Omicron fears eased and global risk assets saw some recovery. Developments were largely in line with our earlier assessment that interim upsides in USDIDR could be capped. Barring negative headline surprises (e.g., Omicron causes more severe illness than expected) over the next few weeks, a sharp tank in IDR sentiments is not expected at this point. Indonesia's Financial Service Authority (OJK) has also issued new rules regarding the listing of technology firms' shares with multiple voting rights, in a bid to attract more IPOs to the domestic exchange. This is a medium term positive for equity inflows and IDR. On the NDF

daily chart, bullish momentum is moderating, while RSI is not showing a clear bias. Resistance at 14,500 (Nov high), 14680 (Jul high). Support at 14,350 (21-DMA), 14,200 (23.6% fibo retracement from Jul high to Oct low). Foreign reserves came in at US\$145.90bn in Nov, slightly higher versus US\$145.46bn in Oct.

- **USDTHB - Dipping from Overbought Conditions.** Last seen at 33.50. Pair continued its retracement lower after failing to break through key resistance at 34.0 late last week. Domestic sentiments saw some recovery alongside retracement higher in global risk assets, on receding Omicron concerns. PM Prayuth also insisted yesterday that another lockdown is unlikely. The Thailand Industry Sentiment Index rose to 85.4 in Nov, highest in 8 months, alongside earlier reopening efforts and robust export performance. Bullish momentum on USDTHB daily chart shows signs of moderating while RSI is dipping from overbought conditions earlier. Resistance at 33.60 (76.4% fibo retracement from Sep high to Nov low), 34.00 (Sep high), 34.60. Support at 33.30 (50.0% fibo), 32.90 (23.6% fibo).

- **1M USDPHP NDF - Bullish Momentum Moderated.** 1m USDPHP NDF was last seen at 50.38, showing signs of a mild dip versus levels seen yesterday morning. Inflation stayed above BSP's target range of 2%-4% in Nov, but eased to +4.2%/y, versus Oct's +4.6%, mainly driven by lower FNAB cost. Core inflation also eased slightly to +3.3%/y from +3.4% prior. Our economist team maintains full-year inflation rate forecast of +4.4%. But with inflation being mainly supply-side driven and cost-push rather than demand-fuelled and wage-pull; and on easing trend, house view remains for forecast of no change in BSP policy interest rate of 2.00% well into 2022 prior to a +25bps hike in 4Q 2022. Spillovers from domestic monetary policy adjustments to PHP should be mild in the interim. Also expect PHP to see some support into year-end on seasonal remittance flows. Bullish momentum on the daily chart has largely moderated while RSI is not showing a clear bias. Resistance at 50.50 (38.2% fibo retracement from Sep high to Nov low), 50.90 (61.8% fibo), 51.50 (Sep high). Support at 50.20 (23.6% fibo), 49.80 (Nov low). Trade due Fri.

Malaysia Fixed Income

Rates Indicators

| MGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|--------------|-------------------|-------------------|--------------|
| 3YR MH 6/24 | 2.65 | 2.65 | Unchanged |
| 5YR MO 11/26 | 3.10 | 3.10 | Unchanged |
| 7YR MS 6/28 | 3.39 | 3.40 | +1 |
| 10YR MO 4/31 | 3.52 | 3.52 | Unchanged |
| 15YR MS 5/35 | 3.86 | 3.85 | -1 |
| 20YR MY 5/40 | 4.09 | 4.09 | Unchanged |
| 30YR MZ 6/50 | 4.16 | 4.16 | Unchanged |
| IRS | | | |
| 6-months | 2.00 | 2.01 | +1 |
| 9-months | 2.06 | 2.06 | - |
| 1-year | 2.11 | 2.12 | +1 |
| 3-year | 2.66 | 2.68 | +2 |
| 5-year | 2.85 | 2.89 | +4 |
| 7-year | 3.12 | 3.15 | +3 |
| 10-year | 3.31 | 3.33 | +2 |

Source: Maybank KE

*Indicative levels

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- Local government bond market stayed quiet with little activity despite the recovery in risk sentiment. Notably was some buying interest from real money investors on ultra-long end bonds, though not much was dealt as prices were quoted wide and liquidity remained thin as many held on to their bonds. MGS yield curve was pretty much unchanged and traded volume amounted to MYR2.3b for the day.
- MYR IRS shifted 1-4bp higher across tenors following the overnight rise in UST yields on improved risk sentiment. Market was largely muted throughout the day until 7y IRS was got dealt at 3.145% right before day end. 3M KLIBOR climbed another 1bp higher to 2.00%.
- Light flows in local corporate bonds. For quasis, both Prasarana 2047 and Cagamas 2022 dealt 1bp tighter in spread with better buying. Rated space saw PASB 2029 better offered and wider by 2bp. BGSM had mixed interests in its short end bonds, though skewed towards better selling, and levels were marked from 1bp tighter to 3bp wider. Genting Capital 2027 traded 4bp firmer, while Press Metal 2026 traded unchanged.

Singapore Fixed Income

Rates Indicators

| SGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR | 0.89 | 0.92 | +3 |
| 5YR | 1.35 | 1.39 | +4 |
| 10YR | 1.68 | 1.71 | +3 |
| 15YR | 1.92 | 1.96 | +4 |
| 20YR | 1.96 | 2.01 | +5 |
| 30YR | 1.95 | 1.99 | +4 |

Source: MAS (Bid Yields)

- SGS yields rose 3-6bp in light trading. Short end bonds continued to be pressured by higher short term funding rates amid tighter liquidity conditions at year end. The ultra-long end 30y also saw notable selling interests cheapening that part of the curve. SGS overall outperformed OIS and UST.
- Asian credits traded firm, albeit in light flows, given the recovery in risk sentiment overnight shrugging Omicron concerns. IG spreads generally tightened 2-3bp. Huarong marked 0.25pt higher on HF demand. China HY property credits strengthened after PBOC's RRR cut. It was mostly buying flows and short covering, especially for high quality credits. Shimao up 3-5pt, Country Garden up 0.5-2.0pt and Sunac up 4-5pt. Kaisa was largely unchanged despite news of bondholders offering forbearance to avoid a default. Non-China credits overall traded 0.25-1.0pt firmer. Vedanta stronger by 1pt on real money demand, and Indonesia's Medco Energi rose 0.25-0.50pt due to higher oil prices. Asian sovereign bonds tightened 2-3bp on the back of higher UST yields, but flows were skewed towards better selling by Asia real money accounts, albeit in small amounts, with INDON and PHILIP price levels down 0.12-0.25pt.

Indonesia Fixed Income

Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Yesterday's Close | Change |
|-----------------|-------------------|-------------------|--------|
| 1YR | 3.02 | 3.02 | 0.00 |
| 3YR | 4.16 | 4.16 | 0.00 |
| 5YR | 4.94 | 4.94 | (0.01) |
| 10YR | 6.30 | 6.30 | (0.00) |
| 15YR | 6.31 | 6.29 | (0.01) |
| 20YR | 7.01 | 6.97 | (0.04) |
| 30YR | 6.86 | 6.85 | (0.01) |

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* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds tried to revive yesterday, after the fears of COVID-19 by Omicron Variant receded on the United States. It seemed that American got minor health problems due to the Omicron Variant. On Sunday, the top U.S. infectious disease official, Anthony Fauci said Omicron variant does not look like a great degree of severity so far. That condition has triggered the global investors to seek the high return assets again. Nevertheless, we saw most investors to keep being cautious for collecting Indonesian government bonds by aggressively due to further the Fed's closer policy meeting agenda. The Fed is expected to imminently tighten its monetary policy by more aggressive measures on both its tapering policy and the policy rate's hike. The market players' expectation for further the Fed's more aggressive monetary measures can be bigger if incoming results of both the U.S. CPI and PPI are stronger than previous month. Hence, the market player can take short momentum for applying "buy on weakness" strategy on Indonesian government bonds' liquid series, such as FR0086, FR0087, FR0088, FR0090, FR0091, and FR0092.
- Actually, the situation is conducive enough on the domestic side, following reviving on the real sector condition and more relaxing social economic activities due to relative manageable daily cases of COVID-19. The latest daily cases of domestic COVID-19 indicated to keep being low at below 500 cases recently. Then, recent booming on the global palm oil prices also give positive impacts for Indonesian economy, both from exports and state revenues sides.

Foreign Exchange: Daily Levels

| | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2 | 1.1334 | 113.97 | 0.7177 | 1.3327 | 6.3812 | 0.6830 | 128.8700 | 81.6207 |
| R1 | 1.1301 | 113.79 | 0.7148 | 1.3286 | 6.3726 | 0.6810 | 128.4100 | 81.2373 |
| Current | 1.1278 | 113.46 | 0.7121 | 1.3246 | 6.3639 | 0.6786 | 127.9600 | 80.7920 |
| S1 | 1.1231 | 113.41 | 0.7065 | 1.3206 | 6.3593 | 0.6754 | 127.5500 | 80.1643 |
| S2 | 1.1194 | 113.21 | 0.7011 | 1.3167 | 6.3546 | 0.6718 | 127.1500 | 79.4747 |
| | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
| R2 | 1.3723 | 4.2397 | 14467 | 50.4870 | 34.0173 | 1.5509 | 0.6657 | 3.1028 |
| R1 | 1.3693 | 4.2361 | 14422 | 50.4320 | 33.8427 | 1.5452 | 0.6652 | 3.0994 |
| Current | 1.3652 | 4.2240 | 14389 | 50.3900 | 33.5650 | 1.5397 | 0.6635 | 3.0943 |
| S1 | 1.3642 | 4.2283 | 14344 | 50.2770 | 33.5527 | 1.5349 | 0.6641 | 3.0901 |
| S2 | 1.3621 | 4.2241 | 14311 | 50.1770 | 33.4373 | 1.5303 | 0.6634 | 3.0842 |

*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 | 0.4375 | Apr-22 | Tightening Bias |
| BNM O/N Policy Rate | 1.75 | 20/1/2022 | Easing Bias |
| BI 7-Day Reverse Repo Rate | 3.50 | 16/12/2021 | Easing Bias |
| BOT 1-Day Repo | 0.50 | 22/12/2021 | Easing Bias |
| BSP O/N Reverse Repo | 2.00 | 16/12/2021 | Easing Bias |
| CBC Discount Rate | 1.13 | 16/12/2021 | Neutral |
| HKMA Base Rate | 0.50 | - | Neutral |
| PBOC 1Y Loan Prime Rate | 3.85 | - | Easing Bias |
| RBI Repo Rate | 4.00 | 8/12/2021 | Neutral |
| BOK Base Rate | 1.00 | 14/1/2022 | Tightening |
| Fed Funds Target Rate | 0.25 | 16/12/2021 | Tightening Bias |
| ECB Deposit Facility Rate | -0.50 | 16/12/2021 | Easing Bias |
| BOE Official Bank Rate | 0.10 | 16/12/2021 | Tightening Bias |
| RBA Cash Rate Target | 0.10 | 1/2/2022 | Neutral |
| RBNZ Official Cash Rate | 0.75 | 23/2/2022 | Tightening |
| BOJ Rate | -0.10 | 17/12/2021 | Easing Bias |
| BoC O/N Rate | 0.25 | 8/12/2021 | Tightening Bias |

Equity Indices and Key Commodities

| | Value | % Change |
|-------------------------|-----------|----------|
| Dow | 35,719.43 | 1.40 |
| Nasdaq | 15,686.92 | 3.03 |
| Nikkei 225 | 28,455.60 | 1.89 |
| FTSE | 7,339.90 | 1.49 |
| Australia ASX 200 | 7,313.90 | 0.95 |
| Singapore Straits Times | 3,134.66 | 0.59 |
| Kuala Lumpur Composite | 1,497.97 | 0.98 |
| Jakarta Composite | 6,602.57 | 0.85 |
| Philippines Composite | 7,130.74 | 1.07 |
| Taiwan TAIEX | 17,796.92 | 0.61 |
| Korea KOSPI | 2,991.72 | 0.62 |
| Shanghai Comp Index | 3,595.09 | 0.16 |
| Hong Kong Hang Seng | 23,983.66 | 2.72 |
| India Sensex | 57,633.65 | 1.56 |
| Nymex Crude Oil WTI | 72.05 | 3.68 |
| Comex Gold | 1,784.70 | 0.29 |
| Reuters CRB Index | 225.74 | 1.12 |
| MBB KL | 8.10 | 1.38 |

MYR Bonds Trades Details

| MGS & GII | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|---|--------|---------------|----------------|-----------|----------|---------|
| MGS 1/2017 3.882% 10.03.2022 | 3.882% | 10-Mar-22 | 46 | 1.787 | 1.787 | 1.747 |
| MGS 1/2012 3.418% 15.08.2022 | 3.418% | 15-Aug-22 | 40 | 1.731 | 1.731 | 1.69 |
| MGS 2/2015 3.795% 30.09.2022 | 3.795% | 30-Sep-22 | 20 | 1.73 | 1.73 | 1.73 |
| MGS 3/2013 3.480% 15.03.2023 | 3.480% | 15-Mar-23 | 327 | 2.209 | 2.213 | 2.184 |
| MGS 2/2018 3.757% 20.04.2023 | 3.757% | 20-Apr-23 | 103 | 2.168 | 2.198 | 2.168 |
| MGS 3/2019 3.478% 14.06.2024 | 3.478% | 14-Jun-24 | 170 | 2.65 | 2.683 | 2.65 |
| MGS 1/2014 4.181% 15.07.2024 | 4.181% | 15-Jul-24 | 31 | 2.725 | 2.725 | 2.705 |
| MGS 2/2017 4.059% 30.09.2024 | 4.059% | 30-Sep-24 | 5 | 2.694 | 2.694 | 2.694 |
| MGS 1/2018 3.882% 14.03.2025 | 3.882% | 14-Mar-25 | 100 | 2.752 | 2.752 | 2.752 |
| MGS 1/2015 3.955% 15.09.2025 | 3.955% | 15-Sep-25 | 27 | 2.851 | 2.861 | 2.835 |
| MGS 3/2011 4.392% 15.04.2026 | 4.392% | 15-Apr-26 | 6 | 3.033 | 3.033 | 3.033 |
| MGS 1/2019 3.906% 15.07.2026 | 3.906% | 15-Jul-26 | 26 | 3.099 | 3.107 | 3.095 |
| MGS 3/2016 3.900% 30.11.2026 | 3.900% | 30-Nov-26 | 180 | 3.103 | 3.113 | 3.102 |
| MGS 3/2007 3.502% 31.05.2027 | 3.502% | 31-May-27 | 87 | 3.2 | 3.209 | 3.177 |
| MGS 4/2017 3.899% 16.11.2027 | 3.899% | 16-Nov-27 | 112 | 3.227 | 3.24 | 3.188 |
| MGS 5/2013 3.733% 15.06.2028 | 3.733% | 15-Jun-28 | 34 | 3.39 | 3.393 | 3.354 |
| MGS 2/2019 3.885% 15.08.2029 | 3.885% | 15-Aug-29 | 18 | 3.51 | 3.51 | 3.494 |
| MGS 3/2010 4.498% 15.04.2030 | 4.498% | 15-Apr-30 | 1 | 3.592 | 3.592 | 3.592 |
| MGS 2/2020 2.632% 15.04.2031 | 2.632% | 15-Apr-31 | 67 | 3.526 | 3.526 | 3.51 |
| MGS 4/2011 4.232% 30.06.2031 | 4.232% | 30-Jun-31 | 3 | 3.647 | 3.647 | 3.62 |
| MGS 4/2013 3.844% 15.04.2033 | 3.844% | 15-Apr-33 | 39 | 3.746 | 3.746 | 3.746 |
| MGS 3/2018 4.642% 07.11.2033 | 4.642% | 7-Nov-33 | 8 | 3.838 | 3.838 | 3.838 |
| MGS 4/2019 3.828% 05.07.2034 | 3.828% | 5-Jul-34 | 6 | 3.878 | 3.878 | 3.848 |
| MGS 4/2015 4.254% 31.05.2035 | 4.254% | 31-May-35 | 16 | 3.856 | 3.866 | 3.842 |
| MGS 3/2017 4.762% 07.04.2037 | 4.762% | 7-Apr-37 | 42 | 3.989 | 4.069 | 3.984 |
| MGS 5/2019 3.757% 22.05.2040 | 3.757% | 22-May-40 | 23 | 4.098 | 4.099 | 3.918 |
| MGS 2/2016 4.736% 15.03.2046 | 4.736% | 15-Mar-46 | 3 | 4.311 | 4.311 | 4.311 |
| MGS 5/2018 4.921% 06.07.2048 | 4.921% | 6-Jul-48 | 6 | 4.379 | 4.379 | 4.379 |
| MGS 1/2020 4.065% 15.06.2050 | 4.065% | 15-Jun-50 | 20 | 4.148 | 4.183 | 4.119 |
| GII MURABAHAAH 4/2018 3.729% 31.03.2022 | 3.729% | 31-Mar-22 | 58 | 1.592 | 1.656 | 1.592 |
| GII MURABAHAAH 3/2017 3.948% 14.04.2022 | 3.948% | 14-Apr-22 | 109 | 1.749 | 1.749 | 1.749 |
| PROFIT-BASED GII 4/2012 15.11.2022 | 3.699% | 15-Nov-22 | 1 | 1.767 | 1.767 | 1.767 |
| GII MURABAHAAH 7/2019 3.151% 15.05.2023 | 3.151% | 15-May-23 | 51 | 2.259 | 2.259 | 2.196 |
| GII MURABAHAAH 3/2018 4.094% 30.11.2023 | 4.094% | 30-Nov-23 | 8 | 2.346 | 2.346 | 2.346 |
| GII MURABAHAAH 4/2019 3.655% 15.10.2024 | 3.655% | 15-Oct-24 | 147 | 2.787 | 2.787 | 2.678 |
| GII MURABAHAAH 1/2018 4.128% 15.08.2025 | 4.128% | 15-Aug-25 | 5 | 3.034 | 3.034 | 3.034 |
| GII MURABAHAAH 1/2020 3.422% 30.09.2027 | 3.422% | 30-Sep-27 | 40 | 3.371 | 3.371 | 3.371 |
| GII MURABAHAAH 2/2018 4.369% 31.10.2028 | 4.369% | 31-Oct-28 | 211 | 3.479 | 3.485 | 3.479 |
| GII MURABAHAAH 2/2020 3.465% 15.10.2030 | 3.465% | 15-Oct-30 | 53 | 3.57 | 3.584 | 3.57 |
| GII MURABAHAAH 1/2021 3.447% 15.07.2036 | 3.447% | 15-Jul-36 | 14 | 3.957 | 3.957 | 3.957 |
| GII MURABAHAAH 5/2017 4.755% 04.08.2037 | 4.755% | 4-Aug-37 | 10 | 4.189 | 4.189 | 4.189 |
| GII MURABAHAAH 2/2021 4.417% 30.09.2041 | 4.417% | 30-Sep-41 | 40 | 4.168 | 4.168 | 4.167 |
| GII MURABAHAAH 5/2019 4.638% 15.11.2049 | 4.638% | 15-Nov-49 | 15 | 4.437 | 4.437 | 4.409 |
| Total | | | 2,327 | | | |

Sources: BPAM

MYR Bonds Trades Details

| PDS | Rating | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|---------|--------|---------------|----------------|-----------|----------|---------|
| PRASARANA SUKUK MURABAHAH 5.23% 13.09.2047 - S6 | GG | 5.230% | 13-Sep-47 | 20 | 4.51 | 4.51 | 4.509 |
| CAGAMAS MTN 3.380% 12.12.2022 | AAA | 3.380% | 12-Dec-22 | 25 | 2.119 | 2.119 | 2.119 |
| HBMS IMTN 4.300% 02.10.2023 | AAA | 4.300% | 2-Oct-23 | 30 | 2.565 | 2.57 | 2.565 |
| SEB IMTN 4.850% 19.01.2027 | AAA | 4.850% | 19-Jan-27 | 20 | 3.527 | 3.552 | 3.527 |
| PASB IMTN 4.540% 23.02.2029 - Issue No. 12 | AAA | 4.540% | 23-Feb-29 | 10 | 3.911 | 3.911 | 3.908 |
| DANGA IMTN 5.020% 21.09.2033 - Tranche 9 | AAA (S) | 5.020% | 21-Sep-33 | 30 | 4.151 | 4.151 | 4.149 |
| SABAHDEV MTN 730D 14.6.2023 - Issue No. 212 | AA1 | 4.200% | 14-Jun-23 | 1 | 3.733 | 3.747 | 3.733 |
| GENM CAPITAL MTN 3651D 22.8.2025 | AA1 (S) | 4.900% | 22-Aug-25 | 1 | 4.131 | 4.131 | 4.131 |
| GENTING CAP MTN 4.86% 08.6.2027 - Issue No. 2 | AA1 (S) | 4.860% | 8-Jun-27 | 5 | 4.733 | 4.733 | 4.733 |
| BGSM MGMT IMTN 4.680% 28.09.2023 - Issue No 16 | AA3 | 4.680% | 28-Sep-23 | 20 | 2.836 | 2.836 | 2.836 |
| BGSM MGMT IMTN 5.600% 27.12.2023 - Issue No 9 | AA3 | 5.600% | 27-Dec-23 | 10 | 2.893 | 2.893 | 2.893 |
| BGSM MGMT IMTN 5.450% 28.06.2024 - Issue No 10 | AA3 | 5.450% | 28-Jun-24 | 10 | 3.122 | 3.122 | 3.122 |
| PRESS METAL IMTN 4.200% 16.10.2026 | AA3 | 4.200% | 16-Oct-26 | 10 | 4.269 | 4.273 | 4.269 |
| TROPICANA IMTN 5.500% 30.06.2023 - SEC. SUKUK T2S1 | A+ IS | 5.500% | 30-Jun-23 | 1 | 5.031 | 5.031 | 4.489 |
| AMBANK MTN 3652D 23.2.2028 | A1 | 5.230% | 23-Feb-28 | 10 | 3.394 | 3.402 | 3.394 |
| CIMB 4.880% Perpetual Capital Securities - T4 | A1 | 4.880% | 25-May-16 | 10 | 3.626 | 3.634 | 3.626 |
| ALLIANCEB MTN 3650D 25.10.2030 | A2 | 3.600% | 25-Oct-30 | 1 | 3.711 | 3.711 | 3.711 |
| LBS BINA IMTN 6.800% 29.03.2120 (Series1 Tranche1) | NR(LT) | 6.800% | 29-Mar-20 | 1 | 5.965 | 5.972 | 5.965 |
| Total | | | | 213 | | | |

Sources: BPAM

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