

Global Markets Daily

RBNZ Wants “Least Regrets”, Powell in Focus Next

CPI Surprises, Eyes Powell’s Testimony

US CPI surprised to the upside with a print of 5.4%/y vs. previous 5.0%. Consensus expected a slightly softer 4.9%. Core inflation also rose more than expected to 4.5%/y from previous 3.8%. Sequentially, CPI rose 0.9%/m vs. expected 0.5%. Most notable was the surge in prices of used vehicles (10.5%/m vs. previous 7.3%) alongside other categories including food/beverages (0.8%/m vs. prev. 0.4%) and transportation (3.6%/m vs. prev. 2.1%). The USD rose in reaction to the report, pressing the EUDUSD pairing down towards the 1.17-handle. UST 10y yield was choppy after the CPI data but made a more decisive jump above 1.42% (vs. overnight low of 1.34%) after weaker demand was observed at the 30y auction. Equity bourses peaked around the same time, not helped in the least by San Francisco Fed Daly’s comments that the Fed may start tapering late 2021 or early 2022. Eyes on how Fed Powell will stick to the “inflation is transitory” narrative at his semi-annual testimony to the House Panel tonight.

RBNZ Announces to End QE; BoC To Decide on Taper Too

RBNZ surprised by declaring the end of QE (aka LSAP) by 23 Jul 2021 on concerns that persistent inflation pressure could build due to rising domestic capacity pressures and growing labour shortages. Noting that economic conditions has been persistently stronger than expected, the “least regrets” policy now is to reduce monetary support sooner. NZDUSD rallied above the 0.70-figure. As for BoC meeting, despite consensus leaning towards a potential taper, we think the MPC should not taper further before there is a greater evidence of recovery. The net fall in full-time hires suggest weakness in the labour market still. Current asset purchase is C\$3bn/week. We see a reduction to C\$2bn/week in Sep although any hawkish tones could still be bullish for the CAD.

Data We Eye Today

Apart from the plenty central bank decisions and Powell’s testimony, we also have SG GDP; UK CPI.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1776	↓ -0.72	USD/SGD	1.3553	↑ 0.24
GBP/USD	1.3814	↓ -0.50	EUR/SGD	1.596	↓ -0.49
AUD/USD	0.7447	↓ -0.39	JPY/SGD	1.2256	↑ 0.05
NZD/USD	0.6948	↓ -0.47	GBP/SGD	1.8723	↓ -0.23
USD/JPY	110.63	↑ 0.24	AUD/SGD	1.0094	↓ -0.15
EUR/JPY	130.29	↓ -0.48	NZD/SGD	0.9416	↓ -0.26
USD/CHF	0.9183	↑ 0.35	CHF/SGD	1.4754	↓ -0.14
USD/CAD	1.2513	↑ 0.48	CAD/SGD	1.0835	↓ -0.19
USD/MYR	4.192	↑ 0.01	SGD/MYR	3.1002	↓ -0.06
USD/THB	32.639	↓ -0.13	SGD/IDR	10698.64	↓ -0.26
USD/IDR	14464	↓ -0.20	SGD/PHP	37.0081	↓ -0.25
USD/PHP	50.002	↓ -0.23	SGD/CNY	4.7768	↓ -0.33

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.3338	1.3611	1.3883

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G7: Events & Market Closure

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

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
15 Jul	SK	BoK Policy Decision

G7 Currencies

■ **DXY Index - *Shocking CPI***. US CPI surprised to the upside with a print of 5.4%/y vs. previous 5.0%. Consensus expected a slightly softer 4.9%. Core inflation also rose more than expected to 4.5%/y from previous 3.8%. Sequentially, CPI rose 0.9m/m vs. expected 0.5%. Most notable was the surge in prices of used vehicles (10.5m/m vs. previous 7.3%) alongside other categories including food/beverages (0.8m/m vs. prev. 0.4%) and transportation (3.6m/m vs. prev. 2.1%). UST 10y yield was choppy after the CPI data but made a more decisive jump above 1.42% (vs. overnight low of 1.34%) after weaker demand was observed at the 30y auction. Equity bourses peaked around the same time, not helped in the least by San Francisco Fed Daly's comments that the Fed may start tapering late 2021 or early 2022. Eyes on how Fed Powell will stick to the "inflation is transitory" narrative at his semi-annual testimony to the House Panel tonight and Senate Banking panel (Thu) if he reassures that Fed normalisation will be gradual. Elsewhere covid situation amid delta spread remains a risk to watch if rising infection in more countries triggers more lock downs. Number of infection in UK is still hovering around 31k-36k (6-month high), Spain has seen a recent pick up to above 11k cases. Though the number of case differ in magnitude, the respective countries epidemic curves look as though a 3rd or 4th wave could be coming. Already, some cities in the region including Sydney, Greater Seoul, Bangkok and over 10 cities in Indonesia have entered into lockdowns. Growth momentum, business confidence and investor sentiment can be crippled if lockdowns, restrictions are prolonged. DXY was last seen at 92.76 levels. Mild bullish momentum on daily chart faded while stochastics are back in overbought condition. 2-way trade likely. Support at 91.95/92 levels (61.8% fibo, 21DMA), 91.30/50 levels (100, 200DMAs, 50% fibo) and 91 levels (38.2% fibo, 50 DMA). Resistance at 93.2 and 93.5 levels. This week brings Fed Chair Powell semi-annual testimony to House panel on Wed; Empire Mfg, Philly Fed business outlook (Jul); initial jobless claims; IP (Jun); Fed Chair Powell semi-annual testimony to senate banking panel on Thu; Retail sales (Jun); Uni. Mich Sentiment (Jul P) on Fri.

■ **EURUSD - *Choppy Action***. EUR slumped under the 1.18-figure overnight on broader USD strength after the US CPI shock. The CPI release stands in contrast to Germany's CPI that came in at a much more benign 2.3% for Jun, and portends some divergence between the Fed and ECB. Fed Daly's expectations for tapering to commence as early as late 2021 is also much sooner than ECB Lagarde's PEPP projected to run at least until Mar 2022. Pair was last seen at 1.1778 levels. Daily momentum shows tentative signs of turning bullish. Resistance at 1.1880 (21 DMA), 1.1920/30 (61.8% fibo, 21DMA), 1.1990/1.20 levels (100, 200 DMAs, 50% fibo). Support at 1.1840 (76.4% fibo retracement of Mar low to May high), 1.1780 and 1.1705/15 levels. Week brings German CPI (Jun) on Tue; Industrial production (May) on Wed; CPI (Jun); Trade (May) on Fri. We shared again Lagarde's Bloomberg TV interview yesterday as this is likely to be an "event" at the upcoming ECB Governing Council (GC) meeting on 22 July. She gave a heads up (with little details now) for new

guidance on monetary stimulus at the upcoming GC. She said that the meeting was previously expected to be relatively uneventful - will now have “some interesting variations and changes”. She emphasized that **PEPP will run at least until Mar 2022**, and this could then be followed by a “transition into a new format”. There was no further elaboration but from the interview, it appeared that she stressed on a few things: (1) “being very flexible and not start creating the anticipation that the exit is in the next few weeks”; (2) “guardedly optimistic” about recovery because delta variant pose threat to efforts to resume normal life; (2) higher inflation is expected to be temporary; (3) “the acceptance and the tolerance” that a transitory and moderate inflation overshoot may be needed as part of commitment to restore price stability. We think it is possible Lagarde is attempting to manage market expectations that the end of PEPP does not signal policy tightening as policymakers seek to avert any unnecessary tightening of financial conditions. Hence the “transition into a new format” could be an open-ended type of QE in which ECB retains the flexibility and optionality to use when needed to support Euro-area economy and financial conditions. To some extent, we may be slightly tilted towards ECB phasing in a gentler path of exit from stimulus, with conditions but not in a big bang. We also believe ECB wants to avoid markets getting too excited of second guessing ECB of its moves, as opposed to the Fed.

■ **GBPUSD - *Slight Cautious Bias***. GBP slipped in tandem with most other currencies and was last seen around 1.3820. Daily momentum turned mild bullish. 2-way trade likely. Resistance at 1.3950/60 levels (100 DMAs, 50% fibo), 1.4020 (50 DMA, 38.2% fibo). Support here at 1.3810 (76.4% fibo). This week brings CPI, PPI, RPI (Jun); House price index (May) on Wed; Labor market report (May) on Thu. Retain slight cautious view in the near term as daily new infection still show no signs of abating with daily new cases at ~34k cases. However there are 2 mitigating factors were (1) hospitalisation rate this time was not as affected as last year when UK experienced covid wave; (2) 9 in 10 people in UK has covid antibodies and there are more people vaccinated in UK today than last year; (3) UK in vaccination lead and economy scheduled for reopening on 19th Jul (though this can be a double-edged sword). Our medium term constructive outlook on GBP remains intact unless vaccination slows down sharply and UK failed to contain the current spread and need to re-impose lockdown/tighten restrictions.

■ **USDJPY - *Two-way Swings***. Pair last seen at 110.60, seeing a modest boost yesterday as the inflation upside surprise in the US led dollar and UST yields higher. 10Y yield last seen at 1.41%, vs. 1.37% yesterday morning and interim low of 1.25% last week. Watch for swings in treasury yields from Powell’s testimonies at the House and Senate banking panels today and tomorrow. Bearish Momentum on the daily chart is moderating, while RSI is not showing a clear bias. Resistance at 111, 111.70. Support at 109.90 (50-DMA), 109.30 (100-DMA), 108.30 (23.6% fibo retracement of Mar high to Apr low). Tertiary industry index due Thurs, BoJ policy decision due Fri. We expect status quo from BoJ, with the central bank giving more

details on the new climate change-linked lending programme. There could be some incremental caution in the growth outlook, given the latest state of emergency in Tokyo.

- **NZDUSD - Halt the QE.** RBNZ surprises by declaring the end of QE (aka LSAP) by 23 Jul 2021 on concerns that persistent inflation pressure to build due to rising domestic capacity pressures and growing labour shortages. Noting that economic conditions has been persistently stronger than expected, the “least regrets” policy now is to reduce monetary support sooner. NZDUSD rallied above the 0.70-figure. Markets-implied show almost 3 hikes in the next 12 months while several local banks are more optimistic and are expecting a 25bps hike in OCR at the Nov MPC. NZD was last seen at 0.7011 levels. Daily momentum and stochastics are skewed a tad to the upside. Resistance here at 0.7076 (200 DMA) before the next at 0.7130. Support at 0.6920, 0.6890. This week brings CPI (2Q); Mfg PMI (Jun) on Fri.
- **AUDUSD - Falling Wedge Extends.** AUDUSD slipped and was last seen around 0.7450. Falling wedge formation at this point as well as bullish divergence formed with the recent low recorded (0.7410) and the rebound thus far (to 0.7485) may extend further. 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. Two-way movement to dominate with some slight skew to the downside but beware of rebound risk that follows a falling wedge formation. For the Covid situation at home, a NSW Covid assistance package has been announced yesterday. PM Morrison and NSW announced a \$500mn a week support for Sydney that includes payment for workers affected by the lockdown, payments businesses that is worth 400% of their payroll payments as long as entities maintain their staffing level as of 13 Jul, mental health support package. The lockdown in Greater Sydney is extended by another fortnight. NSW just reported 97 local cases. Week ahead has Westpac consumer confidence for Jul on Wed, Jun labour report on Thu.
- **USDCAD - Room for Downside.** USDCAD hovered around 1.2500 but CAD was relatively more resilient to the broader USD strength vs, other DM peers due to some expectations for further tapering today along with elevated crude oil prices. Resistance at 1.2576 before the next at 1.2650. Bullish momentum is intact, but fading. Support at 1.2360 (21-dma) before the next at 1.2203 (50-dma). Jun labour report was strong enough to build the expectations for BoC to taper this Wed but rate hikes would be unlikely. Markets expect around 1 hike of 25bps in the next 1 year. Consensus leaning towards a potential taper today, possibly due to Governor Macklem’s comment in mid-Jun that the economy needs less QE if banks’ projections are correct. We note that the net fall in full-time hires suggest weakness in the labour market conditions and that the central bank can afford to wait for greater evidence of recovery. Current asset purchase is C\$3bn/week. We see a reduction to C\$2bn/week in Sep although any hawkish tones could still be bullish for the CAD.

Asia ex Japan Currencies

SGD trades around +0.36% from the implied mid-point of 1.3611 with the top estimated at 1.3338 and the floor at 1.3883.

- **USDSGD - Bullish But Overbought.** Last seen at 1.3560, boosted by a broad dollar up-move yesterday on the back of an inflation upside surprise in the US. For now, markets await Powell's testimonies to House panel and Senate banking panel on Wed, Thurs, for tapering and dollar cues. Domestically, the advance 2Q GDP release saw growth for the quarter coming in at 14.3%/y (vs. expected 14.8%/y and 1.3%/y prior), seeing a boost from base effects. On a sequential basis, GDP contracted modestly by -2.0%q/q SA, but the slight sequential weakness is unlikely to dent the annual growth outlook. Momentum on daily chart is modestly bullish, while RSI is in overbought conditions. Resistance at 1.36, 1.3680. Support at 1.3530 (Mar high), 1.3450 (76.4% fibo retracement from Mar high to Jun low), 1.3370 (200-DMA). Exports due Fri.
- **AUDSGD - Capped.** Cross was last seen around 1.0100. The 21-dma at 1.0120 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. Support levels at 1.0020 before the next at 0.9920.
- **SGDMYR - Consolidate.** SGDMYR slipped slightly; last seen at 3.0980 levels. Momentum on daily chart is bullish. RSI not showing a clear bias. Resistance nearby at 3.1010 (50 DMA) and 3.11 levels. Head and shoulders (bearish reversal pattern) observed earlier seem to find support at neckline (3.0820/35 levels). We look for 3.0950 - 3.1050 range intra-day.
- **USDMYR - Bullish but Overbought.** USDMYR was last seen at 4.1995 levels, pushed higher by a bout of broad dollar strength on the back of an inflation upside surprise in the US. Domestically, Covid concerns are very much intact, with more than 11k new cases recorded yesterday, the third record in less than a week. On a brighter note, PM Muhyiddin said that the daily vaccination rate has exceeded 420k doses and could help the population achieve herd immunity before the end of the year. Daily momentum is modestly bullish while RSI is in overbought conditions. Pace of any up-move could moderate. Immediate resistance at 4.20, before 4.2220 (50% fibo retracement of 2020 high to low). Support at 4.1685 (38.2% fibo), 4.14 (50 DMA).
- **1m USDKRW NDF - Still Biased to Lean against Strength.** 1m USDKRW last seen at 1151, highest since Oct last year. Broad USD was buoyant overnight on US inflation upside surprise. Domestic sentiment dampeners include another daily record for Covid cases (1,615 vs. 1,150 the previous day), recent lockdowns, as well as signs of slowing vaccine progress. Starting Thurs, most areas outside the greater Seoul area will be placed under the second-highest restrictions, in which gatherings of more than eight people are banned. Modest bullish momentum on daily chart intact while RSI is in overbought conditions. While upside risks remain, we remain biased to fade this move. Tighter restrictions and ongoing inoculation should see Korea contain the latest resurgence though health

authorities have warned that daily infection counts might rise to the mid-2000s before abating. Immediate resistance at 1151 (2021 high), before next at 1162 levels. Support at 1144, 1137 (21 DMA).

- **USDCNH - Bearish Divergence.** The pair hovered around 6.4810. The USDCNY reference rate was fixed at 6.4806, close to consensus estimate at 6.4808. USDCNH had been relatively resilient to USD strength and was unable to break above the 6.50-figure and inevitably resulting in a probable double top formation. Support at 6.4640 (21-dma) before the next at 6.4360 (50-dma). Pair needs to break the 6.40-6.50 range for the next directional cues, failing which there is likely consolidating within the range. Data-wise, Jun FDI is due anytime by 15 Jul, 1Y MLF will be announced 13-16 Jul, new home prices on Thu along with 2Q GDP and Jun retail sales, IP and ex-rural FAI. In local media, Premier Li Keqiang was cited saying that China should prepare for possible cyclical risks with cross-cyclical adjustments. Separately, PBoC had a briefing on 13 Jul (yesterday), Chief of the central bank monetary policy department Sun Guofeng also said that the monetary policy has basically returned to the pre-pandemic level in the first half of 2021, which suggests that the central bank is unlikely to tighten further. Focus of the State Council and the central bank has been on SMEs and thus the next monetary policy actions are more likely to be targeted rather than broad-based.
- **USDINR NDF - Consolidation.** The 1M NDF waffled around 74.80. The rise in the crude oil prices may limit the retracement of the USDINR. Resistance remains at 75.20, 75.55 and then at 76.00. Support at 74.70 (38.2% fibo retracement of the Feb-Apr rally) before 74.50 (21-dmaa) and then the next at 73.80 (50,100,200-dma). Data-wise, for the rest of the week, Jun WPI is due today before Jun trade tomorrow.
- **USDVND - Two-Way Moves.** The pair closed 23013 on 13 Jul vs. previous close of 23009. This pair remains within the 22900-23040 range as broader markets remain in consolidative state. Resistance at 23032 is marked by the 50-dma while 23004 at 21-dma could be an interim support. Covid cases at home remain a tad elevated with 7-day average still around 1622 as of 12 Jul with no signs of easing yet. Vietnam remains a laggard in its vaccination drive with only 3.9% of its population getting its first dose. The government has said that Pfizer vaccines are offered as a second dose for people first inoculated with the AstraZeneca vaccine. On a related note, focus in the HCM City remains on food supply as the city reported panic buying after the city's three wholesale markets and nearly two thirds of traditional markets were ordered to close (Vietnam News). A transshipment station is set up at the parking lot of the Thu Duc Wholesale Market in order to transfer shipments from other provinces to supermarkets and businesses' staff kitchen within the city. Separately, companies with factories in the Saigon Hi-Tech Park including Samsung Electronics were ordered to halt operations until they submit plans on quarantines, accommodations for their workers to remain in their plants.
- **1M USDIDR NDF - Covid Risks in Focus, Supported.** Last seen near 14,570, largely on par with levels seen yesterday. New Covid case counts

continue to break daily records, and has exceeded the pace of contagion in India. Starting 12 Jul, emergency state of movement restrictions have been expanded to 15 regencies and cities outside of Java and Bali. Earlier, BI cut its forecast for economic growth this year to 3.8%, from 4.6% prior, with the new forecast based on an assumption that recent mobility restrictions could successfully bring down Covid cases after a month. 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 has faded, while RSI is not showing a clear bias. Resistance at 14,740 (Mar high). Nearby support at 14,520-14,540, before 14,360 (200-DMA). Trade due Thurs.

- **USDTHB - Supported.** Last seen at 32.65, largely on par with levels seen yesterday morning. Recent bout of depreciation in THB could have priced in much of recent negative developments (new domestic Covid wave, postponement in tourism recovery). But with new Covid cases on the uptrend, cautious sentiments could lend support for USDTHB still. Bullish momentum on daily chart is intact, even as RSI suggests overbought conditions. Resistance at 33.20 (2020 high). Support at 32.00, before 31.60 (50-DMA). Foreign reserves due Fri. In other news, BoT said that inflation should decline and hover around the lower band of its target range of 1-3% by year-end. Tame prices could mean lessened pressures for policy rate hikes anytime soon.
- **1M USDPHP NDF - Bullish Momentum Moderating.** NDF last seen at 50.36, modestly lower versus levels seen yesterday morning. The recent bout of PHP softening could have priced in much of the domestic growth drags, and we note that Covid contagion is significantly more contained in Philippines versus peers Indonesia and Thailand. Any further PHP depreciation from here could be significantly slower in pace and is more likely to be on external (i.e., Fed tapering concerns, broad dollar upswings) rather than domestic drivers. Overseas remittances grew by 13.1%/y in May, fastest in nearly five years. The government also moved to reassure investors that it was moving to address perceived weaknesses in its coronavirus pandemic response that prompted Fitch Ratings to lower the country's outlook from "stable" to "negative" earlier. Bullish momentum on daily chart shows signs of moderating while RSI is in overbought conditions. Resistance at 50.85 (61.8% fibo retracement of 2020 high to 2021 low), 51.60 (76.4% fibo). Support at 50.00, 49.50, 49.30 (21-DMA). BoP due Fri.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.27	2.26	-1
5YR MO 9/25	2.50	2.53	+3
7YR MS 6/28	3.02	2.98	-4
10YR MO 4/31	3.25	3.24	-1
15YR MS 5/35	3.83	*3.85/80	Not traded
20YR MY 5/40	4.11	4.08	-3
30YR MZ 6/50	4.20	4.22	+2
IRS			
6-months	1.92	1.93	+1
9-months	1.93	1.93	-
1-year	1.94	1.95	+1
3-year	2.33	2.32	-1
5-year	2.60	2.59	-1
7-year	2.83	2.82	-1
10-year	3.07	3.04	-3

Source: Maybank KE

*Indicative levels

- Light trading in government bonds market, though yields recovered slightly from the belly to the long end on better buying by locals. New daily Covid cases in Malaysia crossed 11k yesterday, raising the risk of further delay in moving to Phase 2 of the National Recovery Plan. After the news, local banks bought 3y MGS and GII bonds on expectations of rates staying low for longer. 10y MGS also saw buying by local investors and banks, trading 1bp firmer.
- Despite marginally higher US rates overnight, MYR IRS rates which opened higher was met with aggressive receiving interests in the late afternoon. Market expectations of lower growth seemed to overtake the increase in fiscal budget deficit. 3M KLIBOR unchanged at 1.94%.
- PDS market saw a pickup in activity and short ends outperform the intermediates and long ends for high quality bonds. Yields were 1bp firmer at the short end and unchanged for longer tenors. GG was well bid at the front end, while the belly was mixed for GGs and AAAs alike. AA credits firmer at the belly and long end, with JEP bonds firmer by 2-3bps, while the front end was broadly unchanged.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.39	0.39	-
5YR	0.89	0.90	+1
10YR	1.46	1.48	+2
15YR	1.76	1.78	+2
20YR	1.80	1.83	+3
30YR	1.80	1.83	+3

Source: MAS (Bid Yields)

- SGS underperformed swaps as the curve bear steepened with yields up by 1-3bps, led by the ultra-long ends. Swap levels were little changed on the day, though the curve had a mild steepening bias as the front end followed forward points lower, while levels from the 7y onwards were driven higher in sympathy with UST yields.
- Asian USD credits traded firmer as equities rallied overnight and given uptick in UST yields. China and HK IGs generally tighter by 3-4bps in spreads with strong buying across tech and SOE benchmark names. Financials also tightened by 2-3bps with better buying in AMC and AT1s. India and Malaysia credits also saw better buying with spreads recovering 1-2bps, and most of the demand was in the 10y sector. For sovereign bonds, PHILIP and INDON softened in line with UST with spreads unchanged and prices lower by 0.25-0.35pts. That said, there was some buying support for INDOIS 2031. Korea and Japan IGs unchanged. HYs rose 0.50-0.75pts in price on better risk sentiment, and it was mostly driven by India HYs while investors had sidelined China HYs.

Indonesia Fixed Income

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Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.55	3.54	(0.01)
3YR	4.63	4.57	(0.06)
5YR	5.39	5.37	(0.02)
10YR	6.53	6.50	(0.04)
15YR	6.41	6.41	(0.01)
20YR	7.21	7.21	-
30YR	6.91	6.91	(0.00)

* Source: Bloomberg, Maybank Indonesia

- Indonesian government bonds strengthened yesterday. Investors took momentum for collecting Indonesian government bonds that offering attractive yields amidst recent appreciation trends on Rupiah. Yesterday, the Indonesian government successfully absorbed Rp12.5 trillion from its Sukuk auction. It's above initial government's indicative target by Rp11 trillion from this auction. Investors also had strong interest to participate this Sukuk auction. It can be seen by Rp51.11 trillion of total investors' incoming bids for this Sukuk auction.
- Nevertheless, we believe that the market players still have short term orientation on their investment position after watching recent results of strong U.S. inflation and unfavorable development on Indonesian highest record on daily cases of COVID-19. The market players may anticipate recent impacts of stronger US\$ to their investment portfolio, especially in the emerging markets, due to further expectation on immediate monetary adjustment by the Federal Reserve after seeing the latest result on the U.S. inflation. U.S. inflation data for June coming in hotter than expected, raising the prospect that inflationary concerns are set to linger. U.S. consumer prices rose by the most in 13 years in June amid supply constraints and a continued rebound in the costs of travel-related services from pandemic-depressed levels as the economic recovery gathered momentum. The consumer price index increased 0.9% MoM (5.4% YoY) last month, the largest gain since June 2008, after advancing 0.6% MoM (5.0% YoY) in May.
- Meanwhile, Indonesian government reported another highest record of daily COVID-19 cases. There were 47,899 confirmed cases in the 24 hours through midday Tuesday, with 864 people dying from the disease known as Covid-19. Aside from the COVID-19 factor, Indonesia has solid economic background that becomes the most reasonable factor for investors to put their investment position here. Moreover, Indonesian currency remained stable at below 14,600. It gives better investment valuation for foreigners to put Indonesian bonds on their portfolio. The country's government bonds are also offering very attractive yields, and having significant gap of investment return against bonds' yields from the developed countries, such as the U.S. government bonds. Long-dated U.S. Treasury yields rose on Tuesday after the Treasury Department drew weak demand for a \$24 billion sale of 30-year bonds, which came after data showed inflation in June jumped more than expected. Benchmark 10-year yields jumped to 1.415%, after getting as low as 1.343% earlier on Tuesday. Thirty-year note yields rose to 2.040% from 1.97% before the auction. The yield curve between five-year notes and 30-year bonds steepened to 120 basis points.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1911	110.94	0.7535	1.3945	6.4918	0.7051	131.4100	83.1663
R1	1.1843	110.79	0.7491	1.3879	6.4858	0.7000	130.8500	82.7747
Current	1.1780	110.53	0.7463	1.3820	6.4793	0.7015	130.2000	82.4810
S1	1.1740	110.34	0.7415	1.3774	6.4702	0.6907	129.9700	82.0367
S2	1.1705	110.04	0.7383	1.3735	6.4606	0.6865	129.6500	81.6903
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3603	4.1970	14520	50.4273	32.7730	1.6071	0.6489	3.1042
R1	1.3578	4.1945	14492	50.2147	32.7060	1.6015	0.6485	3.1022
Current	1.3556	4.2025	14505	50.1460	32.6600	1.5968	0.6490	3.1006
S1	1.3512	4.1880	14449	49.8647	32.5530	1.5931	0.6476	3.0986
S2	1.3471	4.1840	14434	49.7273	32.4670	1.5903	0.6471	3.0970

*Values calculated based on pivots, a formula that projects support/resistance for the day.

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	0.4307	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	22/7/2021	Easing Bias
BOT 1-Day Repo	0.50	4/8/2021	Easing Bias
BSP O/N Reverse Repo	2.00	12/8/2021	Easing Bias
CBC Discount Rate	1.13	23/9/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Neutral
RBI Repo Rate	4.00	6/8/2021	Easing
BOK Base Rate	0.50	15/7/2021	Tightening Bias
Fed Funds Target Rate	0.25	29/7/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	22/7/2021	Easing Bias
BOE Official Bank Rate	0.10	5/8/2021	Neutral
RBA Cash Rate Target	0.10	3/8/2021	Easing Bias
RBNZ Official Cash Rate	0.25	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	34,888.79	-0.31
Nasdaq	14,677.65	-0.38
Nikkei 225	28,718.24	0.52
FTSE	7,124.72	-0.01
Australia ASX 200	7,332.06	-0.02
Singapore Straits Times	3,166.81	0.63
Kuala Lumpur Composite	1,519.56	0.44
Jakarta Composite	6,012.03	-1.09
Philippines Composite	6,795.13	-1.72
Taiwan TAIEX	17,847.52	0.19
Korea KOSPI	3,271.38	0.77
Shanghai Comp Index	3,566.52	0.53
Hong Kong Hang Seng	27,963.41	1.63
India Sensex	52,769.73	0.76
Nymex Crude Oil WTI	75.25	1.55
Comex Gold	1,809.90	0.22
Reuters CRB Index	214.12	0.66
MBB KL	8.06	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	97	4.43	4.43	4.076
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	306	1.744	1.749	1.74
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	109	1.739	1.739	1.721
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	161	1.758	1.761	1.749
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	7	1.69	1.743	1.69
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	130	1.756	1.788	1.756
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	347	1.913	1.936	1.913
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	10	1.926	1.926	1.926
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	3	1.936	1.948	1.901
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	136	2.262	2.262	2.241
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	100	2.341	2.366	2.341
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	40	2.335	2.335	2.3
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	187	2.533	2.539	2.509
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	35	2.656	2.666	2.656
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	6	2.655	2.655	2.639
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	5	2.523	2.523	2.523
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	10	2.878	2.878	2.876
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	1	2.914	2.914	2.914
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	40	2.983	2.988	2.929
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	81	3.137	3.148	3.107
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	184	3.24	3.252	3.234
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	30	3.421	3.421	3.421
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	1	3.725	3.725	3.725
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	20	3.758	3.758	3.758
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	5	3.808	3.843	3.808
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	4	4.137	4.147	4.137
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	52	4.082	4.094	3.908
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.272	4.272	4.272
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	13	4.375	4.398	4.375
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	50	1.77	1.77	1.77
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	100	1.664	1.664	1.664
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	50	1.951	1.951	1.951
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	20	1.996	2.016	1.996
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	10	2.214	2.214	2.214
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	161	2.297	2.297	2.278
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	1	2.5	2.5	2.5
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	100	2.613	2.624	2.609
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	40	2.937	2.937	2.937
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	51	3.074	3.089	3.008
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	20	3.194	3.194	3.194
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	44	3.307	3.309	3.269
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	10	3.774	3.774	3.774
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	1	3.916	3.916	3.916

GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	10	3.97	3.97	3.97
GII MURABAHAH 2/2021 4.417% 30.09.2041	4.417%	30-Sep-41	1	4.228	4.228	4.228
Total			2,788			

Sources: BPAM

MYR Bonds Trades Details								
PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low	
DANAINFRA IMTN 4.080% 18.08.2023 - Tranche No 79	GG	4.080%	18-Aug-23	30	2.162	2.162	2.162	
LPPSA IMTN 4.280% 06.09.2024 - Tranche No 15	GG	4.280%	06-Sep-24	35	2.459	2.459	2.459	
LPPSA IMTN 4.320% 04.04.2025 - Tranche No 19	GG	4.320%	04-Apr-25	30	2.589	2.589	2.589	
FELDA IMTN 3.040% 24.03.2026	GG	3.040%	24-Mar-26	5	3	3	3	
DANAINFRA IMTN 4.840% 11.02.2039 - TRANCHE 8	GG	4.840%	11-Feb-39	20	4.291	4.291	4.289	
PLUS BERHAD IMTN 4.480% 12.01.2023 - Series 1 (7)	AAA IS	4.480%	12-Jan-23	10	2.36	2.38	2.36	
SEB IMTN 5.000% 04.07.2024	AAA	5.000%	04-Jul-24	70	2.833	2.84	2.833	
TOYOTA CAP MTN 1249D 18.10.2024 - MTN10	AAA (S)	3.500%	18-Oct-24	20	3.317	3.35	3.317	
DANGA IMTN 4.600% 23.02.2026 - Tranche 6	AAA (S)	4.600%	23-Feb-26	20	2.962	2.964	2.962	
SEB IMTN 4.850% 19.01.2027	AAA	4.850%	19-Jan-27	70	3.357	3.363	3.357	
PLUS BERHAD IMTN 5.070% 10.01.2031 - Series 1 (15)	AAA IS	5.070%	10-Jan-31	15	3.8	3.8	3.8	
RANTAU IMTN 0% 16.01.2032 - Tranche No 10	AAA (S)	5.000%	16-Jan-32	10	3.829	3.845	3.829	
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	1	4.7	4.975	4.7	
UGB IMTN 4.73% 21.06.2022 - Issue No. 1	AA2	4.730%	21-Jun-22	22	2.525	2.535	2.525	
AEON CO. IMTN 3.095% 13.07.2022	AA2	3.095%	13-Jul-22	48	3.054	3.054	3.054	
OSK RATED IMTN 4.390% 28.04.2028 (Series 002)	AA IS	4.390%	28-Apr-28	10	4.088	4.101	4.088	
OSK RATED IMTN 4.520% 30.04.2031 (Series 003)	AA IS	4.520%	30-Apr-31	10	4.249	4.251	4.249	
WCT IMTN 5.320% 11.05.2022	AA- IS	5.320%	11-May-22	20	3.844	3.857	3.844	
PTP IMTN 3.950% 18.06.2027	AA- IS	3.950%	18-Jun-27	10	3.638	3.641	3.638	
MMC CORP IMTN 5.950% 12.11.2027	AA- IS	5.950%	12-Nov-27	20	3.977	3.981	3.977	
JEP IMTN 5.740% 04.06.2029 - Tranche 17	AA- IS	5.740%	04-Jun-29	120	4.148	4.161	4.148	
JEP IMTN 6.240% 04.06.2032 - Tranche 23	AA- IS	6.240%	04-Jun-32	30	4.474	4.509	4.474	
JEP IMTN 6.280% 03.12.2032 - Tranche 24	AA- IS	6.280%	03-Dec-32	10	4.499	4.519	4.499	
TG EXCELLENCE SUKUK WAKALAH (TRANCHE 1)	AA- IS (CG)	3.950%	27-Feb-20	1	4.159	4.159	4.159	
G KENT IMTN 26.03.2026	A+ IS	5.500%	26-Mar-26	20	5.199	5.202	5.197	
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	20	2.923	2.935	2.923	
Total				677				

Sources: BPAM

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