

Global Markets Daily

Rates and Bond Taper Part Ways

Risk Assets Supported by Powell's Dovish Taper Messaging

Asian equities are modestly in the green this morning, mirroring their US peers' performance last Fri after markets digested Powell's dovish taper messaging at Jackson Hole. Key takeaway is that Fed may be more patient on policy rate trajectory relative to its bond purchase paring plans (*see second para for details*). Dollar is lower by around 0.5% compared to pre-Powell's speech and most USD-AxJ pairs are seeing signs of support this morning after their Fri night down-moves. Next key dollar cues could come from US labor data readings this week (ADP on Wed, NFP on Fri).

Tapering Does not Necessitate Rate Hike

USD and UST yields fell post Powell's speech at Jackson Hole last Fri. He did say that the Fed could start to taper this year but is in no hurry to raise rates as there is still "much ground to cover to reach maximum employment". On inflation, he reiterated that upward price pressure was due in part to supply-chain disruptions owing to Covid and is likely to be transitory as such. In particular, the absence of a specified schedule for tapering asset purchases was interpreted as dovish. A reassurance that tapering does not necessitate rate hike and that there is considerable time between taper and start of rate hike eased fears of faster than expected pace of policy tightening. This helped light up a bid for risk proxies and weighed on USD.

Dallas Fed Mfg, German CPI on Tap

Key data of interest include US Pending home sales (Jul), Dallas Fed Mfg (Aug), EU Consumer confidence, German CPI (Aug), Japan Retail sales (Jul), Thailand Mfg production index (Jul).

| Majors | Prev Close | % Chg | Asian FX | Prev Close | % Chg |
|---------|------------|---------|----------|------------|---------|
| EUR/USD | 1.1795 | ↑ 0.37 | USD/SGD | 1.346 | ↓ -0.57 |
| GBP/USD | 1.3764 | ↑ 0.47 | EUR/SGD | 1.5874 | ↓ -0.21 |
| AUD/USD | 0.7312 | ↑ 1.04 | JPY/SGD | 1.225 | ↓ -0.45 |
| NZD/USD | 0.7011 | ↑ 0.91 | GBP/SGD | 1.8524 | ↓ -0.13 |
| USD/JPY | 109.84 | ↓ -0.23 | AUD/SGD | 0.984 | ↑ 0.39 |
| EUR/JPY | 129.54 | ↑ 0.13 | NZD/SGD | 0.9436 | ↑ 0.27 |
| USD/CHF | 0.9113 | ↓ -0.71 | CHF/SGD | 1.4768 | ↑ 0.07 |
| USD/CAD | 1.262 | ↓ -0.53 | CAD/SGD | 1.0666 | ↓ -0.09 |
| USD/MYR | 4.191 | ↓ -0.10 | SGD/MYR | 3.1003 | ↑ 0.07 |
| USD/THB | 32.627 | ↓ -0.36 | SGD/IDR | 10668.56 | ↑ 0.15 |
| USD/IDR | 14418 | → 0.00 | SGD/PHP | 36.9694 | ↑ 0.02 |
| USD/PHP | 49.95 | ↓ -0.07 | SGD/CNY | 4.8057 | ↑ 0.34 |

Implied USD/SGD Estimates at 30 August 2021, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3321 | 1.3593 | 1.3865 |

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G7: Events & Market Closure

| Date | Ctry | Event |
|--------|------|----------------|
| 30 Aug | UK | Market Closure |

Asia Ex JP: Events & Market Closure

| Date | Ctry | Event |
|--------|------|----------------|
| 30 Aug | PH | Market Closure |
| 31 Aug | MY | Market Closure |
| 2 Sep | VN | Market Closure |

G7 Currencies

- **DXY Index - Dallas Fed Mfg Data Today.** USD and UST yields fell post Powell's speech at Jackson Hole last Fri. He did say that the **Fed could start to taper this year but is in no hurry to raise rates** as there is still "much ground to cover to reach maximum employment". On inflation, he reiterated that upward price pressure was due in part to supply-chain disruptions owing to covid and is likely to be transitory as such. In particular **the absence of a specified schedule for tapering asset purchases was interpreted as dovish**. A reassurance that **tapering does not necessitate rate hike** and that there is **considerable time between taper and start of rate hike** eased fears of faster than expected pace of policy tightening. This helped light up a bid for risk proxies and weighed on USD. This week's focus is on US labor market report - ADP employment (Wed) and NFP (Fri). Broad USD pullback may consolidate in the interim as market eyes data. Softer data prints could see lower USD but better than expected jobs report may reverse Fri's move. DXY was last seen at 92.65 levels. Daily momentum shows signs of turning bearish while RSI is falling. Risks to the downside. Immediate support here at 92.55 (50 DMA) before 92.10 (bullish trend channel support). Resistance at 92.80 (21 DMA), 93.2, 93.5 levels. This week brings Pending home sales (Jul); Dallas Fed mfg activity (Aug) on Mon; Chicago PMI, Conf board consumer confidence (Aug) on Tue; ADP Employment, ISM Mfg (Aug); Construction spending (Jul) on Wed; Trade (Jul); Factory Orders, Durable goods orders (Jul) on Thu; ISM services, NFP, unemployment rate, average hourly earnings (Aug).
- **EURUSD - Eyes on 50DMA.** EUR continued to trade higher amid broad USD pullback on Powell's dovish tone. Pair was last at 1.1810 levels. Daily momentum and RSI indicators are mild bullish bias. Break out of falling wedge (bullish reversal) is underway. Key resistance at 1.1810/20 levels (23.6% fibo retracement of May high to Aug low, 50 DMA) needs to be broken for further upside to extend towards 1.1895 (38.2% fibo), 1.1960 (100 DMA, 50% fibo). Support at 1.1760 (21 DMA), 1.1720 levels. This week brings Consumer confidence, German CPI (Aug) on Mon; CPI estimate (Aug) on Tue; PMI Mfg (Aug); unemployment rate (Jul) on Wed; PPI (Jul) on Thu; PMI services (Aug); Retail sales (Jul) on Fri.
- **GBPUSD - Mixed Signals.** GBP rose amid broad USD softness thanks to Powell's dovish speech at Jackson Hole. Pair was last seen at 1.3770 levels. Technical readings are conflicting: Bearish momentum on daily chart continues to show signs of fading while RSI is rising - basically suggesting upside risks but at the same time, a death cross is about to be formed as 50DMA looks on track to cut 200 DMA to the downside. Support at 1.3690, 1.3610 and 1.3570 (23.6% fibo retracement of 2020 low to 2021 high). Resistance at 1.3810 (21, 50, 200 DMAs) and 1.3920 900 DMA). Look for 1.37 - 1.39 range. This week brings PMI Mfg, Nationwide House price (Aug) on Wed; PMI Services (Aug).

■ **USDJPY - Supported.** Pair last seen at 109.73, modestly lower versus levels seen last Fri morning. While Powell hinted that taper could begin later this year, he also divorced rate hikes from the taper schedule, saying that the Fed likely won't be in a rush to raise rates after taper. Markets viewed this as dovish and UST10Y yields declined a tad towards the 1.3%-handle. Still, risks for treasury yields and USDJPY could be skewed modestly to the upside if jobs and price data in the US continue to exhibit positive surprises. USDJPY could be relatively supported for now. Momentum and RSI on daily chart are not showing a clear bias. Resistance at 110.15 (50-DMA), before next at 110.70 (23.6% fibo retracement of Apr low to Jul high), 111.70 (Jul high). Key support at 109 (61.8% fibo), before 108.45 (76.4% fibo). Retail sales for Jul came in at 2.4%y/y, more robust versus expected 2.1%.

■ **NZDUSD - Sideways Trade Likely.** NZD held on to gains this morning post-Powell's dovish rhetoric. Pair was last seen at 0.7010 levels. Daily momentum is bullish bias while rise in RSi slowed. Risk to the upside but pace likely to moderate. Resistance at 0.7020, 0.7060 levels. Support at 0.6990 (50 DMA), 0.6950 levels. We continue to monitor covid situation in NZ. Daily count has started to show tentative signs of improvement with slower rise reported (53cases reported in the community vs. 70 previously) and outbreak appears contained in Auckland for now (Wellington cases at 15 vs. 547 in Auckland). Auckland will stay on alert level 4 till 31 Aug. Suggest 0.6960 - 0.7020 range intra-day. This week brings Building Permits (Jul); Activity outlook, Business confidence (Aug) on Tue; Terms of Trade (2Q) on Thu.

■ **AUDUSD - Buoyant.** AUD rose above the 21-dma (0.7300) and last printed 0.7315 after Fed Powell did not provide much operational details on tapering. He mentioned that taper can happen by this year is also subject to data and "evolving risks" with regards to the delta variant in the coming few months. The 7-day average infections and deaths remain elevated at around 150K and 1.2K respectively in the US. Powell took pains to assure that inflationary pressure remains largely transitory, noting that longer term inflation expectations are more anchored, price pressure of higher-inflation items show signs of moderating and that price pressure are actually on "very narrow group of goods and services". Powell assured that the threshold to start the rate lift-off could be "more stringent" and there is "much ground to cover to reach maximum employment". At home, daily Covid cases for Australia remain elevated with 7-day average cases remain on the rise at 1033 as of 29 Aug. A local press reported that almost half of event businesses in Victoria are not sure of their survival this year as one in three were reported to cancel all events for the rest of 2021, according to an industry survey. Victoria had announced a state-wide lockdown from 21 Aug. We continue to keep an eye on the vaccination rate as PM Morrison and Australia's pandemic panel had that phase B and C could start when vaccination rates reach 70% and 80% respectively. Our World in Data shows that 46% of the population is given at least 1 dose of the vaccine with almost 25% fully vaccinated. Vaccine doses administered per 100 people has been on the rise, last at 1.05 for Australia, compared to

the world at 0.49 and the US at 0.26. The uptrend is encouraging and we see potential for AUDUSD to have likely bottomed. AUDUSD is last at 0.7315 and the next resistance at 0.7391 (50-dma). Support at 0.7230, 0.7110 before 0.6990 (last Nov low). Momentum is bullish and stochastics are rising. Risks are still skewed to the upside for the antipodean. Week ahead has current account balance for 2Q tomorrow along with building approvals and private sector credit for Jul. Mfg PMI for Aug and 2Q GDP due on Wed, Jul trade on Thu, retail sales for Jul (final) on Fri.

- **USDCAD - 21-dma still a support.** USDCAD continues to find support at the 21-dma and was last at 1.2615. Resistance remains intact at 1.2710. The convergence of moving averages also do not provide much directional bias at this point. Next resistance is seen at 1.2880. Support at 1.2595 (21-dma) before next support at 1.2523. We remain bullish on the CAD and look for eventual outperformance vs. other peers. Canada's vaccination rate at 73% (% of population that received at least 1 dose) and this is well above the US at 60% and UK's 70%. Just as the UK has kept the hospital admission rates low in spite of recent infection waves, so should Canada be able to achieve the same. On the political front, 338 Canada polls suggested that the conservatives have caught up with the liberals. Seat-wise, Liberals are projected to secure 140 while the conservatives have caught up at 139. In news, PM said that his government would require oil and gas sectors at home to set benchmarks to reduce emissions if he is re-elected. Other pledges from the Liberals include raising taxes on banks and clamping down on housing speculators and the real estate. The polls might be giving some support to the USDCAD for now. Elections are around 20 Sep and we prefer to continue to sell on rallies for the pair. Data-wise, 2Q GDP is due Tue, Aug Mfg PMI on Wed, Jul building permits and trade are due Thu.

Asia ex Japan Currencies

SGD trades around +0.98% from the implied mid-point of 1.3593 with the top estimated at 1.3321 and the floor at 1.3865.

- **USDSGD - Step-Down on Fed's Dovish Taper.** USDSGD last seen at 1.3461, around 80 pips lower compared to last Fri morning. Down-move was largely on the back of a broad decline in dollar strength (DXY -0.5% versus Fri morning) as markets interpreted Powell's cues at Jackson Hole as a dovish taper. SGD NEER is now testing key resistance at +1% above par, and could re-settle more broadly into the +0.5% to +1.5% range we highlighted earlier in 1Q. In other news, the country has hit the 80% fully-vaccinated threshold seen as key for not returning to bouts of aggressive lockdowns. Momentum on the daily chart is bearish while RSI has been on the decline. Resistance at 1.3500 (38.2% fibo retracement from Jun low to Jul high), 1.3600, before 1.3690 (Jul high). Support nearby at 1.3440 (50.0% fibo), before 1.3380 (61.8% fibo). PMI due Thurs, retail sales due Fri.
- **AUDSGD - Ample Headroom.** Last seen at 0.9845, a tad higher from where it was for much of last week. There is plenty of headroom for this cross with resistance seen at 0.9898 (21-dma) before the next at 1.0003 (50-dma). MACD is a tad bullish. Support seen around 0.9770 before the next at 0.9640. 21-dma at 0.9920 is a resistance level.
- **SGDMYR - Bearish Bias but Still Cautious of Snapback.** SGDMYR held steady as MYR strength was matched by SGD strength. Cross was last seen at 3.10 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Directional bias remains skewed to the downside though we caution for risk of snapback at some point. Support at 3.0920 (23.6% fibo), 3.0870 levels. Resistance at 3.10 (38.2% fibo), 3.1070 (50% fibo retracement of May high to Jun low), 3.1140 (61.8% fibo), 3.1215 (76.4% fibo). Intra-day we look for 3.0950 - 3.1050 range.
- **USDMYR - Heavy Bias.** USDMYR played catch up to Powell's dovish speech at Jackson Hole Symposium and gapped lower in the open this morning. In particular, the **absence of a specified schedule for tapering asset purchases, a reiteration that tapering does not necessitate rate hike** as well as **considerable time gap between Fed taper and start of rate hike** somewhat helped to soothe market anxiety over earlier than expected pace of policy normalisation. Elsewhere fading political uncertainties and tentative signs of turnaround in Malaysia's covid situation (cases in Selangor dipped below 5k and fast pace of inoculation with 60% of Malaysia's adult population fully vaccinated) further fuelled MYR recovery. USDMYR fell sharply; last seen at 4.1760 levels (vs. fri spot close of 4.1910). Bearish momentum on daily chart intact while RSI is in oversold conditions. Bias remains for downside play though we note that pace of decline from here could slow temporarily. Immediate support at 4.1710 (bullish trend channel support), 4.1620 (100 DMA) and 4.15 levels (38.2% fibo retracement of 2021 low to high). Resistance at 4.1860 (23.6% fibo). Local equities start the week on a firmer footing (+0.76%) outperforming regionals. As of 27 Aug, local equities saw net

foreign inflows (of US\$61.3mio). Our FI analyst noted that Local government bonds market was constructive with strong buying in intermediate and long end bonds while short ends tagged along. Foreigners buying in 15y and 20y benchmarks and selling short ends. Onshore MYR IRS marginally lower along the 5y10y part of the curve. 3M KLIBOR remained the same at 1.94%. Mfg PMI scheduled for release on Wed.

- **1m USDKRW NDF - *Sell Rallies*.** 1m USDKRW NDF fell sharply as Powell's speech at JH eased concerns of imminent taper/faster pace of policy normalisation. Though he did say that the **Fed could start to taper this year**, the Fed is in no hurry to raise rates as there is still "much ground to cover to reach maximum employment". Absence of a specified schedule for tapering asset purchases was interpreted as dovish. A reassurance that tapering does not necessitate rate hike and that there is considerable time between taper and start of rate hike eased fears of faster than expected pace of policy tightening. This helped light up a bid for risk proxies and weighed on USD. 1m USDKRW NDF fell to a low of 1162 last Fri but has since bounced this morning on profit-taking. Last seen at 1165 levels. Daily momentum turned slight bearish while RSI is on falling trend. Immediate support at 1161 (21 DMA) needs to be broken for further downside to gather momentum towards 1154 (38.2% fibo), 1150 (50 DMA). Resistance at 1165 (23.63% fibo retracement of May low to Aug high), 1171 levels.
- **USDCNH - *6.45-6.53 Range Survives Jackson Hole*.** The USDCNH slipped towards the 100-dma at 6.4595 before a slight rebound. Dovish Powell and sliding UST yields drove USD lower against most currencies. Even so, the 6.45-6.53 range remains rather intact. Momentum is a tad bearish but hardly threatening the established range at this point. Moving averages are compressed and this consolidation could continue until a break-out. In this weaker USD environment, RMB TWI could continue to fall as we expect gains in the other non-USD currencies to be more than the stable RMB, last at 98.66. The USDCNY reference rate was fixed at 6.4677, versus 6.4658 estimated. Focus on measures on property sectors at home with banks becoming more stringent with mortgage qualifications and sources of down payment. China Securities Journal report limits on mortgage quota for banks and lengthier waiting time for loans. Separately, last Fri, the State Council issued five-year plan to raise workers' salaries and protect their interest. In other news, Tianjin officials have asked state-owned companies to migrate their data from private sector operators (Alibaba and Tencent) to a state-backed cloud system by 2022 according to Reuters. Week ahead has NBS PMI for Aug on Tue, Caixin mfg PMI on wed, services PMI on Fri.
- **1M USDINR NDF - *Range-Bound*.** The 1M NDF crashed towards levels around 73.68 amid rumours that RBI has stopped supporting the pair with USD purchases. Inflows could continue the currency including the mega IPC IPO and privatisation plans by the government to fund its deficit. Momentum is bearish and next support is seen at 73.37 (76.4% fibo retracement of the Feb-Mar rally). India administered at least 1 dose of vaccine to 35% of its population and 10% is fully

vaccinated. Data-wise, 2Q GDP is due Tue, Mfg PMI (Aug) on Wed, Services PMI on Fri.

- **USDVND - Bearish.** This pair has been on the decline and closed at 22780 last Fri. This pair could find support at 22760 before the next at 22680. Bearish momentum has been dissipating and stochastics show signs of rising from oversold conditions. However, downtrend remains intact. At home, covid situation remains dire with 7-day average infections at 12252 as of 28 Aug. There are reports of the manufacturing hub in Binh Duong not being able to fulfil orders because of lockdowns or logistic challenges. Data-wise, the GSO reported a trade deficit of U\$3.71bn for Jan-Aug 2021 including \$1.3bn reported for Aug. Exports fell -5.4%/y from previous 8.4% while imports slowed to 21.2%/y from previous 29.9%. CPI accelerated to 2.82%/y from previous 2.64% but core inflation (excluding food, fuel, healthcare and education services) fell -0.02%/m. Retail sales fell more than expected by -4.7%/y in Jan-Aug from previous 0.7% (Jan-Jul). Industrial production slumped -7.4%/y (vs. consensus of 1.2%) after a growth of 2.2% reported for Jul. Manufacturing output has fallen -9.2%/y vs. previous 2.9% and worsening outbreaks at home could mean weakness for Sep as well. Vaccination has reached 17% for Vietnam and only 2.4% of the population is fully vaccinated.
- **1M USDIDR NDF - Supported.** NDF last seen near 14,420, dipping modestly alongside other USD-AxJs late last Fri on Powell's dovish taper cues. Still, signs of support for UST10Y yield are emerging around the 1.3%-handle, and this could lend the 1m USDIDR NDF some support as well. Momentum and RSI on daily chart are not showing a clear bias. Support nearby at 14,360 (200-DMA), before 14,200 (Jun low). Resistance at 14,510 (50-DMA), 14,680 (Jul high). Markit PMI for Aug, CPI due Wed.
- **USDTHB - Bearish Momentum Could Moderate.** Last seen at 32.54, softening last Fri alongside some broad easing in dollar strength. Powell's dovish taper and signs of easing in domestic Covid-19 case counts aided the modest USDTHB down-move. Authorities are also allowing local flights to resume with 75% capacity in some regions. Nonetheless, anecdotal reports of incremental challenges at the Phuket sandbox (activity curbs, hotel cancellations) could hint at more difficulties for the tourism industry ahead. Pace of THB gains could slow. Support at 32.55 (38.2% fibo retracement from Jun low to Aug high) is being tested, next at 32.00 (61.8% fibo). Resistance at 33.10 (21-DMA), 33.50 (2018, 2021 high), 34.0. Mfg production index due today, trade due Tues, Markit PMI Mfg due Wed.
- **1M USDPHP NDF - Mildly Bearish.** NDF last seen near the 50.0-handle. Drags from broad dollar easing were mitigated in part by news of extension in Covid-19 restrictions (MECQ) in the capital region till 7 Sep. 7-day average in new cases remains elevated around the 16k mark, and some balance between slowing contagion and supporting the economy has to be struck. Under current curbs, most businesses are allowed to operate but non-essential industries such as beauty parlours and bars remain shut. Momentum on daily chart is

modestly bearish while RSI is showing signs of a mild dip. Immediate support at 50.00 (38.2% fibo retracement from Jun low to Jul high), before next at 49.50 (50.0% fibo). Resistance at 50.50 (23.6% fibo), 51.40 (Jul high). Markit PMI Mfg due Wed.

Malaysia Fixed Income

Rates Indicators

| MGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|--------------|-------------------|-------------------|--------------|
| 3YR MH 6/24 | 2.36 | 2.35 | -1 |
| 5YR MO 11/26 | 2.70 | 2.68 | -2 |
| 7YR MS 6/28 | 3.06 | 3.06 | Unchanged |
| 10YR MO 4/31 | 3.24 | 3.21 | -3 |
| 15YR MS 5/35 | 3.80 | 3.74 | -6 |
| 20YR MY 5/40 | 4.09 | 4.04 | -5 |
| 30YR MZ 6/50 | 4.21 | *4.21/17 | Not traded |
| IRS | | | |
| 6-months | 1.94 | 1.94 | - |
| 9-months | 1.94 | 1.94 | - |
| 1-year | 1.95 | 1.95 | - |
| 3-year | 2.39 | 2.39 | - |
| 5-year | 2.68 | 2.67 | -1 |
| 7-year | 2.86 | 2.85 | -1 |
| 10-year | 3.10 | 3.10 | - |

Source: Maybank KE

*Indicative levels

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- Local government bonds market was constructive with strong buying in intermediate and long end bonds while short ends tagged along. Foreigners buying in 15y and 20y benchmarks and selling short ends. Local trading desks better buyers in 7y and 10y benchmarks, while local end clients better buyers at the front end, especially 3y. With the Cabinet fairly similar to the previous one and a co-operation agreement with the opposition should largely reduce political uncertainty which may help lift sentiment.
- IRS rates marginally lower along the 5y10y part of the curve amid the unveiling of the new Cabinet. Liquidity remained weak ahead of the Jackson Hole symposium, and only 5y IRS was dealt at 2.67%. 3M KLIBOR was unchanged at 1.94%.
- For corporate bonds, slight pickup in volume while yields climbed 1-2bps at the belly of the GG curve. GGs dealt include Danainfra 2032 and Prasarana 2034s. Rated corporate bonds traded 1-2bps firmer on the back of light buying in short end AAAs and intermediate AAs. Active names include PLUS, SPG, Digi and Penang Port.

Singapore Rates and AxJ USD Credit

Rates Indicators

| SGS | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR | 0.38 | 0.37 | -1 |
| 5YR | 0.82 | 0.83 | +1 |
| 10YR | 1.43 | 1.44 | +1 |
| 15YR | 1.70 | 1.71 | +1 |
| 20YR | 1.78 | 1.87 | +9 |
| 30YR | 1.87 | 1.87 | - |

Source: MAS (Bid Yields)

- In SGS, the 20y auction garnered a decent bid-to-cover ratio of 2.24x on a slightly smaller than expected SGD1.4b size. Cut-off yield was 1.86%, and 20y SGS yield ended last Friday 1bp higher at 1.87%. Rest of the SGS curve traded range bound with yields unchanged or +/-1bp as UST held steady ahead of the Jackson Hole symposium.
- Asian credit spreads little changed. While China tech widened 1-2bps after more negative headlines, it was largely a muted reaction for Alibaba, Baidu, Tencent and Meituan curves. Other China IGs remain unchanged as investors were on the sidelines. INDONs saw better buying at the ultra-long end due to short covering. Malaysia space saw better buying in Genting and RWLVCA on better sentiment as the recovery in US earnings help offset some of the losses on the Malaysian side, with the curve tightening 5bps. Powell reaffirmed the Fed's plan to start tapering asset purchases later this year, though still no specific timeline was given, and the Fed maintains the view of inflation being transitory.

Indonesia Fixed Income

Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Yesterday's Close | Change |
|-----------------|-------------------|-------------------|--------|
| 1YR | 2.95 | 2.95 | (0.00) |
| 3YR | 4.67 | 4.67 | 0.00 |
| 5YR | 5.05 | 5.11 | 0.06 |
| 10YR | 6.15 | 6.17 | 0.02 |
| 15YR | 6.31 | 6.34 | 0.02 |
| 20YR | 6.91 | 6.94 | 0.03 |
| 30YR | 6.84 | 6.84 | 0.00 |

* Source: Bloomberg, Maybank Indonesia

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- Indonesian government bonds weakened last Friday as the market players were focusing on Jackson Hole conference. On the last Friday, Federal Reserve Chair Jerome Powell released a relative dovish about the Fed's monetary statement. Powell indicated the U.S. central bank could begin scaling back its bond buying program by year-end but did not give a firm timeline. Powells much-anticipated speech was noncommittal on the precise timing of the Feds bond tapering, unlike earlier remarks by several regional Fed presidents who wanted tapering to start soon. Powell said there had been clear progress toward maximum employment and he believed that if the U.S. economy improved as anticipated, it could be appropriate to start reducing the pace of asset purchases this year.
- We believe that it will give more opportunity for the market players to come back increasing their risk appetite to take position on the emerging markets, such as Indonesian government bonds. Relative high of investment return and sound fundamental background are the reason to put their position on Indonesian government bonds. Moreover, Indonesian daily cases of COVID-19 tended to being flat recently.
- U.S. Treasury yields fell on Friday after Federal Reserve Chair Jerome Powell gave no new hints on when the U.S. central bank is likely to begin paring bond purchases, leading investors to assume a taper is unlikely until later in the year. Benchmark 10-year notes fell to 1.310%, down from around 1.341% before Powells comments were released. The yields briefly reached a two-week high of 1.375% on Thursday.
- Furthermore, on the other side, Indonesian cases of COVID-19 posed an improvement, as shown by recent numbers of new daily cases and bed occupancy rates on the hospital. The new cases and the death people due to COVID-19 are reported by 7,427 and 551 yesterday. This condition can boost the government to make further relaxation on social economic activities for improving the national business climate, especially for the business players on the retail sector, the transportation sector, the restaurant sector, the hospitality sector, and the tourism sector.

Foreign Exchange: Daily Levels

| | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2 | 1.1844 | 110.45 | 0.7379 | 1.3843 | 6.4963 | 0.7074 | 130.0733 | 80.9677 |
| R1 | 1.1820 | 110.15 | 0.7345 | 1.3803 | 6.4794 | 0.7042 | 129.8067 | 80.6483 |
| Current | 1.1809 | 109.77 | 0.7312 | 1.3770 | 6.4650 | 0.7009 | 129.6300 | 80.2660 |
| S1 | 1.1753 | 109.66 | 0.7250 | 1.3702 | 6.4524 | 0.6956 | 129.2167 | 79.7143 |
| S2 | 1.1710 | 109.47 | 0.7189 | 1.3641 | 6.4423 | 0.6902 | 128.8933 | 79.0997 |
| | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
| R2 | 1.3593 | 4.2073 | 14454 | 50.2207 | 32.9730 | 1.5953 | 0.6495 | 3.1072 |
| R1 | 1.3527 | 4.1992 | 14436 | 50.0853 | 32.8000 | 1.5914 | 0.6485 | 3.1037 |
| Current | 1.3465 | 4.1740 | 14380 | 49.8740 | 32.5640 | 1.5901 | 0.6455 | 3.1003 |
| S1 | 1.3423 | 4.1857 | 14409 | 49.8723 | 32.4850 | 1.5847 | 0.6462 | 3.0968 |
| S2 | 1.3385 | 4.1803 | 14400 | 49.7947 | 32.3430 | 1.5819 | 0.6448 | 3.0934 |

*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 | 0.4288 | Oct-21 | Neutral |
| BNM O/N Policy Rate | 1.75 | 9/9/2021 | Easing Bias |
| BI 7-Day Reverse Repo Rate | 3.50 | 21/9/2021 | Neutral |
| BOT 1-Day Repo | 0.50 | 29/9/2021 | Easing Bias |
| BSP O/N Reverse Repo | 2.00 | 23/9/2021 | Easing Bias |
| CBC Discount Rate | 1.13 | 23/9/2021 | Neutral |
| HKMA Base Rate | 0.50 | - | Neutral |
| PBOC 1Y Loan Prime Rate | 3.85 | - | Neutral |
| RBI Repo Rate | 4.00 | 8/10/2021 | Easing |
| BOK Base Rate | 0.75 | 12/10/2021 | Tightening Bias |
| Fed Funds Target Rate | 0.25 | 23/9/2021 | Tightening Bias |
| ECB Deposit Facility Rate | -0.50 | 9/9/2021 | Easing Bias |
| BOE Official Bank Rate | 0.10 | 23/9/2021 | Neutral |
| RBA Cash Rate Target | 0.10 | 7/9/2021 | Easing Bias |
| RBNZ Official Cash Rate | 0.25 | 6/10/2021 | Tightening Bias |
| BOJ Rate | -0.10 | 22/9/2021 | Easing Bias |
| BoC O/N Rate | 0.25 | 8/9/2021 | Tightening Bias |

Equity Indices and Key Commodities

| | Value | % Change |
|--------------------------------|-----------|----------|
| Dow | 35,455.80 | 0.69 |
| Nasdaq | 15,129.50 | 1.23 |
| Nikkei 225 | 27,641.14 | -0.36 |
| FTSE | 7,124.98 | -0.35 |
| Australia ASX 200 | 7,488.29 | -0.04 |
| Singapore Straits Times | 3,080.77 | -0.92 |
| Kuala Lumpur Composite | 1,590.16 | 0.28 |
| Jakarta Composite | 6,041.37 | -0.28 |
| Philippines Composite | 6,820.53 | -0.02 |
| Taiwan TAIEX | 17,209.93 | 0.84 |
| Korea KOSPI | 3,133.90 | 0.17 |
| Shanghai Comp Index | 3,522.16 | 0.59 |
| Hong Kong Hang Sena | 25,407.89 | -0.03 |
| India Sensex | 56,124.72 | 0.31 |
| Nymex Crude Oil WTI | 68.74 | 1.96 |
| Comex Gold | 1,819.50 | 1.35 |
| Reuters CRB Index | 219.18 | 1.30 |
| MBB KL | 8.37 | -0.95 |

MYR Bonds Trades Details

| MGS & GII | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|---|--------|---------------|----------------|-----------|----------|---------|
| MGS 3/2014 4.048% 30.09.2021 | 4.048% | 30-Sep-21 | 632 | 1.76 | 1.76 | 1.741 |
| MGS 4/2016 3.620% 30.11.2021 | 3.620% | 30-Nov-21 | 483 | 1.711 | 1.732 | 1.711 |
| MGS 1/2017 3.882% 10.03.2022 | 3.882% | 10-Mar-22 | 230 | 3.698 | 3.698 | 1.741 |
| MGS 3/2013 3.480% 15.03.2023 | 3.480% | 15-Mar-23 | 272 | 1.873 | 1.896 | 1.857 |
| MGS 2/2018 3.757% 20.04.2023 | 3.757% | 20-Apr-23 | 213 | 1.871 | 1.877 | 1.816 |
| MGS 3/2019 3.478% 14.06.2024 | 3.478% | 14-Jun-24 | 177 | 2.345 | 2.358 | 2.345 |
| MGS 1/2014 4.181% 15.07.2024 | 4.181% | 15-Jul-24 | 2 | 2.368 | 2.368 | 2.368 |
| MGS 2/2017 4.059% 30.09.2024 | 4.059% | 30-Sep-24 | 2 | 2.415 | 2.415 | 2.415 |
| MGS 1/2018 3.882% 14.03.2025 | 3.882% | 14-Mar-25 | 21 | 2.53 | 2.53 | 2.53 |
| MGS 1/2015 3.955% 15.09.2025 | 3.955% | 15-Sep-25 | 34 | 2.587 | 2.592 | 2.585 |
| MGS 1/2019 3.906% 15.07.2026 | 3.906% | 15-Jul-26 | 5 | 2.682 | 2.682 | 2.682 |
| MGS 3/2016 3.900% 30.11.2026 | 3.900% | 30-Nov-26 | 171 | 2.686 | 2.696 | 2.682 |
| MGS 2/2012 3.892% 15.03.2027 | 3.892% | 15-Mar-27 | 2 | 2.907 | 2.907 | 2.907 |
| MGS 3/2007 3.502% 31.05.2027 | 3.502% | 31-May-27 | 6 | 2.925 | 2.943 | 2.925 |
| MGS 5/2013 3.733% 15.06.2028 | 3.733% | 15-Jun-28 | 417 | 3.051 | 3.075 | 3.05 |
| MGS 2/2019 3.885% 15.08.2029 | 3.885% | 15-Aug-29 | 1 | 3.199 | 3.199 | 3.199 |
| MGS 3/2010 4.498% 15.04.2030 | 4.498% | 15-Apr-30 | 2 | 3.316 | 3.316 | 3.316 |
| MGS 2/2020 2.632% 15.04.2031 | 2.632% | 15-Apr-31 | 198 | 3.228 | 3.247 | 3.21 |
| MGS 4/2011 4.232% 30.06.2031 | 4.232% | 30-Jun-31 | 12 | 3.367 | 3.367 | 3.36 |
| MGS 4/2013 3.844% 15.04.2033 | 3.844% | 15-Apr-33 | 34 | 3.718 | 3.726 | 3.718 |
| MGS 4/2019 3.828% 05.07.2034 | 3.828% | 05-Jul-34 | 41 | 3.853 | 3.858 | 3.853 |
| MGS 4/2015 4.254% 31.05.2035 | 4.254% | 31-May-35 | 244 | 3.75 | 3.793 | 3.738 |
| MGS 3/2017 4.762% 07.04.2037 | 4.762% | 07-Apr-37 | 2 | 3.964 | 3.964 | 3.964 |
| MGS 4/2018 4.893% 08.06.2038 | 4.893% | 08-Jun-38 | 2 | 4.084 | 4.084 | 4.084 |
| MGS 5/2019 3.757% 22.05.2040 | 3.757% | 22-May-40 | 107 | 4.048 | 4.089 | 3.986 |
| MGS 1/2020 4.065% 15.06.2050 | 4.065% | 15-Jun-50 | 11 | 4.197 | 4.201 | 4.149 |
| GII MURABAHAAH 4/2018 3.729% 31.03.2022 | 3.729% | 31-Mar-22 | 75 | 1.741 | 1.76 | 1.737 |
| GII MURABAHAAH 3/2017 3.948% 14.04.2022 | 3.948% | 14-Apr-22 | 47 | 1.775 | 1.803 | 1.69 |
| GII MURABAHAAH 1/2015 4.194% 15.07.2022 | 4.194% | 15-Jul-22 | 61 | 1.622 | 1.79 | 1.622 |
| GII MURABAHAAH 7/2019 3.151% 15.05.2023 | 3.151% | 15-May-23 | 85 | 1.951 | 1.951 | 1.925 |
| GII MURABAHAAH 2/2017 4.045% 15.08.2024 | 4.045% | 15-Aug-24 | 140 | 2.404 | 2.404 | 2.401 |
| GII MURABAHAAH 4/2019 3.655% 15.10.2024 | 3.655% | 15-Oct-24 | 220 | 2.389 | 2.389 | 2.357 |
| GII MURABAHAAH 3/2019 3.726% 31.03.2026 | 3.726% | 31-Mar-26 | 1 | 2.66 | 2.66 | 2.66 |
| GII MURABAHAAH 3/2016 4.070% 30.09.2026 | 4.070% | 30-Sep-26 | 120 | 2.774 | 2.774 | 2.77 |
| GII MURABAHAAH 1/2020 3.422% 30.09.2027 | 3.422% | 30-Sep-27 | 1 | 3.09 | 3.09 | 3.09 |
| GII MURABAHAAH 2/2018 4.369% 31.10.2028 | 4.369% | 31-Oct-28 | 110 | 3.157 | 3.162 | 3.157 |
| GII MURABAHAAH 2/2020 3.465% 15.10.2030 | 3.465% | 15-Oct-30 | 93 | 3.316 | 3.337 | 3.311 |
| GII MURABAHAAH 6/2017 4.724% 15.06.2033 | 4.724% | 15-Jun-33 | 30 | 3.775 | 3.776 | 3.775 |
| GII MURABAHAAH 5/2013 4.582% 30.08.2033 | 4.582% | 30-Aug-33 | 6 | 3.8 | 3.8 | 3.8 |
| GII MURABAHAAH 1/2021 3.447% 15.07.2036 | 3.447% | 15-Jul-36 | 165 | 3.893 | 3.904 | 3.864 |
| GII MURABAHAAH 2/2019 4.467% 15.09.2039 | 4.467% | 15-Sep-39 | 4 | 4.244 | 4.244 | 4.244 |
| GII MURABAHAAH 2/2021 4.417% 30.09.2041 | 4.417% | 30-Sep-41 | 100 | 4.202 | 4.234 | 4.202 |
| GII MURABAHAAH 4/2017 4.895% 08.05.2047 | 4.895% | 08-May-47 | 10 | 4.473 | 4.473 | 4.473 |
| Total | | | 4,589 | | | |

Sources: BPAM

MYR Bonds Trades Details

| PDS | Rating | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|----------|--------|---------------|----------------|-----------|----------|---------|
| SME BANK IMTN 3.69% 12.08.2022 | GG | 3.690% | 12-Aug-22 | 20 | 2.087 | 2.093 | 2.087 |
| LPPSA IMTN 4.080% 07.09.2022 - Tranche No 14 | GG | 4.080% | 07-Sep-22 | 40 | 2.024 | 2.024 | 2.024 |
| DANAINFRA IMTN 4.370% 21.02.2025 - Tranche No 73 | GG | 4.370% | 21-Feb-25 | 30 | 2.719 | 2.719 | 2.719 |
| JAMB.KEDUA IMTN 4.200% 28.07.2026 | GG | 4.200% | 28-Jul-26 | 4 | 2.923 | 2.927 | 2.923 |
| FELDA IMTN 3.500% 24.03.2028 | GG | 3.500% | 24-Mar-28 | 40 | 3.299 | 3.3 | 3.299 |
| DANAINFRA IMTN 4.950% 19.03.2032 - Tranche No 58 | GG | 4.950% | 19-Mar-32 | 20 | 3.623 | 3.63 | 3.623 |
| PRASARANA IMTN 4.530% 10.03.2034 - Tranche 5 | GG | 4.530% | 10-Mar-34 | 30 | 3.86 | 3.891 | 3.86 |
| PRASARANA SUKUK MURABAHAH 3.92% 04.08.2034 - S12 | GG | 3.920% | 04-Aug-34 | 30 | 3.9 | 3.911 | 3.9 |
| MRL IMTN 4.120% 23.07.2036 | GG | 4.120% | 23-Jul-36 | 40 | 4.099 | 4.1 | 4.099 |
| DIGI IMTN 4.380% 14.04.2022 - Tranche No 1 | AAA | 4.380% | 14-Apr-22 | 10 | 2.067 | 2.075 | 2.067 |
| MUFG IMTN 2.880% 24.03.2023 - Issue No. 003 | AAA (BG) | 2.880% | 24-Mar-23 | 10 | 2.526 | 2.532 | 2.526 |
| PLUS BERHAD IMTN 4.560% 12.01.2024 - Series 1 (8) | AAA IS | 4.560% | 12-Jan-24 | 5 | 2.577 | 2.577 | 2.577 |
| SARAWAKHIDRO IMTN 4.43% 11.08.2026 | AAA | 4.430% | 11-Aug-26 | 10 | 3.07 | 3.077 | 3.07 |
| SARAWAKHIDRO IMTN 4.47% 11.08.2027 | AAA | 4.470% | 11-Aug-27 | 10 | 3.227 | 3.227 | 3.222 |
| SARAWAKHIDRO IMTN 4.56% 10.08.2029 | AAA | 4.560% | 10-Aug-29 | 60 | 3.483 | 3.532 | 3.483 |
| PASB IMTN 3.900% 30.10.2029 - Issue No. 18 | AAA | 3.900% | 30-Oct-29 | 5 | 3.699 | 3.699 | 3.699 |
| SARAWAKHIDRO IMTN 4.61% 09.08.2030 | AAA | 4.610% | 09-Aug-30 | 10 | 3.601 | 3.601 | 3.597 |
| PSEP IMTN 4.100% 19.03.2031 | AAA | 4.100% | 19-Mar-31 | 10 | 3.901 | 3.901 | 3.899 |
| PLUS BERHAD IMTN 5.270% 12.01.2033 - Series 1 (17) | AAA IS | 5.270% | 12-Jan-33 | 10 | 3.865 | 3.865 | 3.861 |
| PLUS BERHAD IMTN 5.390% 12.01.2034 - Series 1 (18) | AAA IS | 5.390% | 12-Jan-34 | 10 | 3.989 | 3.989 | 3.987 |
| PLUS BERHAD IMTN 5.510% 12.01.2035 - Series 1 (19) | AAA IS | 5.510% | 12-Jan-35 | 10 | 4.11 | 4.11 | 4.108 |
| PLUS BERHAD IMTN 5.630% 11.01.2036 - Series 1 (20) | AAA IS | 5.630% | 11-Jan-36 | 60 | 4.218 | 4.22 | 4.218 |
| PLUS BERHAD IMTN 5.750% 12.01.2037 - Series 1 (21) | AAA IS | 5.750% | 12-Jan-37 | 30 | 4.317 | 4.317 | 4.315 |
| SABAHDEV MTN 1096D 30.7.2024 - Tranche 1 Series 1 | AA1 | 4.400% | 30-Jul-24 | 1 | 3.686 | 3.849 | 3.686 |
| FPSB IMTN 4.800% 13.03.2023 | AA IS | 4.800% | 13-Mar-23 | 3 | 2.927 | 2.933 | 2.927 |
| S P SETIA IMTN 3.850% 25.06.2026 | AA IS | 3.850% | 25-Jun-26 | 10 | 3.651 | 3.653 | 3.651 |
| EDRA ENERGY IMTN 5.700% 05.07.2023 - Tranche No 4 | AA3 | 5.700% | 05-Jul-23 | 10 | 3.075 | 3.096 | 3.075 |
| EDRA ENERGY IMTN 5.820% 04.07.2025 - Tranche No 8 | AA3 | 5.820% | 04-Jul-25 | 10 | 3.375 | 3.391 | 3.375 |
| EDRA ENERGY IMTN 5.940% 05.07.2027 - Tranche No 12 | AA3 | 5.940% | 05-Jul-27 | 10 | 3.686 | 3.69 | 3.686 |
| PENANGPORT IMTN 4.680% 26.12.2031 - Tranche No 3 | AA- IS | 4.680% | 26-Dec-31 | 10 | 4.018 | 4.04 | 4.018 |
| SPG IMTN 5.370% 29.10.2032 | AA- IS | 5.370% | 29-Oct-32 | 10 | 4.169 | 4.171 | 4.169 |
| SPG IMTN 5.410% 29.04.2033 | AA- IS | 5.410% | 29-Apr-33 | 10 | 4.218 | 4.221 | 4.218 |
| LDF3 IMTN 5.950% 23.08.2034 | AA- IS | 5.950% | 23-Aug-34 | 10 | 5.084 | 5.085 | 5.084 |
| TROPICANA IMTN 5.500% 30.06.2023 - SEC. SUKUK T2S1 | A+ IS | 5.500% | 30-Jun-23 | 1 | 5.217 | 5.217 | 4.699 |
| TROPICANA IMTN 5.650% 30.06.2025 - SEC. SUKUK T2S2 | A+ IS | 5.650% | 30-Jun-25 | 1 | 5.408 | 5.408 | 5.408 |
| TROPICANA IMTN 5.650% 08.10.2025 - SEC. SUKUK T4S2 | A+ IS | 5.650% | 08-Oct-25 | 1 | 5.456 | 5.456 | 5.456 |
| TROPICANA IMTN 5.650% 15.04.2026 - SEC. SUKUK T5S1 | A+ IS | 5.650% | 15-Apr-26 | 1 | 4.939 | 5.132 | 4.939 |
| TROPICANA 7.000% PERPETUAL SUKUK MUSHARAKAH - T1 | NR(LT) | 7.000% | 25-Sep-19 | 1 | 6.071 | 6.071 | 6.071 |
| Total | | | | 593 | | | |

Sources: BPAM

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