

## Global Markets Daily

# Probable Support on Dips for the Greenback

### USD May Still See Support on Dips

The US has had a series of strong labour market indicators including ISM, ADP and jobless claims and the NFP was just another print that confirmed what most signs were pointing towards - a strengthening labour market. And so the greenback was sold on that fact last Fri. Since the hawkish tilt of the Fed in Jun, the USD has been increasingly sensitive to the strength of the domestic data whilst some DM and EM peers still battle COVID outbreaks. As such, this USD strength can linger a while longer and a sanguine risk climate may not be entirely detrimental for the greenback at this time.

### OPEC+ Extends Extra Time... while Didi Faces the Music at Home

Elsewhere, OPEC+ allies have not come to a compromise and the producers will meet via videoconference today. There was an initial consensus built on increasing supply by 400K bpd from Aug-Dec 2021 with plans to extend this level of production to 2022. However, the UAE had objected to these plans unless the OPEC+ change the baseline for cuts in order to raise its production quota. The production level was based on output in 2018 and the UAE had sought to ramp up its oil production capacity. As a result, its output cut from its potential is the deepest relative to other producers. Any speculation of UAE walking away from the alliance could undermine crude oil prices. Elsewhere, in another move to curb giant corporates, China's Cyberspace Administration ordered app stores to remove Didi Chuxing, accusing the firm of violations on collection and usage of personal information. In addition, the agency declares the start of investigations on cargo and hiring platforms (Huochebang, Yunmanman and Bosszhipin).

### What Else We Watch This Week

Key data we watch include EU, UK, AU, China services PMI on Mon. For Tue, US ISM services; German ZEW survey; EU retail sales; UK construction PMI. For Wed, US JOLTS job openings; German IP; FX reserves from the region. For Thu, FoMC minutes; German trade. For Fri, UK IP, GDP, trade; China CPI, PPI.

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### G7: Events & Market Closure

Date	Ctry	Event
5 Jul	US	Market Closure
6 Jul	AU	RBA Policy Decision

### Asia Ex JP: Events & Market Closure

Date	Ctry	Event
8 Jul	MY	BNM Policy Decision

### FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1865	↑ 0.13	USD/SGD	1.3467	↓ -0.16
GBP/USD	1.3824	↑ 0.41	EUR/SGD	1.5978	↓ -0.04
AUD/USD	0.7526	↑ 0.75	JPY/SGD	1.213	↑ 0.31
NZD/USD	0.7026	↑ 0.75	GBP/SGD	1.862	↑ 0.27
USD/JPY	111.05	↓ -0.43	AUD/SGD	1.0137	↑ 0.60
EUR/JPY	131.75	↓ -0.31	NZD/SGD	0.9466	↑ 0.67
USD/CHF	0.9209	↓ -0.50	CHF/SGD	1.4624	↑ 0.36
USD/CAD	1.2322	↓ -0.92	CAD/SGD	1.0928	↑ 0.77
USD/MYR	4.1625	↑ 0.09	SGD/MYR	3.0816	↓ -0.19
USD/THB	32.297	↑ 0.70	SGD/IDR	10754.04	↓ -0.18
USD/IDR	14533	↑ 0.21	SGD/PHP	36.3799	↓ -0.35
USD/PHP	49.22	↑ 0.20	SGD/CNY	4.8006	↑ 0.07

### Implied USD/SGD Estimates at 5 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3293	1.3564	1.3835

## G7 Currencies

■ **DXY Index - Room for Pullback.** USD fell on release of US payrolls release last Fri. US NFP came in better than expected at +850k (vs. +720k consensus) but was nowhere close to the whisper number of 1mio job creation. This somewhat helped to ease market concerns of an earlier Fed normalisation. 10y UST, TIPs yields extended decline. Last seen at 1.4238 and -0.89%, respectively. DXY was last seen at 92.28 levels. Bullish momentum on daily chart is fading while RSI is falling from overbought conditions. Bearish divergence on daily MACD and RSI observed. Technically there is room for DXY to pullback this week. Immediate support at 91.95 (61.8% fibo), 91.5 levels (21, 200DMAs, 50% fibo), 91 (38.2% fibo) and 90.45 levels (23.6% fibo). Resistance at 92.51 (76.4% fibo retracement of mar high to May low), 93.2 and 93.5 levels. It is too soon to tell if there is more downside or a shallow pullback for USD as strong US data outperformance could lead to markets looking for earlier normalisation. At the same time delta variant spread in other parts of the world, softer Caixin PMIs this morning could weigh on sentiments. A case of risk aversion and US data outperformance/policy divergence could provide support for USD (USD smile). This week brings ISM services (Jun) on Tue; JOLTS jobs openings (May) on Wed; FOMC Minutes; Initial jobless claims (Jul) on Thu; Wholesale trade sales, inventories (May) on Fri. US hols tonight should see thinner market liquidity today.

■ **EURUSD - Bias to Play from the Long Side.** EUR reversed losses into gains last Fri. Pair was last at 1.1860 levels. Bearish momentum on daily chart intact but still shows signs of fading while RSI is showing tentative signs of rebounding from near-oversold conditions. Mild rebound risks not ruled out. Resistance at 1.1920 (61.8% fibo), 1.1985/1.20 levels (200 DMA, 50% fibo). That said we earlier noted 21DMA cuts 100 and 200 DMAs to the downside - a bearish signal. Key support here at 1.1840 (76.4% fibo retracement of Mar low to May high). Break below this may open way for further downside towards 1.1705 levels. We still prefer to play EUR from the long side as there are also other factors underpinning EUR strength and one cannot totally discount the ECB doing a surprise hawkish tilt especially with data coming in stronger than expected. Rapid vaccination pace, flattening of epidemic curves, expectations of EU growth playing catch-up as economy reopens, etc. underpins a constructive outlook for EUR. Earlier this week ECB's Guindos said that ECB is attentive to incoming information to assess whether the temporary increase in inflation gives rise to second round effects that could translate into a more permanent development. This week brings Services PMI (Jun); Sentix investor confidence (Jul) on Mon; ZEW survey (Jul); Retail sales (May) on Tue; German IP (May) on Wed; German Trade, current account (May) on Thu

■ **GBPUSD - Mild Rebound Risks.** GBP rebounded amid USD sell-off last Fri. Pair was last seen at 1.3825 levels. Bearish momentum on daily chart shows signs of fading while RSI is rising from near-oversold conditions. Rebound risks not ruled out intra-day but it remains to be seen if there is room for upside. Focus is on USD moves. delta variant spread, hospitalisation rate in UK. Though delta variant is widely known to be highly transmissible, UK's hospitalisation and death rates were

relatively well contained this time (and it may be due to relatively higher vaccination rates). 19<sup>th</sup> Jul planned reopening could possibly go ahead according to PM Bojo's wishes. GBP was last seen 1.3825 levels. Bearish momentum on daily chart intact but shows signs of fading while RSI is rising from near oversold conditions. Resistance at 1.3890 levels (61.8% fibo retracement of Apr low to May high), 1.3940/60 levels (100 DMA, 50% fibo). Support at 1.3810 (76.4% fibo), 1.3740 before 1.3650/70 levels (Apr low, 200 DMA). This week brings Services PMI (Jun) on Mon; Construction PMI (Jun) on Tue; Unit labor cost (1Q) on Wed; RICS House price balance (Jun) on Thu; IP, Monthly GDP, construction output, trade (May) on Fri.

■ **USDJPY - Two-way Swings, Up-moves Could Slow.** Broad DXY was bullish heading into the US NFP jobs data release last Fri evening, but the actual release pared those gains. Despite a robust reading of 850k in June (vs. expected 720k), unemployment rate came in at 5.9%, higher than 5.6%. US10Y yield dipped towards 2-week low of 1.42% and yield differential-sensitive USDJPY fell towards the 111-handle. Last seen at 111.10. Back in Japan, authorities are reportedly leaning towards barring fans from large Olympics venues. This could help reduce super-spreader risks and marginally benefit the JPY's haven status. Momentum on the daily chart is mildly bullish, while RSI dipped from near-overbought conditions. Up-moves could slow as pair approaches 2020 high. Resistance at 111.70, before 112.20 (2020 high). Support at 111, 110.15 (76.4% fibo retracement of Mar high to Apr low), 109.70 (50-DMA). Leading, coincident indices due Wed, current account due Thurs.

■ **NZDUSD - Consolidate at Lower Grounds.** NZD rose, tracking the rise in non-USD FX. Pair was last seen at 0.7020 levels. Mild bearish momentum on daily chart faded while RSI is rising. Rebound risks likely. Resistance here at 0.7020 (23.6% fibo retracement of May high to Jun low), 0.7060 (21, 200 DMAs) and 0.7115 (38.2% fibo). Support at 0.70, 0.6920. Intra-day look for 0.70 - 0.7060 range. Our tactical short for AUDNZD (spot ref then at 1.0780) on RBA-RBNZ monetary policy divergence remains in play. Trailing SL at 1.0765. Cross last seen 1.0705 levels. Key support at 1.0720 (200 DMA) appeared to have broken (on a close basis). We look for a move lower towards 1.0650 objective. Resistance at 1.0725 (200 DMA), 1.0760 (21 DMA). For NZ, no tier-1 data this week.

■ **AUDUSD - Pricing in a Laggard RBA.** AUDUSD swung above the 0.75-figure, last printed 0.7516 as the USD was sold broadly on the NFP print. Risk-sensitive AUD was almost at the top of the pile but still lags fellow commodity-linked FX (NZD and CAD). We pin this slight underperformance to the likely laggard RBA. We suspect a dovish decision is being priced given the spread of the virus and lockdowns at home. It is likely that RBA may prefer to err on the side of caution and extend QE beyond the Sep given the uncertainties pose by the existing outbreaks and lockdowns. In terms of cash target rate, the yield curve target is most certainly to stay and maturity of the bonds meant to keep the 3Y at 10bps could remain in Apr 2024. That would be seen as a pledge to keep cash target rate at 10bps until 2024, a most dovish pledge compared to other DM central banks. We had expected RBA to half the total amount of QE pledged for the third tranche (from \$100bn to \$50bn). Given the lingering uncertainties

of the outbreak at home, RBA may instead keep the QE programme flexible and reviewed monthly. On the COVID front, restrictions are somewhat eased. Populous NSW is still in lockdown but the NSW State Premier Gladys Berejiklian noted the recent fall in cases but urged residents to be vigilant so as to exit lockdown next week. Perth has ended its lockdown last Fri and two phases of post-lockdown restrictions were declared for the next nine days including stricter restrictions from 3 Jul - 6 Jul followed by a “transitional phase” of restrictions until 12 Jul. With the vaccination pace still slow, weakened even more by conflicting messages from certain state leaders and the Federal, Australia has become a laggard in COVID combat. Back on the AUDUSD chart, signals are mixed. Break of the 0.75-figure opens the way towards 0.7380 (next support). In spite of the rebound above the 0.75-figure seen last Fri, bearish cross-over of the 21-dma on the 200-dma weighs but a bullish divergence is seen with the MACD forest as well. Key support at 0.7380 but resistance at 0.7570 (200-dma) before the next at 0.7600(21-dma) and then at 0.7620. Final retail sales for May came in firmer than expected at +0.4%m/m vs. expected 0.1%. Building approvals on the other hand fell a tad more at -7.1%m/m vs. previous -5.7%. M-I inflation gauge came in at 3.0%/y vs. previous at 3.3%. For the rest of the week, we have Jun foreign reserves on Wed apart from the key RBA policy decisions tomorrow.

- **USDCAD - Double Top? Watch OPEC+.** USDCAD slipped on a combination of firm crude oil prices and broader USD weakness after the NFP release. This pair was last at 1.2380. Overall, CAD was one of the outperformers because of the additional boost from crude oil. OPEC+ allies have not come to a compromise and the producers will meet via videoconference today. There was an initial consensus built on increasing supply by 400K bpd from Aug-Dec 2021 with plans to extend this level of production to 2022. However, the UAE had objected to these plans unless the OPEC+ change the baseline for cuts in order to raise its production quota. The production level was based on output in 2018 and the UAE had sought to ramp up its oil production capacity. As a result, its output cut from its potential is the deepest relative to other producers. Any speculation of UAE walking away from the alliance could undermine crude oil prices. The recent rise in oil price show signs of hurting economies that have barely gotten out of the pandemic such as India. More broadly, inflationary pressure could be further exacerbated by disrupted supply chains that have not completely recovered. Back on the USDCAD chart, resistance at 1.2480 remains intact and the recent high at 1.2450 could be a double top formation. We like to extend the expiry of our short USDCAD call to 9 Jul (dated 21 Jun). We look for USDCAD to head towards the 1.2203 before the next at 1.2000. Stoploss at 1.2580. Risk-reward ratio of 1:3. Data-wise, 2Q BoC Business outlook surveys due today, labour report for Jun due on Fri.

## Asia ex Japan Currencies

SGD trades around +0.66% from the implied mid-point of 1.3564 with the top estimated at 1.3293 and the floor at 1.3835.

- **USDSGD - Watch for Resistance at 2021 High.** Last seen at 1.3465. Pair was moving higher last Fri, bringing it towards our suggested resistance of 1.3530 (intraday high at 1.3518) before the up-move lost steam. Broad DXY was bullish heading into the US NFP jobs data release last Fri evening, but the actual release pared those gains. Despite a robust reading of 850k in June (vs. expected 720k), unemployment rate came in at 5.9%, higher than 5.6%. The latter could have provided support for the view that the Fed will stay accommodative for longer (drag on USD). Meanwhile in Singapore, PMI for Jun came in at 50.8 last Fri, on par with expected 50.7. Despite more moderate higher-frequency growth indicators, GDP growth for the year is still likely to exceed the upper end of authorities' 4-6% forecast, on manufacturing strength. Bullish momentum on daily chart shows very tentative signs of moderating, while RSI is in near-overbought conditions. Besides 1.3530 (Mar high), next resistance at 1.3680. Support at 1.3450 (76.4% fibo retracement from Mar high to Jun low), 1.3380 (200-DMA), 1.3300. Retail sales due today.
- **AUDSGD - Falling Trend Channel Intact, 21-dma still caps.** Cross reversed higher from last Fri and was last seen around 1.0120. The 21-dma at 1.0186 caps 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 with 21-dma en-route to cross the 100-dma. Support levels at 1.0050, 1.0020.
- **SGDMYR - H&S Neckline Holding Up for Now.** SGDMYR drifted lower last week, in line with our call for bearish reversal play following head & shoulder pattern. Cross was last seen at 3.0860 levels. Bearish momentum on daily chart intact while RSI shows signs of rising. Near term bounce not ruled out. Resistance at 3.0950, 3.1010 (21, 50 DMAs) and 3.11 levels. That said a head and shoulders (bearish reversal pattern) observed while there was also a bearish crossover (21DMA cuts 50DMA to the downside). Neckline key support at 3.0800/35 levels. Break below this could open room for further downside towards 3.07 (61.8% fibo retracement of 2021 low to high), 3.0650 (200 DMA) and 3.0550. Intra-day we look for 3.08 - 3.09 range.
- **USDMYR - Consolidate.** USDMYR gapped lower in the open this morning as USD slumped against most FX post-US payrolls release last Fri. US NFP was better than expected at +850k (vs. +720k consensus) but nowhere close to whisper number of 1mio jobs. This somewhat helped to ease market concerns of earlier Fed normalisation. USDMYR was last seen at 4.1570 levels. Bullish momentum on daily chart intact but RSI shows signs of turning lower. A potential bearish divergence is forming alongside an interim double top at 4.17 levels. We watch this space for potential pullback lower in the near term. Immediate support at 4.14 (21 DMA) before 4.1290/4.1310 (50DMA, 23.6% fibo retracement of 2021 low to high). A decisive break below these supports is needed for further downside towards 4.1040 (200DMA< 38.2% fibo) to materialise. Failing which the pair could revert to recent range of 4.13 - 4.17. Meantime



resistance at 4.1710 (2021 high, double-top) before 4.18 levels. FX will likely take lead from broader USD, UST yield, RMB and oil price movements. This week brings FX reserves on Wed and BNM MPC on Thu. Our house view looks for OPR to remain on hold at 1.75% until end-2021. Market implied policy rate (via onshore IRS curve) shows markets are pricing in about 1 hike in the 6m to 1y time horizon and no hikes in the next 6months. MPC statement may show increased caution on assessment of domestic economic activities and virus variants but not to the extent to imply a rate cut. Targeted aids, such as direct cash handouts, wage subsidies and loan repayment moratoriums are preferred measures at this juncture. Our Economist further added if daily vaccine doses sustain at 200k/250k per day, first-dose coverage may reach 20.5%/21.3% by the next MPC meeting on 8 July, and 44.1/50.9% by the following MPC meeting on 9 September, which we think are sufficiently high vaccination coverage that can have a game-changing effect on dampening the Covid infection curve (or at least the Covid hospitalization curve), although the Delta variant remains a threat.

- **1m USDKRW NDF - Tactical Short.** 1m USDKRW slipped amid broad USD weakness post-US NFP last Fri. Pair was last seen at 1129 levels. Bullish momentum on daily chart is fading while RSI is falling. Risks to the downside. Support at 1129, 1120 (21, 50, 100, 200 DMAs). Resistance at 1135, 1140 levels. Intra-day range of 1125 - 1132 likely. We hold to our tactical short call - short 1m at 1135 targeting a move towards 1120 first objective before 1112 next objective. (SL at 1145) on the back of our view for KRW to correct its weakness, given a positive mix of domestic and external drivers, including constructive macro fundamentals, semiconductor story and the potential for BoK tightening in 4Q 2021.
- **USDCNH - Sticky around the 6.47.** The pair saw little deviations from the 6.47-figure, a most resilience pair to the broader USD strength or weakness seen in the past few sessions. The USDCNY reference rate was fixed at 6.4695 vs. consensus estimate at 6.4702. Key resistance remains at 6.50. Support at 6.4363 (50-dma) before 6.4272 (21-dma). PBoC reverted to the regular injection of CNY10bn, resulting in a daily drain of CNY20bn of liquidity recently. 7-day repo was last at 1.9%, off quarter end of almost 3%. Looking into the second half of the year, PBoC is increasingly vocal about the volatility that the Fed tightening would bring and as such, there could be less policy shifts to avoid increasing uncertainties. USDCNY may look to be more resilient than the rest of the USDAsians and may even serve as an anchor for the region. We like to long CNHINR (spot at 11.52) with a possible target of 11.60 (Apr high). Stoploss at 11.46. Risk reward ratio at 1:2.67. On the press, China's Cyberspace Administration ordered app stores to remove Didi Chuxing, accusing the firm of violations on collection and usage of personal information. In addition, the agency declares the start of investigations on cargo and hiring platforms (Huochebang, Yunmanman and Bosszhipin). According to a commentary on Global Times, Didi's stash of personal data is a threat to personal privacy and national security. The so-called local tabloid elaborated that the government needs to increase its oversight on the data security of Didi even more as its two largest shareholders are foreign companies. Data-wise, Caixin Services PMI dropped to just 50.3 from previous 55.1, underscoring the impact of the recent COVID-19 outbreak at home and "reduced travels". For the rest of the week, we have

foreign reserves for Jun on Wed and inflation prints on Fri. Aggregate financing, money supply and new yuan loans could be due anytime from 9-15<sup>th</sup> of the month.

- **USDINR NDF - *Risks to the Upside***. The 1M NDF hovered around the 74.80 as the surge in crude oil prices threaten. Next resistance at 74.95. Support at 74.70 (38.2% fibo retracement of the Feb-Apr rally) before the next at 73.80 (50,100,200-dma). As of 3 Jul, around 20% of its population have gotten at least 1 dose of vaccines while 4.5% is fully vaccinated. Vaccine hesitancy may hinder the mass inoculation efforts amid reports of scammers arrested after setting up bogus vaccination camps that have administered unknown substance to thousands of individuals. The country administered an average of 3.5mn doses a day last week compared to 6.6mn the week before. Week ahead has Services PMI for Jun today and the data docket goes quiet for the rest of the week.
- **USDVND - *Two-Way Moves***. The pair closed 22997 on 2 Jul vs. previous close of 23017. This pair has traded sideways since its gapped up on 18 Jun. Range of 22900-23040 could hold given the consolidative state of broader markets. 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 569 as of 3 Jul with no signs of easing yet. Most of the cases were in HCM City and the authorities were said to ramp up testing in order to cover half of the 9 mns residents in the city before tomorrow. On a related note, there is an unprecedented surge in online orders at major grocers and supermarket chains within the City because of the outbreak that resulted in cancellations and long delays in delivery. Separately, during a webinar organized by the Singapore Business Federation, Director General of Foreign Investment Agency Do Nhat Hoang called for Singaporean investors to focus on Finance and infrastructure where the country is actively looking to develop, particularly in fintech. Separately, the PM has urged SBV to study and carry out pilot implementation of cryptocurrency (Vietnam News).
- **1M USDIDR NDF - *Covid Risks in Focus***. Last seen near 14,540, turning lower last Fri as US10Y yield dipped towards 1.42% (vs. 1.47% on Fri morning). Still, down-moves in US10Y yields seems to have slowed and the concomitant drag on USDIDR could be moderating in extent. Domestically, focus remains on the Covid contagion situation. Malls in Java and Bali have been ordered to close temporarily while all non-essential workers are ordered to work from home. Essential sectors will be allowed to operate at 50% capacity and public gatherings are banned from July 3 until July 20. Our economist team cuts 2021 GDP forecast to +4.8% (from +5.3% prior) as strict movement curbs restrict people mobility and dampen consumer spending. On net, market sentiments could still lean towards caution in the interim, and the 1m USDIDR NDF could see signs of support. Bullish momentum on daily chart shows signs of moderating, while RSI dipped lower from near-overbought conditions. Resistance at 14,740 (Mar high). Immediate support at 14,540 (23.6% fibo retracement of Feb low to Apr high), before 14,370 (200-DMA). Foreign reserves due Wed.
- **USDTHB - *Supported***. Last seen at 32.15, still largely on the up-creep last Fri but showing signs of dipping this morning. >1,300 visitors were

reported to have arrived in the first three days of Phuket's quarantine-free "sandbox" scheme, still significantly below the government's 100k target for 3Q. Domestic Covid trajectory remains on the rise in recent days and incremental caution could see the USDTHB pair being supported. Bullish momentum on daily chart is intact, even as RSI suggests overbought conditions. Resistance at 32.00-32.20 is being tested; next at 32.50. Support at 31.60 (21-DMA), before 31.40 (50-DMA). CPI due today.

- **1M USDPHP NDF - *Overbought?*** NDF last seen at 49.33, with the earlier up-move showing signs of losing steam. Some travel and quarantine curbs have been loosened for fully vaccinated individuals. Surveys indicate that forward-looking consumer sentiments have recovered modestly while that for businesses remained soft amid supply constraints and Covid risks. Bullish momentum on daily chart is intact while RSI is in overbought conditions. Stretched RSI hints at room for retracement lower. Support at 49.00, 48.50 (100-DMA). Resistance at 49.60 (38.2% fibo retracement of 2020 high to 2021 low), 50.25 (50.0% fibo). CPI due Tues, trade due Fri.



## Malaysia Fixed Income

### Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.23	2.20	-3
5YR MO 9/25	2.54	2.50	-4
7YR MS 6/28	3.00	2.94	-6
10YR MO 4/31	3.27	3.21	-6
15YR MS 5/35	3.81	3.79	-2
20YR MY 5/40	4.19	4.15	-4
30YR MZ 6/50	4.25	*4.28/23	Not trade
IRS			
6-months	1.95	1.94	-1
9-months	1.95	1.94	-1
1-year	1.97	1.95	-2
3-year	2.35	2.29	-6
5-year	2.63	2.59	-4
7-year	2.82	2.79	-3
10-year	3.07	3.04	-3

Source: Maybank KE

\*Indicative levels

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- Strong rally in government bonds alongside the decline in IRS rates following the prolonged and tighter lockdown in most of Klang Valley, but market has not priced in a rate cut. Government bonds yields fell 2-7bps across the curves, led by the front end and belly sectors. Strong demand from locals as well as foreigners on selected parts of the curve. High volume traded amounting to MYR6.7b amid decent two-way activities.
- MYR IRS rates gapped lower by 1-6bps. News of most of Klang Valley being put under EMCO and parliament to reconvene before 1 August spurred some expectations of a dovish MPC which pressured rates curve down. Rates dealt include the 2y at 2.10% and 5y at 2.58%.
- The rally in government bonds led to firmer GGs and corporate bonds. Front end outperformed with yields lower by 1-7bps with on the back of buying in AAA and GG bonds, such as Danum, PASB, Rantau and PLUS. There was also better buying of long end bonds with GGs firmer by 1-2bps. Activity was fairly subdued ahead of the weekend.

## Singapore Rates and AxJ USD Credit

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.43	0.42	-1
5YR	0.90	0.89	-1
10YR	1.58	1.54	-4
15YR	1.86	1.83	-3
20YR	1.88	1.86	-2
30YR	1.86	1.84	-2

Source: MAS (Bid Yields)

- SGD rates market was dreary until after London market opened. SGS yields gapped lower by 1-4bps on the back of continuing demand along the 5y to 15y part of the curve. SGD IRS curve flattened in line with the overnight move in UST levels, with IRS rates flat to 3bps lower and the 5x10 flattened another 1-2bps on the day.
- Quiet Asian credit market with spreads pretty much unchanged as investors were sidelined awaiting the US NFP print and ahead of the US public holiday on Monday. Asian sovereign bonds traded flat despite marginally lower UST yields. PETMK curve weakened again widening 2bps on continued selling. MALAYS were unchanged though bids were defensive. China IGs were wider by 1-2bps.

## Indonesia Fixed Income

### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
<b>1YR</b>	3.85	3.78	(0.08)
<b>3YR</b>	4.72	4.71	(0.01)
<b>5YR</b>	5.40	5.42	0.02
<b>10YR</b>	6.58	6.59	0.00
<b>15YR</b>	6.41	6.42	0.02
<b>20YR</b>	7.28	7.29	0.01
<b>30YR</b>	6.91	6.92	0.00

\* Source: Bloomberg, Maybank Indonesia

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■ Indonesian government bonds weakened on the last Friday (2 Jul-21). Some market players took safety action after seeing the latest government's decision to apply emergency Public Activities Restriction Implementation in Java-Bali during 03-20 Jul-21 due to rapid contagion of COVID-19 and its surging death cases. It will sacrifice the economic activities if the situation is still unchanged further. We believe Indonesian social economic activities to improve on 21 Jul-21 due to our several factors, such as limited people mobility, previous cases in Indian as reference, and higher activities on national vaccination. Indonesian economy is expected to grow 3.9% in 2021. The market players have also anticipated further positive result on the U.S. labour side. The U.S. nonfarm payrolls report for Jun-21 showed a strong jobs gain. Data showed U.S. job growth accelerated in June as nonfarm payrolls increased by 850,000 jobs after rising by 583,000 in May, although the unemployment rate rose to 5.9% from 5.8% the previous month. An impressive result on the latest U.S. labor side will give more considerations for the Federal Reserve to normalize its monetary direction sooner than earlier. That condition has given additional pressures for the market players to shift their portfolio positions from the emerging markets to the safe haven markets. U.S. Treasury yields were lower on Friday after a strong payroll report left uncertainty about how the Federal Reserve might respond. The benchmark on the U.S. 10-year yield was down 3.9 basis points at 1.4407% in midday trading. That was close to its level before the morning release of new Labor Department data showed U.S. job growth accelerated in June.

■ Hence, we believe that it's a good decision for the market players to have short term orientation on its trading strategy during current condition. Actually, Indonesian government bonds are attractive enough due to recent wide gap of investment return against major countries. Indonesian inflation is also modest. We also saw that investors' risk perception to invest in Indonesia remain low. It can be shown by the country's 5Y CDS position at 74.35 on 02 Jul-21. The national currency is also resilient enough during recent rally trends on the US\$.

### Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1910	112.09	0.7571	1.3894	6.4995	0.7075	132.5733	83.9320
R1	1.1880	111.81	0.7520	1.3830	6.4860	0.7025	132.3667	83.6250
<b>Current</b>	1.1860	111.09	0.7519	1.3826	6.4718	0.7027	131.7500	83.5250
S1	1.1814	111.10	0.7432	1.3718	6.4640	0.6936	131.8167	83.0260
S2	1.1778	110.67	0.7395	1.3670	6.4555	0.6897	131.4733	82.7340
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3552	4.1678	14582	49.4047	32.4207	1.6031	0.6445	3.0909
R1	1.3520	4.1633	14542	49.2633	32.2463	1.6007	0.6438	3.0892
<b>Current</b>	1.3469	4.1580	14535	49.1900	32.1650	1.5974	0.6430	3.0873
S1	1.3457	4.1572	14489	49.0423	31.9773	1.5950	0.6422	3.0833
S2	1.3426	4.1556	14476	48.9627	31.8827	1.5917	0.6414	3.0791

\*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	0.4321	Oct-21	Neutral
BNM O/N Policy Rate	1.75	8/7/2021	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	6/7/2021	Easing Bias
RBNZ Official Cash Rate	0.25	14/7/2021	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	34,633.53	0.44
Nasdaq	14,522.38	0.81
Nikkei 225	28,783.28	-0.54
FTSE	7,123.27	-0.03
Australia ASX 200	7,308.55	0.59
Singapore Straits Times	3,128.95	0.15
Kuala Lumpur Composite	1,533.35	-0.06
Jakarta Composite	6,023.01	0.28
Philippines Composite	7,002.26	0.55
Taiwan TAIEX	17,710.15	-0.02
Korea KOSPI	3,281.78	-0.01
Shanghai Comp Index	3,518.76	-1.95
Hong Kong Hang Seng	28,310.42	-1.80
India Sensex	52,484.67	0.32
Nymex Crude Oil WTI	75.16	-0.09
Comex Gold	1,783.30	0.37
Reuters CRB Index	214.57	0.56
MBB KL	8.11	0.00

## 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	165	1.751	1.791	1.436
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	162	1.769	1.769	1.667
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	63	1.723	1.75	1.723
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	167	1.756	1.759	1.75
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	54	1.757	1.774	1.757
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	916	1.893	1.917	1.893
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	206	1.914	1.929	1.906
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	363	2.179	2.244	2.179
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	47	2.295	2.313	2.265
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	21	2.332	2.367	2.316
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	15	2.412	2.412	2.412
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	213	2.495	2.55	2.477
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	268	2.651	2.666	2.644
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	15	2.644	2.678	2.644
MGS 2/2006 4.709% 15.09.2026	4.709%	15-Sep-26	70	2.716	2.716	2.716
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	3	2.563	2.594	2.563
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	134	2.862	2.889	2.857
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	53	2.915	2.953	2.915
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	275	2.944	2.964	2.943
MGS 3/2008 5.248% 15.09.2028	5.248%	15-Sep-28	1	3.062	3.062	3.062
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	174	3.12	3.133	3.12
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	19	3.247	3.259	3.241
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	378	3.226	3.277	3.214
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	6	3.37	3.37	3.37
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	15	3.764	3.764	3.764
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	63	3.828	3.846	3.803
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	257	3.779	3.806	3.765
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	4	4.18	4.18	4.18
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	53	4.157	4.2	4
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	5	4.382	4.382	4.375
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	1	4.466	4.466	4.466
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	6	4.255	4.255	4.135
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	160	1.756	1.756	1.756
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	8	1.742	1.742	1.742
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	10	1.78	1.78	1.78
PROFIT-BASED GII 4/2012 15.11.2022	3.699%	15-Nov-22	80	1.804	1.804	1.804
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	120	1.967	1.967	1.901
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	50	2.208	2.208	2.208
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	371	2.253	2.269	2.253
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	420	2.594	2.63	2.588
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	1	2.728	2.728	2.728
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	350	2.936	2.956	2.936
PROFIT-BASED GII 1/2013 08.08.2028	3.871%	08-Aug-28	190	3.035	3.036	3.03
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	60	3.217	3.245	3.217
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	279	3.295	3.332	3.288
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	73	3.76	3.79	3.76

GII MURABAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	20	3.795	3.795	3.795
GII MURABAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	142	3.901	3.963	3.901
GII MURABAH 2/2021 4.417% 30.09.2041	4.417%	30-Sep-41	80	4.253	4.268	4.253
GII MURABAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	53	4.466	4.466	4.414
<b>Total</b>			<b>6,660</b>			

Sources: BPAM

MYR Bonds Trades Details								
PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low	
DANAINFRA IMTN 4.330% 15.11.2024 - Tranche No 68	GG	4.330%	15-Nov-24	50	2.447	2.447	2.447	
LPPSA IMTN 4.620% 19.09.2036 - Tranche No 5	GG	4.620%	19-Sep-36	20	4.181	4.181	4.18	
DANAINFRA IMTN 4.530% 01.04.2037 - Tranche No 88	GG	4.530%	01-Apr-37	10	4.231	4.231	4.22	
DANAINFRA IMTN 4.010% 23.09.2050 - Tranche No 107	GG	4.010%	23-Sep-50	10	4.59	4.59	4.59	
DANAINFRA IMTN 4.360% 24.02.2051 - Tranche 20	GG	4.360%	24-Feb-51	40	4.602	4.602	4.602	
RANTAU IMTN 0% 19.10.2022 - Tranche No 8	AAA (S)	4.570%	19-Oct-22	20	2.338	2.346	2.338	
PLUS BERHAD IMTN 4.480% 12.01.2023 - Series 1 (7)	AAA IS	4.480%	12-Jan-23	10	2.385	2.418	2.385	
DANUM IMTN 3.960% 09.05.2023 - Tranche 3	AAA (S)	3.960%	09-May-23	30	2.455	2.477	2.455	
PASB IMTN 4.000% 04.06.2024 - Issue No. 13	AAA	4.000%	04-Jun-24	5	2.776	2.776	2.776	
PASB IMTN 3.070% 05.06.2025 - Issue No. 20	AAA	3.070%	05-Jun-25	5	2.936	2.936	2.936	
AIR SELANGOR IMTN T1 S3 3.240% 23.12.2027	AAA	3.240%	23-Dec-27	5	3.48	3.48	3.48	
BPMB IMTN 4.050% 06.06.2031	AAA IS	4.050%	06-Jun-31	2	3.796	4.003	3.796	
PASB IMTN 4.000% 30.10.2034 - Issue No. 19	AAA	4.000%	30-Oct-34	20	4.238	4.239	4.238	
KLK IMTN 3.95% 27.09.2034 - Tranche 2	AA1	3.950%	27-Sep-34	5	4.371	4.371	4.371	
GENTING RMTN MTN 5479D 08.11.2034 - Tranche 2	AA1 (S)	4.380%	08-Nov-34	1	4.948	5.11	4.948	
CIMB 4.880% 13.09.2029 - Tranche 4	AA	4.880%	13-Sep-29	10	3.231	3.25	3.231	
MMC CORP IMTN 5.950% 12.11.2027	AA- IS	5.950%	12-Nov-27	60	4.158	4.167	4.158	
MAYBANK IMTN 4.130% PERPETUAL	AA3	4.130%	22-Feb-17	40	3.394	3.397	3.394	
ALLIANCEB MTN 5477D 26.10.2035	A2	4.050%	26-Oct-35	1	3.976	3.976	3.674	
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.723	6.723	6.042	
<b>Total</b>				<b>345</b>				

Sources: BPAM



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