

Global Markets Daily

Hotter US Data Meets Fed's Reassurance

AXJ FX, Equities Find Breather

Much better than expected US CPI, PPI saw UST yields and USD better bid. US CPI rose 4.2% y/y (vs. 3.6% expectations) while PPI rose 6.2% y/y (vs. 5.8% expectations). *Hotter* US data renewed concerns that the Fed may normalise policies earlier than expected. But Fed's reassurance of patience of policy and tolerance of inflation overshoots somewhat soothed sentiments. US futures and some Asian bourses are trading in positive territories this morning, with Taiwanese equities leading the pack after falling more than 8% in the last 5 days. In the FX space, USDAXJs eased from their recent highs.

Fed Reassures

At a recent National Association Business Economics Symposium, Fed's vice chair Clarida said that "the rise in prices will prove temporary while the weak employment report makes the pace of the jobs recovery more uncertain and proves the wisdom of keeping monetary policy loose". He added that Fed "will not act on one data point and that the reopening of economy would put some upward pressure on prices". Earlier Clarida described last week's NFP miss as "the biggest miss in history" and noted that it would be Aug-2022 for jobs in US to return to pre-pandemic levels at the current pace of job growth. Elsewhere Fed's Bostic commented that the US economy is in a "transitional period" as it reopens from pandemic with inflation volatile and workers closely considering their options. He added that the next 4-5 months could see a lot of noise for both prices and pace at which workers return to a potentially changed jobs market. Fed's Barkin said that "expectations, business outlook are not pointing to persistent, multi-year jump in inflation".

Focus Today on US Retail Sales and Industrial Production

Quiet on the data calendar for Asia with Malaysia and Indonesia out for holidays. Later today focus on US retail sales (830pm) and IP (915pm) amongst other US data including export, import price index and Uni of Mich sentiment index.

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Asia Ex JP: Events & Market Closure

Date	Ctry	Event
11 May	TH	Market Closure
12 May	ID	Market Closure
12 May	PH	BSP MPC
13 May	MY, ID, SG, TH	Market Closure
14 May	MY, ID, IN	Market Closure

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2081	↑ 0.07	USD/SGD	1.3335	↓ -0.02
GBP/USD	1.4052	↓ -0.01	EUR/SGD	1.611	↑ 0.04
AUD/USD	0.773	↑ 0.06	JPY/SGD	1.2183	↑ 0.20
NZD/USD	0.7174	↑ 0.22	GBP/SGD	1.8739	↓ -0.03
USD/JPY	109.47	↓ -0.18	AUD/SGD	1.0305	↑ 0.02
EUR/JPY	132.23	↓ -0.12	NZD/SGD	0.9574	↑ 0.27
USD/CHF	0.9064	↓ -0.32	CHF/SGD	1.4717	↑ 0.31
USD/CAD	1.2162	↑ 0.23	CAD/SGD	1.0966	↓ -0.25
USD/MYR	4.1252	→ 0.00	SGD/MYR	3.0892	↓ -0.57
USD/THB	31.326	↑ 0.06	SGD/IDR	10634.79	↓ -0.54
USD/IDR	14198	→ 0.00	SGD/PHP	35.8388	↓ -0.47
USD/PHP	47.862	↑ 0.09	SGD/CNY	4.8359	↓ -0.17

Implied USD/SGD Estimates at 14 May 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3156	1.3425	1.3693

G7 Currencies

■ **DXY Index - Retail Sales, Industrial Production in Focus.** Much better than expected US CPI, PPI saw UST yields and USD better bid. US CPI rose 4.2% y/y (vs. 3.6% expectations) while PPI rose 6.2% y/y (vs. 5.8% expectations). *Hotter* US data renewed concerns that the Fed may normalise policies earlier than expected. But Fed's reassurance of patience of policy and tolerance of inflation overshoots somewhat soothed sentiments. At a recent National Association Business Economics Symposium, Fed's vice chair Clarida said that "the rise in prices will prove temporary while the weak employment report makes the pace of the jobs recovery more uncertain and proves the wisdom of keeping monetary policy loose". He added that Fed "will not act on one data point and that the reopening of economy would put some upward pressure on prices". Earlier Clarida described last week's NFP miss as "the biggest miss in history" and noted that it would be Aug-2022 for jobs in US to return to pre-pandemic levels at the current pace of job growth. Elsewhere Fed's Bostic commented that the US economy is in a "transitional period" as it reopens from pandemic with inflation volatile and workers closely considering their options. He added that the next 4-5 months could see a lot of noise for both prices and pace at which workers return to a potentially changed jobs market. Fed's Barkin said that "expectations, business outlook are not pointing to persistent, multi-year jump in inflation". DXY was last at 90.73 levels. Daily momentum shows tentative signs of turning bullish but RSI rose. Resistance at 90.82 (61.8% fibo retracement of 2021 low to high), 91 (100 DMA) and 91.32 (50% fibo). Immediate support at 90.2 (76.4% fibo), 90-levels. We look for relatively subdued 90.2 -91 range intra-day. Day ahead brings Retail sales, IP, Import, Export price index (Apr); Uni of Mich sentiment (May) on Fri

■ **EURUSD - 2-Way Trade.** EUR drifted lower amid USD bounce on the back of strong US data - CPI, PPI. Day ahead, expect USD, US data - retail sales, IP - to drive FX direction overall. Pair was last at 1.2085 levels. Daily momentum and RSI are not showing a clear bias. Resistance at 1.2160, 1.2190 levels. Support at 1.2050 (21, 100 DMAs), 1.1960 (50, 200 DMAs, 38.2% fibo retracement of 2021 high to low). Intra-day, we look for 2-way trade in 1.2020 - 1.21. Medium term positive bias intact - Positive progress on EU covid situation (vaccine supply and inoculation pace) suggests that EU economy could be closer to the easing of restrictions, lockdown measures, in turn bringing forward the economic rebound story. The plan to allow for vaccinated Americans to visit this summer could further boost sentiment and tourism revenue. Adding to the constructive outlook for EUR is a less dovish than expected ECB while forward leading surveys

■ **GBPUSD - Range.** GBP slipped amid USD rebound. GBP was last at 1.4040 levels. Mild bullish momentum on daily chart shows signs of fading while RSI is falling. Slight risks to the downside. Support at 1.40, 1.3950 (21 DMA) and 1.3875 (50 DMA). Resistance at 1.4180 levels. Look for 2-way trade in 1.40 - 1.41 in absence of clear catalyst.

- **USDJPY - Lean Against Strength.** Last seen at 109.63. The US inflation upside surprise and the concomitant up-move in UST yields on Wed led to a step-up in the pair (~100pips), which lost momentum around 109.80. UST 10Y yields had breached the 1.7%-handle before retracing lower (last seen at 1.66%). On net, inflation concerns could be peaking in the interim, and upsides in Treasury yields may be more contained going forward. Maintain bias to lean against USDJPY strength. Intermittent volatility notwithstanding, we expect a modest bearish bias in broad USD (DXY) to slightly outweigh a mild bullish bias in treasury yields over time. Momentum and RSI on daily chart are mildly bullish. Resistance at 110, 111 (Mar high). Support at 109.00 (23.6% fibo retracement of 2021 low to high), 108.40, 107.80 (38.2% fibo). Current account for Mar came in yesterday at surplus of JPY2,650bn, versus expected JPY2,765bn.
- **NZDUSD - Range.** Kiwi held ground after the large 1.6% decline (vs. USD) on Wed. Pair was last at 0.7180 levels. Daily momentum is mild bearish. Risks to the downside in the interim. Support here at 0.7150/60 levels (21, 50, 100 DMAs). Resistance at 0.7210, 0.7290 levels. We look for consolidative trade in 0.7150 - 0.7190 range intra-day.
- **AUDUSD - More Fiscal Support.** AUDUSD waffled around 0.7720 ever since the pullback on stronger-than-expected US CPI print on Wed. Market jitters continue to cap the AUDUSD. As we had flagged, bearish seasonality may start to kick in more for the AUD as the rise in US treasury yields continue to weigh on regional currencies. Support remains at around 0.7713 (50,100-dma). Resistance at 0.7870 before the next at 0.80 levels. At home, Australia inked a deal to purchase 25mn Moderna COVID-19 doses through next year (10mn to be delivered in 2021 and 15mn doses (booster) to be delivered in 2022). This comes after 18 people are said to have developed blood clots after receiving the AstraZeneca vaccine. Along with the deal, the total vaccines procured amount to 169.8mn including 53.8mn doses of Astrazeneca, 40mn of Pfizer, 51 mn of Novovax (yet to be approved) and 25mn of Moderna. Australia has a total population of over 25mn and vaccines are typically given in 2 shots (not including boosters).
- **USDCAD - Retracing on Macklem.** USDCAD turned higher earlier this week along with the broad greenback strength. Risk sentiment has also soured, hurting risk assets including the crude oil price as well. BoC Tim Macklem dealt CAD with another blow at a press conference with his concerns that a stronger CAD would “create some risk for our outlook”. In a speech delivered virtually, he assured that rate hikes are unlikely until “complete recovery”, defined by an employment level of 200K above pre-pandemic levels and evidence of business investments again. Sounding awfully similar to Fed Kashkari, he noted that Canada is about “700K below where we should really be”. Back on the USDCAD chart, this pair rebounded to levels around 1.2170, unable to make a clean break of the 1.21-figure. We had seen little in the way of the USDCAD bears beyond the 1.21-figure until the next support at 1.1920 (2015

low). Resistance at 1.2280 before the next at 1.2315(21-dma). The speech had pared expectations for a rate hike in the near-term and USDCAD bulls are in control now. In the medium-term, we remain biased for a lower USDCAD as CAD is underpinned by the improving COVID situation at home, the presence of strong fiscal support that has been supporting the labour market recovery as well as constructive crude oil prices. Canada's 7-day average of Covid infection was last at 6.9K as of 12 May, vs. mid-Apr high of 8.7K. Mar manufacturing sales, wholesale trade sales and Apr existing home sales due on 14 May (Fri).

Asia ex Japan Currencies

SGD trades around +0.61% from the implied mid-point of 1.3425 with the top estimated at 1.3156 and the floor at 1.3693.

- **USDSGD - *Lean Against Strength***. USDSGD last seen at 1.3342, remaining largely steady after its step-up on Wed, when US CPI saw an upside surprise and inflation concerns sent dollar yields higher. Domestic risks are concentrated on the Covid front at the moment, with a 10-month high in local community transmissions (24 cases) seen yesterday. There are also signs of more unlinked cases appearing, which could induce formation of further clusters. Meanwhile, the IMF appeared cautiously optimistic on the Singapore economy after a two-week review. It said that Singapore has implemented a bold, comprehensive, and coordinated policy response to cushion the impact of the Covid-19 pandemic, with the risks to its continued economic recovery "balanced". On net, we note chance for Covid developments to dampen SGD sentiments, particularly if a second "circuit-breaker" is announced, but still prefer to lean against any strength in the pair, given solid macro fundamentals. We leave our end-2Q and end-year forecasts intact at 1.33 and 1.31 for now. Momentum and RSI on daily chart are mildly bullish. Resistance at 1.3380 (50-DMA), 1.3440 (200-DMA). Support at 1.3300 (21-DMA), 1.3240, 1.3160 levels (double bottom in Jan-Feb 2021).
- **AUDSGD - *Rising Trend Channel***. AUDSGD slipped in tandem with the AUD and was last at 1.0305 as AUD and SGD weakness overnight were evenly matched. This cross pressures the rising trend channel at this point with multiple moving averages (21,50,100-dma) around the 1.03-figure, lining the lower bound of the channel and providing support for the cross. Momentum indicators are not compelling. Next support at 1.0260, 1.0160. Resistance at 1.0440 before the next at 1.0515.
- **USDMYR - *Market Closure***. USDMYR last closed at 4.1252.
- **1m USDKRW NDF - *Consolidate***. 1m USDKRW NDF eased slightly from recent highs. Pair was last at 1129 levels. Mild bullish momentum on daily chart intact while RSI is rising. Resistance at 1129 (200 DMA), 1135 levels. Support at 1125 (50 DMA), 1120 levels. Event risks tonight - US retail sales, IP. Another red hot data could trigger USD, UST yield up moves. We look for sideways trade in 1124 - 1130 range intra-day.
- **USDCNH - *Rebound***. USDCNH was last seen around 6.4475 after touching a high of 6.4615 at one point at mid-week. The rebound has played out to a certain extent, in line with our expectations after failing to clear critical support at 6.4060. Double bottom has formed for this pair and we cannot rule-out a revisit of the Mar high at 6.5876. Nearby resistance is seen around 6.4754 (61.8% fibo retracement of the 1Q rise) which is close to the 21-dma at 6.4718. Support at 6.4060.

- **1M USDINR NDF - Finding Support.** The 1M USDINR NDF hovered around 73.87. COVID-19 situation in India remains serious with 7-day moving average last at 375K as of 13 May. Total cases have reached 23.7mn. While the 7-day moving average show signs of tapering, reports of >4K daily deaths for the past two days. In addition, there are concerns that the infection numbers could remain grossly underestimated. Meanwhile, a professor of epidemiology at the University of Michigan, Bhramar Mukherjee said that most models predict a peak within this week. As such, upside risks to the USDINR NDF could weaken. However, NDF may still remain supported should UST yields continue to rise. Even as infections ease, inflation is likely to remain scrutinised as regional lockdowns continue to disrupt supply chains within the country and could once again raise price pressures. Just released Apr CPI ease less than expected to 4.29%/y from previous 5.52% and we have Apr wholesale price index due today along with trade numbers by 15th. Elevated price pressure could mean that the RBI would continue to be caught between a rock and hard place as the economy remains battered by the worsening COVID situation and inflation trajectory could also be unanchored by concomitant supply constraints. Back on the 1M NDF chart, resistance seen at 74.70, 75.20 (23.6% fibo retracement of the Feb-Apr rally) before 76.01 (Apr high). Support at 73.40 (76.4% fibo).
- **USDVND - Rangy.** Pair was last at 23052 vs. 23042 close on 13 May. This is pair remains consolidative. Focus remains on local infections, which can continue to weigh on VND sentiments. 7-day average remains on the rise at 90 (as of 12 May). Vietnam authorities have told disease prevention personnel to be prepared to treat as many as 30,000 infections (SCMP). Resistance at 23,057 (21-DMA), before 23074 (23.6%fibo retracement of the Feb-Mar rally) and then at 23,114 (200-DMA). Support at 22986 (76.4% fibo retracement of Feb-Apr rally), 22,953 (Feb low). Health Minister Nguyen Thanh Long assured that 1.7mn vaccines (via the COVAX scheme) would reach the country this Sun.
- **1M USDIDR NDF - Ranged.** NDF last seen at 14,300. NDF spiked to near 14,400 at one point earlier this week when US treasury yields saw strong upward pressures on US inflation upside surprises, but pared some losses subsequently when UST 10Y yield pulled back from the 1.7%-handle. Overall developments were in line with our earlier assessment of “near-oversold; but any retracement higher could be contained”. Going forward, beside yield volatility, markets will also be monitoring if domestic Covid cases show signs of spiking post holidays. Momentum and RSI on daily chart are modestly bearish. Support at 14,100 (76.4% fibo retracement of Feb low to Apr high), 13900 (Feb low). Resistance nearby at 14,320 (100-DMA), before 14,450 (200-DMA), 14,540 (23.6% fibo). Look for interim range of 14,100 to 14,450.
- **USDTHB - Supported.** Last seen at 31.32, inching higher on Wed on broad dollar strengthening, but the up-move seems to be losing steam. Still, THB sentiments could be modestly more cautious in the interim as pace of new Covid cases remains near recent highs (7-day average of around 2k on 12 May), with latest clusters found in Bangkok prisons. This could translate to intermittent support for the USDTHB pair. Bearish momentum on daily chart is fading while RSI is not showing a clear bias. Resistance at 31.40, 31.60. Support nearby at 31.25 (21-DMA), before 31.00, 30.80 (200-DMA).

- **1M USDPHP NDF - Consolidate.** NDF last seen at 48.00, largely seeing consolidative moves this week. On Wed, BSP maintained the policy interest rate at 2.00%, i.e., keeping it unchanged since the -25bps cut on 19 Nov 2020. This is despite headline inflation breaching the upper end of BSP's inflation target 2%-4% range since Jan 2021 due to base effects and food supply disruptions. Our economist team continues to expect the 2.00% rate to stay until end-2021 to support economic recovery as 1Q 2021 GDP growth came in lower than expected at -4.2%/y. With the ongoing community quarantine in NCR and surrounding areas, emergence of new variants of the virus and possible delays in mass vaccination programme, the growth outlook could see downside risks. Further, with the expected higher headline inflation rate (Jan-Apr 2021: +4.5%/y; 2021F: +4.0%), there is already ongoing "passive easing" from negative real policy rate (2021E: -2.0%; 2020: 0.0%). On net, interim NDF moves could continue to mirror broad dollar biases. Momentum on daily chart is mildly bearish. But any down-moves in USDPHP may be sticky with RSI in near-oversold conditions. Support at 47.80 (Feb low). Resistance at 48.40 (100-DMA), 48.60 (50-DMA).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.34	2.32	-2
5YR MO 9/25	2.56	2.57	+1
7YR MS 6/28	2.93	2.95	+2
10YR MO 4/31	3.09	3.14	+5
15YR MS 7/34	3.84	3.86	+2
20YR MY 5/40	4.17	4.22	+5
30YR MZ 6/50	4.28	4.34	+6
IRS			
6-months	1.96	1.96	-
9-months	1.97	1.97	-
1-year	2.00	2.01	+1
3-year	2.40	2.38	-2
5-year	2.67	2.66	-1
7-year	2.86	2.85	-1
10-year	3.10	3.08	-2

Source: Maybank KE

*Indicative levels

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- Local government bond yields climbed amid higher UST yields. Selling was across the curve, though volume remained light. MGS yields up by 1-6bps led by the long ends, except 3y yield which fell 2bps as investors preferred short tenors. Further narrowing of GDP contraction to -0.5% YoY in 1Q21 (4Q20: -3.4%) shows economic rebound this year remain on track, and our economic research kept full-year growth forecast at 5.1%. But risk is tilted to the downside in view of the latest MCO 3.0 now implemented nationwide while vaccination progress remains slow.
- MYR IRS opened about 3-5bps tighter on mid as bidders turned ultra-defensive following the nationwide MCO 3.0. Rates came off the lows on the back of softer Ringgit and UST in the afternoon, with 3y IRS taken at 2.37%. IRS rates ended in the range of +1bp to -2bps. 3M KLIBOR remained 1.94%.
- In PDS, there was better buying at the front end of the GG curve which lowered 3-7bps, while the belly weakened with yields 4bps higher amid the weakness in govies. Market was generally quiet. AAAs thinly traded with the belly 1bp firmer and long end 1bp weaker. AA credits firmer by 1-2bps at the front end and belly sectors.

Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.43	0.42	-1
5YR	0.77	0.79	+2
10YR	1.53	1.55	+2
15YR	1.89	1.89	-
20YR	1.92	1.94	+2
30YR	1.90	1.92	+2

Source: MAS

- SGD rates moved higher on inflation fears. There was keen paying interests in curve spreads which drove IRS rates higher by 1-6bps. SGS fared better as yields were flattish to higher by 2bps with long dated bonds supported by suspected buy flows.
- Asian credit market was weak after the rout in tech equities overnight. Spreads generally held up but were a tad wider by 1-3bps for Malaysia IGs and INDONs. China and HK IG saw tech names widen 1-2bps while benchmark SOEs were largely unchanged. Market was generally muted as participants focused on new issuances. Korea IGs tightened 2bps with new Korea Expressway bonds outperforming in decent volume. India IGs reversed previous day's gains by 3-4bps. HY was also weak with better selling across the curve and prices lower by 0.50-0.75pts.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2134	109.94	0.7779	1.4117	6.4655	0.7227	133.0233	85.1613
R1	1.2107	109.70	0.7755	1.4085	6.4568	0.7200	132.6267	84.8827
Current	1.2077	109.60	0.7723	1.4048	6.4500	0.7176	132.3500	84.6360
S1	1.2053	109.32	0.7697	1.4013	6.4421	0.7141	131.9367	84.3107
S2	1.2026	109.18	0.7663	1.3973	6.4361	0.7109	131.6433	84.0173
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3394	4.1424	14223	48.0247	31.4547	1.6185	0.6404	3.1001
R1	1.3364	4.1338	14211	47.9433	31.3903	1.6148	0.6398	3.0947
Current	1.3342	4.1252	14198	47.8500	31.3160	1.6112	0.6405	3.0932
S1	1.3307	4.1153	14188	47.7733	31.2723	1.6069	0.6387	3.0855
S2	1.3280	4.1054	14177	47.6847	31.2187	1.6027	0.6382	3.0817

*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	0.4361	14/4/21	Easing
BNM O/N Policy Rate	1.75	8/7/2021	Easing
BI 7-Day Reverse Repo Rate	3.50	25/5/2021	Easing
BOT 1-Day Repo	0.50	23/6/2021	Easing
BSP O/N Reverse Repo	2.00	23/6/2021	Easing
CBC Discount Rate	1.13	17/6/2021	Easing
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Neutral
RBI Repo Rate	4.00	4/6/21	Easing
BOK Base Rate	0.50	27/5/2021	Easing
Fed Funds Target Rate	0.25	17/6/2021	Easing
ECB Deposit Facility Rate	-0.50	10/6/2021	Easing
BOE Official Bank Rate	0.10	24/6/2021	Easing
RBA Cash Rate Target	0.10	1/6/2021	Easing
RBNZ Official Cash Rate	0.25	26/5/2021	Easing
BOJ Rate	-0.10	18/6/2021	Easing
BoC O/N Rate	0.25	9/6/2021	Easing

Equity Indices and Key Commodities

	Value	% Change
Dow	34,021.45	1.29
Nasdaq	13,124.99	0.72
Nikkei 225	27,448.01	-2.49
FTSE	6,963.33	-0.59
Australia ASX 200	6,982.72	-0.88
Singapore Straits Times	3,123.26	-0.67
Kuala Lumpur Composite	1,577.64	-0.40
Jakarta Composite	5,975.79	0.80
Philippines Composite	6,236.40	-1.43
Taiwan TAIEX	15,670.10	-1.46
Korea KOSPI	3,122.11	-1.25
Shanghai Comp Index	3,429.54	-0.96
Hong Kong Hang Sena	27,718.67	-1.81
India Sensex	48,690.80	-0.96
Nymex Crude Oil WTI	63.82	-3.42
Comex Gold	1,824.00	0.07
Reuters CRB Index	202.95	-2.41
MBB KL	8.19	-0.61

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.32	2.33	+1
5YR MO 9/25	2.57	2.58	+1
7YR MS 6/28	2.95	*2.96/93	Not traded
10YR MO 4/31	3.14	*3.15/12	Not traded
15YR MS 7/34	3.86	3.87	+1
20YR MY 5/40	4.22	4.24	+2
30YR MZ 6/50	4.34	*4.44/34	Not traded
IRS			
6-months	1.96	1.96	-
9-months	1.97	1.97	-
1-year	2.01	2.01	-
3-year	2.38	2.41	+3
5-year	2.66	2.69	+3
7-year	2.85	2.90	+5
10-year	3.08	3.13	+5

Source: Maybank KE

*Indicative levels

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- Ringgit government bonds market subdued before the Hari Raya holidays. Light bidding interest by foreigners for short tenor 5y MGS. Among the benchmarks, 3y MGS was the only one with >MYR100m volume traded with its yield 1bp higher at 2.33%, seeing better bidders at this level. Locals were better sellers on mid-tenor off-the-runs in the morning, while afternoon session had little trading interest.
- IRS curve drifted higher in steepening manner on some expectations of additional stimulus for MCO 3.0. Bidders appeared after the 5y IRS was taken at 2.68%, but nothing got dealt as market headed into the long weekend. 3M KLIBOR still 1.94%.
- Corporate bonds market was also muted with most participants sidelined or away for the holidays. In GG space, Danainfra 2023 traded 2bps firmer. AAA space saw SEB 2027 dealt 10bps weaker, with MYR120m total volume traded for the day, possibly a lag effect from the recent weakness in govies. AA credits unchanged with mostly short dated bonds dealt, such as from Taqa and UMW.

Singapore

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.42	0.41	-1
5YR	0.79	0.79	-
10YR	1.55	1.55	-
15YR	1.89	1.88	-1
20YR	1.94	1.93	-1
30YR	1.92	1.92	-

Source: MAS

- SGD IRS curve bear-steepened while SGS curve was little changed. 10y IRS was paid up to 1.64% before retracing lower as UST futures recovered, and the curve ended flat to 2bps higher. In SGS, some buy flows seen at the short end following a low cut-off yield in the 6m SITB auction, and long end was supported by short covering interests. Yields were mostly unchanged except for the 2y, 15y and 20y which fell 1bp each.
- For Asian credit, HRINTH bonds got sold off on negative news which weakened sentiment. Asian sovereign bonds widened 2-5bps even after UST yields edged higher overnight. Malaysia IGs saw selling with KNBZMK wider by 2-3bps and GENTMK wider by 8-10bps. China IGs widened 2-5bps with better selling in tech names, partly driven by US equity weakness. India IGs weakened again widening 3-5bps as the Covid-19 situation shows no sign of abating. Korea and Japan IGs stable, helped by favorable supply technical.

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