

# Global Markets Daily

## Focus Today on US Payrolls and RBI MPC

### FX Markets Mixed

Key focus today on US payrolls (830pm SG/MY time). Consensus is looking for NFP to accelerate to +900k, from 850k in Jun. With maximum employment one of Fed's dual mandate, stronger jobs data could further reinforced market expectations looking for the Fed to bring forward policy normalisation timeline. This could support USD. On FX markets, GBP continued to hold on to gains as BoE signalled modest tightening ahead while CAD firmed on oil price gains and jump in trade surplus. AUD traded modestly softer this morning on dovish comments from RBA's Lowe (but they are not new) while PHP and THB remain laggards. Ahead of US payrolls, bearish momentum in some USD/AXJs, such as USDKRW may be restrained as we look for USD/AXJs to trade sideways intra-day.

### RBI MPC (1230pm SG/MY Time) - On Hold

We expect the RBI to keep all its policy rates unchanged with key repo rate at 4.00%. Reverse repo at 3.35% and cash reserve ratio at 4.00%. Concerns of rising infections and weak monsoon season could mean that the risk is to the upside for RBI's QE packages. The front end of the curve fell with 2y showing a steep drop of almost 60bps in the past week (a week to 29 Jul) in anticipation of more easing. In the meantime, inflation concerns keep the 10y on the upmove to levels around 6.22%, a 15bps in the same period. The central bank has conducted two tranches of OMO to purchase G-Secs under the Government Securities Acquisition programme. This was first announced at the Jun MPC in order to keep the sovereign curve stable and liquidity conditions ample. Various liquidity facilities should remain available including the on-tap liquidity window for contact-intensive sectors amongst others

### US Payrolls, MY, TH FX Reserves on Tap Today

Today brings US unemployment rate, average hourly earnings, NFP; German, Italian IPs; FX reserves from Malaysia and Thailand.

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### G7: Events & Market Closure

Date	Ctry	Event
3 Aug	AU	RBA Policy Decision
5 Aug	UK	BoE Policy Decision

### Asia Ex JP: Events & Market Closure

Date	Ctry	Event
4 Aug	TH	BoT Policy Decision
6 Aug	IN	RBI Policy Decision

### FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1834	↓ -0.03	USD/SGD	1.351	→ 0.00
GBP/USD	1.3931	↑ 0.30	EUR/SGD	1.5987	↓ -0.03
AUD/USD	0.7405	↑ 0.35	JPY/SGD	1.2306	↓ -0.28
NZD/USD	0.7057	↑ 0.13	GBP/SGD	1.8819	↑ 0.29
USD/JPY	109.77	↑ 0.26	AUD/SGD	1.0004	↑ 0.35
EUR/JPY	129.9	↑ 0.23	NZD/SGD	0.9534	↑ 0.15
USD/CHF	0.907	↑ 0.02	CHF/SGD	1.4899	↓ -0.03
USD/CAD	1.2506	↓ -0.27	CAD/SGD	1.0806	↑ 0.32
USD/MYR	4.2165	↓ -0.09	SGD/MYR	3.1214	↓ -0.27
USD/THB	33.257	↑ 0.40	SGD/IDR	10618.28	↑ 0.08
USD/IDR	14343	↑ 0.21	SGD/PHP	37.2009	↑ 0.82
USD/PHP	50.245	↑ 0.97	SGD/CNY	4.7844	↑ 0.03

Implied USD/SGD Estimates at 6 August 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3324	1.3596	1.3868

## G7 Currencies

■ **DXY Index - Payrolls in Focus.** USD continued to trade mixed overnight. GBP continued to hold on to gains as BoE signalled modest tightening ahead while CAD firmed on oil price gains and jump in trade surplus. AUD traded modestly softer this morning on dovish comments from RBA's Lowe (but they are not new) while PHP and THB remain laggards. Key focus today on US payrolls (830pm SG/MY time). Consensus is looking for NFP to accelerate to +900k, from 850k in Jun. With maximum employment one of Fed's dual mandate, stronger jobs data could further reinforced market expectations looking for the Fed to bring forward policy normalisation timeline. This week's Fed speaks senior officials/ voters - Clarida, Waller and Daly is potentially setting the stage for FoMC to signal or announce tapering plans at the upcoming Jackson Hole Symposium (26 - 28 Aug). Waller said that Fed could start to reduce its support for the economy by Oct if the next 2 monthly jobs reports each show employment rising by 800k - 1mio. In particular he said that "we should go early and go fast, in order to make sure we're in position to raise rates in 2022, if we have to". Daly said that CPI to make "substantial further progress" in 2021 or 2022 and that Fed taper could start late-2021 or early 2022. Fed vice chair Clarida said he could support announcing a reduction in asset purchases later this year if his baseline outlook does materialise. He added that conditions for first rate hike will be met by end-2022, allowing for first hike to occur in 2023. On inflation, he said that the risks of higher inflation are greater than the risks of low inflation. And if core PCE remains above 3%, that would be a higher than a moderate overshoot of the Fed's 2% target that the Fed is aiming for. Clarida's timeline for Fed normalisation is consistent with ours, but his remarks on inflation suggests he may seem more concerned of inflationary pressures being more persistent than transitory. Though he stopped short of saying what policy responses would entail if inflation more than overshoots, markets could pre-emptively expect a faster pace of normalisation especially when FoMC voters for 2022 tilt more hawkish than in 2021. Potential monetary policy divergence in favour of US could weigh more on negative/zero yielding FX including EUR, CHF and JPY. DXY was modestly higher; last seen at 92.35 levels. Bearish momentum on daily chart intact though there are signs of it fading while RSI is rising. Risks to the upside. Resistance at 92.50 (21 DMA), 93.2 and 93.5 levels. Support at 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.30/50 levels (50, 100, 200DMAs, 50% fibo) and 91 levels (38.2% fibo). Day ahead brings Unemployment rate, average hourly earnings, NFP (Jul).

■ **EURUSD - Downside Risk.** EUR was a touch softer as Fed policy divergence weighed on negative yielding FX including EUR. Pair was last seen at 1.1825 levels. Bullish momentum on daily chart waned while RSI fell. Risks skewed to the downside in the interim. Support at 1.1780, 1.1750 levels. Resistance at 1.1830/40 (21DMA, 76.4% fibo retracement of Mar low to May high), 1.1900/25 (61.8% fibo) and 1.1990/1.2010 levels (200 DMA, 50% fibo). We stick to our caution for softer EUR owing to the recent floods in Europe

(estimated to cost EUR6bn for Germany) that is likely to affect global supply chain as well as pose potential political backlash to Germany (to hold federal elections (26-27 Sep) as the Greens party could potentially swing it to their advantage riding on climate change and this could mount some challenges on Merkel's party (a potential negative on EUR). That said we do not expect EUR softness (owing to political factor) to persist or translate into massive sell-off. Instead we still caution a surprise hawkish tilt for ECB should not be ruled out at its Sep meeting especially when markets are positioned for dovish ECB. Though ECB stressed that factors driving inflation are transitory, it is also equally important to note that the 2% inflation target for ECB is symmetrical. Persistent upticks in coming months and more broadly for most European countries could perhaps tilt ECB policymakers to contemplate a gradual removal of easy money. Recall that German inflation jumped to more than 10-year high of 3.1% for Jul and the Bundesbank had cautioned that inflation could rise as high as 4% this year.

- **GBPUSD - BoE Signals Readiness to Tighten.** GBP held on to gains as BoE signalled modest tightening ahead. BoE raised inflation forecasts - rising to 4% in 4Q 2021 and 1Q 2022 as **the economy is projected to experience a more pronounced period of inflation in the near term** due to rising energy and other goods prices (which are set to moderate in medium term). Monetary Policy Report (MPR) noted that "should the economy evolve broadly in line with the central projections, some modest tightening of monetary policy over the forecast period is likely to be necessary to be consistent with meeting the 2% inflation target sustainably in the medium term". On growth, UK economy is expected to expand by 5% for 2Q but BoE Governor Bailey stressed that level of economic activity remains about 4% below 2019 pre-pandemic levels. BoE now projects UK economy to expand at a slower pace of 3% in 3Q owing to recent covid surge and hundreds of thousands of workers being asked to self-isolate however the UK economy is projected to reach pre-pandemic levels in 4Q 2021. **On policy normalisation sequencing, BoE intends to reduce the stock of purchased assets when BoE has raised rates to 0.50% (currently at 0.10%).** MPR forecasted interest rate to reach 0.5% in 3Q 2024 after hitting 0.20% in 3Q 2022 - **a much gradual pace of tightening.** Markets are expecting the BoE to tighten by 25bps by Mar-Jun 2022. Elsewhere MPC voted 8-0 to keep rates on hold and 7-1 to keep APP unchanged. Michael Saunders was the sole dissenter and had voted for government bond purchases to be reduced by GBP45bn. We opined that BoE's slight hawkish tilt, signalling its readiness to tighten should provide marginal support to GBP. Further progress in vaccination, signs of ongoing spread coming under control and growth momentum unperturbed could see BoE adopt mini steps towards its first rate hike possibly as early as 1H 2022. GBP was last seen at 1.3920 levels. Bullish momentum on daily chart intact but RSI is falling. Downside risks not ruled out. Support at 1.3830 (38.2% fibo), 1.3750 (200 DMA). Resistance at 1.3910/30 (50 DMA, 50% fibo), 1.3990 (61.8% fibo retracement of Jun high to Jul low), 1.4080 levels (76.4% fibo).

■ **USDJPY - *Larger Two-way Swings; Supported.*** Pair last seen at 109.85, continuing to creep higher for most of yesterday. Moves were largely in line with our earlier bias for support/buy-on-dips for the pair. Positive correlation between Nikkei and USDJPY seems to be holding up in recent months, and signs of support for Japanese equities (after slipping in Jun-Jul) could mean modest support for the USDJPY as well. Meanwhile, uptrend in daily Covid cases continues. JPY's haven status could be negatively impacted if domestic Covid risks escalate further. Bearish momentum on daily chart shows signs of moderating while RSI is not showing a clear bias. Support at 109.00 (61.8% fibo retracement of Apr low to Jul high), before 108.45 (76.4% fibo), 107.50 (Apr low). Resistance at 110.10 (38.2% fibo), 111.70 (23.6% fibo), 111.70 (Jul high). Leading index due today.

■ **NZDUSD - *Supported.*** NZD held ground; last seen at 0.7045 levels. Daily momentum is bullish while RSI is flat. Immediate resistance at 0.7050/60 (50DMA, 38.2% fibo retracement of May high to Jul low, upper bound of bearish trend channel) needs to be broken for NZD bulls to gather further momentum. A decisive break above this can see bulls gain further momentum towards 0.71 (100, 200 DMAs), 0.7150 (61.8% fibo). Support at 0.6985 (23.6% fibo), 0.6920 levels. To recap this week, unemployment rate fell to near 2018-lows of 4% (vs. 4.4% expected vs. 4.7% in 1Q), employment rose 1% q/q (vs. 0.7% expected vs. 0.6% in 1Q) while hourly earnings picked up pace to +0.7% q/q (vs. -0.1% in 1Q). Recall that RBNZ's other policy mandate is to support maximum employment. Now with labor market strength alongside RBNZ's surprise hawkish shift (to end QE on 23rd Jul) and the unexpected surge in headline CPI (3.3% y/y in 1Q), breaching RBNZ's target range of 1% - 3% for the first time in a decade, a 25bps early hike in the OCR at 18<sup>th</sup> Aug MPC looks like a done deal.

■ **AUDUSD - *Skew to the Upside.*** AUDUSD lost its grip on the 0.74-handle this morning when Lowe told the parliamentary panel that the central bank is ready to "act in response to further bad news on the health front that affects the outlook for the economy over the year ahead". For now, the central bank is likely to stick its original plan of tapering as he opined that fiscal policy is more appropriate for temporary and localised impact on income. He noted that household spending is 15% lower than otherwise in areas that are affected by lockdown and even added that he welcomes lower exchange rate from monetary stimulus. Meanwhile, Melbourne and the rest of Victoria has gone into lockdown for the 6<sup>th</sup> time. The lockdown will last for 7 days till 11<sup>th</sup> Aug from Thu. Queensland is in lockdown (with an announcement of business support package) until 8<sup>th</sup> Aug while NSW (Greater Sydney and other regions of NSW) are scheduled to end lockdown only on 28<sup>th</sup> Aug (at the earliest). Hunter valley region is also placed in a 7-day lockdown till 11<sup>th</sup> Aug. Once again, half of Australia is under the strict social restriction rules with violent protests erupting in the Melbourne CBD. On the covid situation at home, daily infections continue to rise with 7-dma infections recorded at 260 for 3 Aug. Right now, Australia has 16% of its people fully vaccinated and 34.0% given at least one dose. We

*like to keep in mind that the Federal government has set a target to get 80% of its adult population fully vaccinated by Dec for the nation to move to a “consolidation” phase of the national pandemic exit plan. Named Operation Covid Shield, the Federal document outlined an acceleration in the delivery and distribution of vaccines by mid-Oct with workplace vaccination and retail hubs to begin pilot program then. On the daily chart, the AUDUSD pair remains close to the 21-dma (0.7395), last printed 0.7390. Momentum is bullish and the clearance of the 0.74-figure (decisively) is plausible with next resistance seen at 0.7432, before 0.7480/0.7500 region. Support at 0.7340 before 0.7280. RBA SoMP is released today too.*

- **USDCAD - *Lean Against Strength*.** USDCAD slipped overnight on better risk sentiment, higher crude and softer USD. Data helped - Jul trade balance swung to a C\$3.23bn surplus because of the strong energy export receipts which resulted in an energy trade surplus of \$8.9bn. Non-energy trade deficit also narrowed to C\$5.7bn from previous -\$8.7bn. The 21-dma at 1.2546 continues to act as a cap and the USDCAD last printed 1.2510. MACD is still bearish and stochastics seem to show less directional bias. We retain our view to lean against the USDCAD strength as we look for eventual outperformance of the CAD vs. its peers given its high vaccination rate that allows the country to open borders to fully vaccinated Americans on 9 Aug and other international travellers a month later. It is increasingly clear that high vaccination rate should protect Canada from a health crisis, as shown by the UK. As of 4 Aug, the share of population given at least one dose is 72% and fully vaccinated makes up 61%, surpassing that of the UK on both measures. The condition for borders to be re-opened was a vaccination rate of 75%. The UK has proven that vaccinations can keep mortality and hospital admission rates low. So that could mean the same for Canada, skewing risks to the upside for the CAD. Jul labour report is due on Fri..

## Asia ex Japan Currencies

SGD trades around +0.58% from the implied mid-point of 1.3596 with the top estimated at 1.3324 and the floor at 1.3868.

- **USDSGD - Down-moves May Slow.** USDSGD last seen at 1.3517, mirroring dollar DXY in seeing largely two-way swings yesterday. Retail sales grew by +25.8%y/y in June. While this was partly on base effects, we note that the m/m SA sequential reading is positive at +1.8% as well. Near-term curbs could hold back Jul-Aug spending, but robust fundamentals and seasonal effects will likely bode well for domestic consumption trends into end-year. Given lack of other key domestic sentiment catalysts, near-term biases in USDSGD could mirror broad dollar moves to a larger extent. With DXY showings signs of support on dips, pace of USDSGD down-moves may slow. Momentum on USDSGD daily chart is modestly bearish, while RSI is not showing a clear bias. Resistance at 1.36, 1.3690 (Jul high), 1.3780. Support nearby at 1.3500 (38.2% fibo retracement from Jun low to Jul high), before 1.3440 (50.0% fibo), 1.3380 (61.8% fibo).
- **AUDSGD - Bearish Bias.** Cross was last seen around 0.9986 with the route of least resistance still to the downside. The 21-dma at 1.0026 continues to cap bullish attempts 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. Bullish divergence is seen but no signs of that playing out at this point. Support levels at parity before the next at 0.9920.
- **SGDMYR - Bullish Momentum Fading.** SGDMYR was last seen at 3.1210 levels. Bullish momentum on daily chart is waning while RSI is falling from near overbought conditions. Sideways trade with bias to the downside. Support at 3.1140 before 3.1040 (21, 50 DMAs). Resistance at 3.1350 levels (May high) and 3.15 levels.
- **USDMYR - 21DMA Needs to Break for Downside to Intensify.** USDMYR was a touch firmer this morning (vs. yesterday's close). Last seen at 4.2205 levels. Daily momentum is mild bearish while RSI showed signs of turning higher. A bounce is not ruled out but bias to sell rallies. We also noted a bearish divergence on RSI. We stick to our view - to see room for retracement lower but likely key support at 4.2160 (21 DMA) needs to be broken for bearish pressure to pick up. Next support at 4.1850 levels (23.6% fibo retracement of 2021 low to high) and 4.17 levels (50 DMA). Resistance at 4.2450 (upper bound of bullish trend channel), 4.25 levels.
- **1m USDKRW NDF - Bearish Momentum.** 1m USDKRW NDF slipped, in line with our call for downside play. Pair was last seen at 1143 levels. Daily momentum is bearish with RSI falling. Risks remained skewed to the downside for now. Support here at 1142 and 1138 levels. Resistance at 1146, 1148 (21 DMA) and 1155 levels.
- **USDCNH - Unperturbed.** The USDCNH pairing remained little moved within narrow range of 6.45-6.47. At home, focus is increasingly on the delta variant that has spread to almost half the country. A health



official was cited by the state media saying that the current containment measures have been effective against delta, assuring that the vaccine doses administered also demonstrate good preventive and protective effects against the variant. Equity indices closed flat yesterday while 10y yield last printed 2.82%, keeping within the 2.80-2.85% range seen for this week so far. **Risk appetite is unlikely to improve drastically in the near-term given the broad spread in the delta variant and lingering anticipation for further regulatory tweaks. Hence, expect demand for Chinese government bonds to remain and yields to remain largely suppressed at current levels. The USDCNY reference rate was fixed at 6.4625 vs 6.4624 estimated.** On the daily chart, USDCNH was last at 6.4620. We still look for action to remain within the narrow range of 6.45-6.47. Next support beyond the 6.45-figure seen at 6.4461 (50-dma). The 38.2% Fibonacci retracement of the Apr-May decline at 6.4080 marks the next support. 2Q Current account balance is due Fri before Jul trade data on Sat. In other news, DJ reported that nearly three dozens of business groups (retailers, chip makers, farmers amongst others) urged the Biden administration to restart trade talks with China in a letter addressing USTR Katherine Tai and Treasury Secretary Janet Yellen, highlighting that China met “important benchmarks and commitments” in the trade deal. This could be the start of the turning point for US-China under the Biden administration with regards to trade and set the stage for warmer ties between US-China.

- **USDINR NDF - Bearish Bias Intact.** The 1M NDF remained a tad biased to the downside and was last at 74.33, pressuring the lower bound of the 74.30-74.80 range. MACD is bearish and risks are still skewed to the downside. Eyes on RBI decision today and the covid cases at home. Support at 74.30 before area of support around 74.00 (50,100,200-dma). We expect BI to keep all its policy rates with key repo rate at 4.00%. Reverse repo at 3.35% and cash reserve ratio at 4.00%. Concerns of rising infections and weak monsoon season could mean that the risk is to the upside for RBI's QE packages. The front end of the curve fell with 2y showing a steep drop of almost 60bps in the past week (a week to 29 Jul) in anticipation of more easing. In the meantime, inflation concerns keep the 10y on the upmove to levels around 6.22%, a 15bps in the same period. The central bank has conducted two tranches of OMO to purchase G-Secs under the Government Securities Acquisition programme. This was first announced at the Jun MPC in order to keep the sovereign curve stable and liquidity conditions ample. Various liquidity facilities should remain available including the on-tap liquidity window for contact-intensive sectors amongst others.
- **USDVND - Bearish Bias, Rebound Risk.** The pair closed at 22949 on 5 Aug vs. 22950 on the day prior. This pair finds strong support around 22937. MACD is bearish but stochastics show signs of rebound. Next support is seen at 22888. 23072 remains as a resistance before the next at 23100. Broader USD weakness and SBV's pledge not to engage in “competitive devaluation” have kept the USDVND pairing on the decline alongside equity gains. However, we see potential for VND to weaken in the near-term, a retracement after a rather sharp rally.

Focus remains on Covid situation at home 7-day average infections at 8302 as of 1 Aug. Daily cases remain elevated with no signs of significant easing in infections yet. The Ministry of Industry and Trade urged the movement of containers from overlaid Cat Lai port to other ports in the city or even provinces like Dong Nai and Binh Duong. Covid restrictions had resulted a delay in the transportation of containers to businesses.

- **1M USDIDR NDF - *Supported on Dips***. Last seen near 14,400, climbing modestly versus levels seen yesterday morning. US NFP tonight could swing markets. Any modest slippage in NFP versus expectations may not dampen market sentiments much, given reassurance of a patient Fed. But any larger negative shock in US jobs data could lead to incremental growth concerns in the US and potentially weigh on the dollar. This could in turn pressure the USDIDR downwards a tad. Still, domestic growth worries remain intact. Our economist team cuts 2021 GDP growth forecast to +4.2% (from +4.8%), given the prolonged movement restrictions in 3Q and slow vaccine rollout, even as GDP growth turned positive (+7.1%) in 2Q for the first time since 1Q20 (vs. last year's lockdown-induced low base). Household expenditure and investment contributed the most to growth. Manufacturing and exports may be disrupted in July as export-oriented sectors were restricted to 50% capacity under the Level 4 restrictions. Domestic growth and Fed tapering concerns may keep the 1m NDF supported on dips in the interim. Momentum on daily chart is modestly bearish while RSI is not showing a clear bias. Resistance at 14,520 (21-DMA), 14,680 (Jul high), 14,740 (Mar high). Support at 14,340 (200-DMA), before 14,200 (Jun low).
- **USDTHB - *Buoyant***. Last seen at 33.37, remaining on the up-move. Market narratives remain focused largely on the negatives, including Covid contagion in factories (threatening sole bright spot of exports), tourism recovery being pushed further out, BoT's growth downgrade, potential divergence in policy stance between Thailand and majors/regional peers who are seeing faster recovery from the pandemic. THB could remain a laggard versus its regional peers, until signs of tapering in the case count trajectory sets in. Nonetheless, contingent on the outbreak easing by 4Q, we keep our end-2021 forecast unchanged near the 32-handle for now. On technicals, momentum indicator is not showing a clear bias while RSI suggests overbought conditions. Resistance at 33.20 (2020 high) has been breached. Next at 33.50 (2018 high). Support at 32.50 (23.6% fibo retracement from Jun low to Jul high), before 32.00 (50.0% fibo). CPI for Jul came in at 0.45%/y (vs. expected 0.88%).
- **1M USDPHP NDF - *Step-up***. NDF last seen at 50.50, seeing a >1% step-up yesterday afternoon. Exact driver was unclear, but markets attributed the worsening in PHP sentiments to (i) expectations for a reduction in the RRR (currently 12%), which could lead to incremental supply of PHP in the FX markets (even as intention is for increased credit creation), and (ii) 2-week lockdown in Manila from 6 to 20 Aug. We note though, that the lockdown had actually been announced last week. Bouts of negativity tied to interim lockdowns have tended to fade earlier as well. Directional bias for the 1m NDF could be bearish



into next two weeks. Momentum on daily chart is modestly bearish (albeit moderating), while RSI is seeing an uptick. Support at 49.50 (50% fibo retracement from Jun low to Jul high), 49.10 (61.8% fibo). Immediate resistance at 50.50 (23.6% fibo), before 51.50 (Jul high). Growth in imports (34.2%y/y vs. expected 28.2%) and exports (17.6% vs. 9.7%) for Jun modestly outperformed expectations.

## Malaysia Fixed Income

### Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.28	2.27	-1
5YR MO 11/26	2.63	2.62	-1
7YR MS 6/28	2.99	2.99	Unchanged
10YR MO 4/31	3.16	3.19	+3
15YR MS 5/35	3.70	3.70	Unchanged
20YR MY 5/40	3.99	3.98	-1
30YR MZ 6/50	4.25	4.28	+3
IRS			
6-months	1.93	1.93	-
9-months	1.93	1.93	-
1-year	1.94	1.94	-
3-year	2.31	2.31	-
5-year	2.56	2.56	-
7-year	2.82	2.83	+1
10-year	3.00	3.00	-

Source: Maybank KE

\*Indicative levels

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- Government bonds market quieter with light trading volume, except for the 3y GII, 5y MGS and 30y MGS benchmarks. Short end yields were flat or 1bp lower, while mid and long end yields were broadly flat to 3bps higher. The 30y MGS auction garnered healthy bid-to-cover ratio of 2.28x and the 4.289% average yield was above the last taken WI before auction closing. Not much follow through buying in the afternoon as sentiment remained cautious.
- MYR IRS market had a dull session with no rates dealt and the curve barely changed from previous day. Reckon levels could stay sideways until after the US NFP data release. 3M KLIBOR remained the same at 1.94%.
- For PDS, GG space was rather quiet with Danainfra 2023 trading 2bps weaker. Buying momentum continued in AAA and it was one of the more active space. AAA yields down 2-5bps at the belly and front end, seeing demand for Danum, PLUS and Sarawak Hidro. AA space was rather active with credits trading unchanged to 2bps firmer at the front end and belly, led by QSP and Press Metal. Local real money demand had been the main driver this week.

## Singapore Rates and AxJ USD Credit

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.36	0.36	-
5YR	0.75	0.76	+1
10YR	1.31	1.33	+2
15YR	1.60	1.63	+3
20YR	1.66	1.68	+2
30YR	1.70	1.72	+2

Source: MAS (Bid Yields)

- UST curve bear flattened overnight following QE tapering comments by Fed vice chair Clarida. SGS curve bear steepened further as sentiment has been weak at the long end since the infrastructure bond reveal with yields up 2-3bps, while rest of the curve was flat or +1bp. SOR climbed 1-4bps, while SORA outperformed driven by large paying flows in 5y SOR-SORA which widened the basis by about 3bps.
- Asian credits weakened after the Fed vice chair sounded hawkish overnight. USTs were sold off along with equities and credit spreads widened. IG spreads either widened 2-3bps or were quoted wider on the bid side. Sovereign bond spreads unchanged, but prices declined. HRINTH curve saw better bids which pushed up prices by 1-2pts for the seniors, and the positive tone led to marginal buying in other AMC names. Malaysian IGs unchanged with thin liquidity as market remained cautious of the space. Market turn to the US NFP release.

## Indonesia Fixed Income

## Rates Indicators

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IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
<b>1YR</b>	3.60	3.11	(0.49)
<b>3YR</b>	4.79	4.81	0.01
<b>5YR</b>	5.09	5.12	0.03
<b>10YR</b>	6.26	6.28	0.02
<b>15YR</b>	6.31	6.31	0.01
<b>20YR</b>	7.01	7.03	0.02
<b>30YR</b>	6.87	6.87	(0.00)

\* Source: Bloomberg, Maybank Indonesia

- Indonesian government bonds weakened yesterday although Indonesian economy is announced rebounding by 7.07% YoY in 2Q21. Some market players took this momentum for realizing their profits by applying strategy “sell on rally”. Then, it seemed that the market players chose to “wait & see” for watching the latest developments on the U.S. labor condition and Indonesian daily cases on COVID-19. Tonight’s labor report for U.S. employment in July is seen as being optimistic but critical to Fed policymakers deciding when to begin tapering support for the economy. Actually, Indonesia’s government bonds became an attractive destination for global investors that seeking relative high investment yields with sound fundamental background, amidst recent dropping the U.S. Treasury yields due to further uncertainty on the Fed’s decision on monetary normalization during the new outbreak of COVID-19 by Delta Variant. Moreover, the yields gap between Indonesian government bonds and U.S. Treasury Notes remain wide (by 504 bps for 10Y as of today). U.S. Treasury yields rose on Thursday as risk sentiment improved after a healthy jobless claims report, a day ahead of more detailed employment data. The benchmark 10-year yield was up 3.8 basis points at 1.2219%.
- Indonesian economy has come back on the positive record by 7.07% YoY in 2Q21, driven by the advantage of low base year effect, stronger private household consumption during Moslem Festivities event, sustainability on the government’s spending for the social safety net & the Civil Servant’s annual bonus payments, increasing people mobility before the attacks of COVID-19 virus by Variant Delta, and the benefit of stronger prices on Indonesian mainstay exported commodities. Then, we expect Indonesian economy to grow positive by range level 2.40% - 4.0% in 2021 amidst recent uncertainty on the economic recovery progress due to the Variant Delta’s attacks since the end of Jun-21. However, we expect recent surging on the Variant Delta’s attacks to be subdued after seeing the latest improvement condition on the bed occupancy rate on some provinces, such as DKI Jakarta, Jawa Barat, and Banten. Furthermore, we believe further result on Indonesian economic growth in 2Q21 to sustain recent rallies trends on Indonesian financial markets.
- For the fixed income side, we foresee investors to keep having strong interests to short-medium tenor of Indonesian government bonds as their parts of short term investment’s strategy on the emerging countries. We believe that several government bonds series, FR0086, FR0087, FR0088, FR0090, FR0091, and FR0092, are quite attractive for investors. The market players still have short term orientation on their investment position after watching recent results of Indonesian relative high record on daily cases of COVID-19.

## Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1869	110.04	0.7439	1.3994	6.4719	0.7093	130.2733	81.7317
R1	1.1851	109.91	0.7422	1.3962	6.4669	0.7075	130.0867	81.5043
<b>Current</b>	1.1827	109.84	0.7397	1.3923	6.4630	0.7047	129.9100	81.2450
S1	1.1822	109.52	0.7382	1.3886	6.4557	0.7038	129.6367	80.9003
S2	1.1811	109.26	0.7359	1.3842	6.4495	0.7019	129.3733	80.5237

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3537	4.2334	14376	50.7350	33.4023	1.6020	0.6550	3.1328
R1	1.3523	4.2250	14360	50.4900	33.3297	1.6004	0.6538	3.1271
<b>Current</b>	1.3516	4.2205	14345	50.2700	33.2900	1.5986	0.6530	3.1228
S1	1.3495	4.2093	14326	49.8810	33.1247	1.5973	0.6514	3.1170
S2	1.3481	4.2020	14308	49.5170	32.9923	1.5958	0.6502	3.1126

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	0.4294	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	19/8/2021	Easing Bias
BOT 1-Day Repo	0.50	29/9/2021	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	26/8/2021	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	18/8/2021	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
<b>Dow</b>	35,064.25	0.78
<b>Nasdaq</b>	14,895.12	0.78
<b>Nikkei 225</b>	27,728.12	0.52
<b>FTSE</b>	7,120.43	-0.05
<b>Australia ASX 200</b>	7,511.15	0.11
<b>Singapore Straits Times</b>	3,175.10	-0.25
<b>Kuala Lumpur Composite</b>	1,495.78	0.30
<b>Jakarta Composite</b>	6,205.42	0.75
<b>Philippines Composite</b>	6,547.27	-0.58
<b>Taiwan TAIEX</b>	17,603.12	-0.12
<b>Korea KOSPI</b>	3,276.13	-0.13
<b>Shanghai Comp Index</b>	3,466.55	-0.31
<b>Hong Kong Hang Seng</b>	26,204.69	-0.84
<b>India Sensex</b>	54,492.84	0.23
<b>Nymex Crude Oil WTI</b>	69.09	1.38
<b>Comex Gold</b>	1,808.90	-0.31
<b>Reuters CRB Index</b>	215.15	0.76
<b>MBB KL</b>	8.04	0.37

## 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	105	1.749	1.75	1.749
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	394	1.629	1.771	1.629
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	853	1.752	1.799	1.692
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	1	1.771	1.771	1.688
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	1	1.696	1.7	1.696
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	2	1.893	1.893	1.893
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	42	2.281	2.284	2.266
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	51	2.316	2.316	2.261
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	61	2.323	2.343	2.323
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	34	2.554	2.554	2.523
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	51	2.657	2.657	2.638
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	130	2.658	2.667	2.624
MGS 2/2006 4.709% 15.09.2026	4.709%	15-Sep-26	14	2.659	2.659	2.602
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	208	2.626	2.632	2.612
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	60	2.854	2.854	2.821
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	18	2.895	2.907	2.873
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	66	2.994	2.994	2.965
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	21	3.168	3.181	3.166
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	21	3.21	3.21	3.185
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	55	3.169	3.187	3.148
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	3.296	3.296	3.296
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	11	3.679	3.68	3.669
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	1	3.727	3.727	3.727
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	163	3.822	3.843	3.798
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	152	3.709	3.713	3.7
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	2	3.945	3.945	3.928
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	67	3.993	4.009	3.908
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.254	4.296	4.254
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	2	4.378	4.378	4.378
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	1	4.384	4.384	4.35
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	10	4.28	4.28	4.252
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	90	1.757	1.793	1.757
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	2	1.692	1.692	1.692
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	1	1.801	1.812	1.801
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	51	1.997	1.997	1.969
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	10	2.324	2.324	2.324
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	225	2.314	2.317	2.312
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	60	2.613	2.622	2.613
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	14	2.979	2.979	2.97
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	10	2.983	2.983	2.983
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	20	3.229	3.229	3.229
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	74	3.289	3.3	3.289
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	1	3.727	3.727	3.727
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	1	3.94	3.94	3.94



GII MURABAHAH 1/2021 3.447%						
15.07.2036	3.447%	15-Jul-36	8	3.893	3.893	3.893
GII MURABAHAH 2/2019 4.467%						
15.09.2039	4.467%	15-Sep-39	90	4.283	4.283	4.277
GII MURABAHAH 2/2021 4.417%						
30.09.2041	4.417%	30-Sep-41	1	4.198	4.198	4.198
<b>Total</b>			<b>3,256</b>			

Sources: BPAM

MYR Bonds Trades Details								
PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low	
MKDK IMTN 4.230% 23.02.2023	GG	4.230%	23-Feb-23	30	2.211	2.218	2.211	
DANAINFRA IMTN 4.760% 24.07.2029 - Tranche No 22	GG	4.760%	24-Jul-29	5	3.258	3.258	3.258	
LPPSA IMTN 3.850% 25.03.2031 - Tranche No 48	GG	3.850%	25-Mar-31	50	3.502	3.502	3.479	
DANAINFRA IMTN 5.100% 25.05.2037 - Tranche No 65	GG	5.100%	25-May-37	1	4.159	4.16	4.159	
DANAINFRA IMTN 5.080% 30.04.2038 - Tranche 4	GG	5.080%	30-Apr-38	10	4.189	4.211	4.189	
DANAINFRA IMTN 4.470% 03.05.2041 - Tranche No 110	GG	4.470%	03-May-41	30	4.359	4.361	4.359	
ZAMARAD ABS-IMTN 07.09.2021 CLASS A S1 TRANCHE 4	AAA	3.000%	07-Sep-21	5	2.562	2.562	2.562	
ZAMARAD ABS-IMTN 25.11.2021 CLASS A S1 TRANCHE 5	AAA	3.000%	25-Nov-21	5	2.724	2.724	2.724	
MERCEDES MTN 1096D 27.5.2022	AAA (S)	4.150%	27-May-22	10	2.331	2.356	2.331	
TOYOTA CAP MTN 1827D 27.2.2025 - MTN 6	AAA (S)	3.600%	27-Feb-25	10	3.347	3.362	3.347	
AMAN IMTN 5.050% 27.02.2026 - Tranche No. 6	AAA IS	5.050%	27-Feb-26	10	2.957	2.979	2.957	
AMAN IMTN 4.450% 21.10.2026 - Tranche No. 12	AAA IS	4.450%	21-Oct-26	30	3.058	3.09	3.058	
ZAMARAD ABS-IMTN 27.09.2027 (Class B)	AAA	5.500%	27-Sep-27	5	3.368	3.368	3.368	
PLUS BERHAD IMTN 4.960% 12.01.2029 - Series 1 (13)	AAA IS	4.960%	12-Jan-29	15	3.408	3.408	3.408	
SEB IMTN 5.500% 04.07.2029	AAA	5.500%	04-Jul-29	5	3.52	3.52	3.52	
SARAWAKHIDRO IMTN 4.61% 09.08.2030	AAA	4.610%	09-Aug-30	10	3.609	3.622	3.609	
PLUS BERHAD IMTN 5.070% 10.01.2031 - Series 1 (15)	AAA IS	5.070%	10-Jan-31	20	3.689	3.701	3.689	
SARAWAKHIDRO IMTN 4.67% 11.08.2031	AAA	4.670%	11-Aug-31	5	3.781	3.781	3.781	
MANJUNG IMTN 4.900% 25.11.2031 - Series 2 (1)	AAA (S)	4.900%	25-Nov-31	40	3.738	3.742	3.738	
TENAGA IMTN 29.08.2033	AAA	4.780%	29-Aug-33	30	3.85	3.881	3.85	
SEB IMTN 5.180% 25.04.2036	AAA	5.180%	25-Apr-36	1	4.32	4.321	4.32	
TENAGA IMTN 27.08.2038	AAA	4.980%	27-Aug-38	10	4.229	4.229	4.229	
SBPC 4.700% 01.07.2022 (SERIES 8)	AA1	4.700%	01-Jul-22	20	2.352	2.385	2.352	
SABAHDEV MTN 1096D 30.7.2024 - Tranche 1 Series 1	AA1	4.400%	30-Jul-24	5	4.044	4.051	3.987	
SBPC 5.100% 03.07.2026 (SERIES 12)	AA1	5.100%	03-Jul-26	20	3.249	3.249	3.245	
YTL CORP MTN 5477D 23.6.2034	AA1	4.600%	23-Jun-34	1	4.7	4.701	4.7	
FPSB IMTN 4.800% 13.03.2023	AA IS	4.800%	13-Mar-23	4	2.957	2.963	2.957	
MAHB Perpetual Subordinated Sukuk 5.75% - Issue 1	AA2	5.750%	14-Dec-14	25	4.357	4.363	4.357	
SAJC IMTN 5.190% 26.01.2022 - Tranche 3	AA- IS	5.190%	26-Jan-22	3	2.595	2.595	2.595	
JEP IMTN 5.350% 04.06.2024 - Tranche 7	AA- IS	5.350%	04-Jun-24	5	3.205	3.205	3.205	
UEMS IMTN 5.150% 31.10.2025	AA- IS	5.150%	31-Oct-25	2	4.246	4.249	4.246	
BGSM MGMT IMTN 5.350% 09.03.2026 - Issue No 11	AA3	5.350%	09-Mar-26	20	3.228	3.242	3.228	
EDRA ENERGY IMTN 5.880% 03.07.2026 - Tranche No 10	AA3	5.880%	03-Jul-26	20	3.532	3.532	3.528	
QSPS Green SRI Sukuk 5.560% 06.10.2027 - T18	AA- IS	5.560%	06-Oct-27	5	3.968	3.968	3.968	
MMC CORP IMTN 5.950% 12.11.2027	AA- IS	5.950%	12-Nov-27	15	3.958	3.96	3.958	
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	15	4.11	4.11	4.108	
QSPS Green SRI Sukuk 5.600% 06.04.2028 - T19	AA- IS	5.600%	06-Apr-28	5	4.037	4.037	4.037	
UITM SOLAR 2 IMTN10 4.600% 05.03.2031	AA- IS	4.600%	05-Mar-31	10	4.579	4.579	4.579	
TBE IMTN 6.200% 16.03.2032 (Tranche 22)	AA3	6.200%	16-Mar-32	30	4.198	4.222	4.198	

EDRA ENERGY IMTN 6.430% 05.07.2034 - Tranche No 26	AA3	6.430%	05-Jul-34	10	4.619	4.619	4.615
EDRA ENERGY IMTN 6.470% 05.01.2035 - Tranche No 27	AA3	6.470%	05-Jan-35	10	4.662	4.665	4.662
EDRA ENERGY IMTN 6.670% 03.07.2037 - Tranche No 32	AA3	6.670%	03-Jul-37	10	4.793	4.796	4.793
EDRA ENERGY IMTN 6.710% 05.01.2038 - Tranche No 33	AA3	6.710%	05-Jan-38	10	4.811	4.811	4.808
DRB-HICOM IMTN 4.550% 12.12.2024	A+ IS	4.550%	12-Dec-24	10	3.986	3.986	3.986
TROPICANA IMTN 5.650% 30.06.2025 - SEC. SUKUK T2S2	A+ IS	5.650%	30-Jun-25	1	5.306	5.306	5.306
TROPICANA IMTN 5.650% 08.10.2025 - SEC. SUKUK T4S2	A+ IS	5.650%	08-Oct-25	1	5.353	5.353	5.353
DRB-HICOM IMTN 4.850% 11.12.2026	A+ IS	4.850%	11-Dec-26	3	4.259	4.261	4.259
DRB-HICOM IMTN 4.850% 04.08.2028	A+ IS	4.850%	04-Aug-28	3	4.73	4.73	4.73
EWIB IMTN 6.650% 27.04.2023	NR(LT)	6.650%	27-Apr-23	1	4.57	4.57	4.57
AEON 6.650% 28.12.2114 (SERIES 3)	NR(LT)	6.650%	28-Dec-14	1	4.16	4.16	4.16
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 2	NR(LT)	6.850%	07-Aug-19	1	6.809	6.809	6.809
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.243	6.251	6.243
LBS BINA IMTN 6.850% 29.03.2120 (Series2 Tranche1)	NR(LT)	6.850%	29-Mar-20	2	6.809	6.809	6.809
<b>Total</b>				<b>605</b>			

Sources: BPAM

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