

Global Markets Daily

The Hawk-Dove Tug of War

Policy Divergences

Just as markets prepare for hawkish shifts, some dovish cues were flagged on Wed. In Asian session, China's State Council chaired by Premier Li Keqiang released a statement calling for the use of monetary policy tools "to support the economy, particularly smaller businesses", spurring expectations for a RRR cut in a near-term. We think it is likely to be targeted than not, given the central bank's focus on SME supports. ECB stole the Fed's thunder with a leak of its special meeting that reviews its strategy. According to sources cited by BBG, policy makers agreed to raise their inflation goal to 2% and allow for overshoot if necessary. Thereafter, Fed's Minutes showed a mix of opinions, underscoring the fact that consensus on the tightening timeline is not yet reached even though a plan is in the works. That said, USD emerged stronger by Asia morning.

BNM To Stand Pat for 2021, Targeted Aids Still Preferred

Our house view looks for OPR to remain on hold at 1.75% until end-2021. Market implied policy rate (via onshore IRS curve) shows markets are pricing in about 1 hike in the 6m to 1y time horizon and no hikes in the next 6months. MPC statement may show increased caution on assessment of domestic economic activities and virus variants but not to the extent to imply a rate cut. Targeted aids, such as direct cash handouts, wage subsidies and loan repayment moratoriums are preferred measures at this juncture.

Other Events and Data We Watch Today

Japan declared a state of emergency in Tokyo until 22 Aug wherein the Olympics would be held. India Modi's kicked 12 senior cabinet ministers out in a major reshuffle yesterday, keen to rejuvenate the government's image with a younger squad. For today, Lowe speaks again this morning, ECB publishes account of 9-10 Jun meeting. US jobless claims due.

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G7: Events & Market Closure

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

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
8 Jul	MY	BNM Policy Decision

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1824	↓ -0.34	USD/SGD	1.3476	↑ 0.17
GBP/USD	1.38	↓ -0.32	EUR/SGD	1.5933	↓ -0.17
AUD/USD	0.7497	↓ -0.44	JPY/SGD	1.2179	↑ 0.49
NZD/USD	0.7011	↓ -0.23	GBP/SGD	1.8596	↓ -0.15
USD/JPY	110.63	↓ -0.31	AUD/SGD	1.0101	↓ -0.26
EUR/JPY	130.81	↓ -0.64	NZD/SGD	0.9447	↓ -0.04
USD/CHF	0.9242	↑ 0.23	CHF/SGD	1.4576	↓ -0.09
USD/CAD	1.2461	↑ 0.96	CAD/SGD	1.0815	↓ -0.78
USD/MYR	4.1545	↓ -0.05	SGD/MYR	3.0897	↑ 0.03
USD/THB	32.262	↑ 0.48	SGD/IDR	10764.77	↑ 0.08
USD/IDR	14470	↓ -0.05	SGD/PHP	36.8557	↑ 0.70
USD/PHP	49.497	↑ 0.51	SGD/CNY	4.8081	↑ 0.05

Implied USD/SGD Estimates at 8 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3316	1.3588	1.3860

G7 Currencies

■ **DXY Index - Signs of Bullish Pressure Rebuilding.** USD enjoyed another bump-up overnight from FoMC minutes. There was some mention of QE taper at the last FoMC but in essence FoMC minutes revealed a divide among members. In particular, the minutes noted “various participants mentioned that they expected the conditions for beginning to reduce the pace of asset purchases to be met somewhat earlier than they had anticipated at previous meetings”. But we still see little need to over-react as discussion on tapering remains brief and Powell had earlier emphasized that the Fed would provide ample notice ahead of taper. We still think it is possible Fed comes forth with a taper timeline for the future sometime at the Jackson Hole Symposium (26-28 Aug) or Sep FoMC. Market chatters suggest a monthly reduction of \$10bn (from its \$120bn QE purchase/ month), starting in Jan-2022 and ending QE by end-2022. Fed officials also discussed slowing the purchases of MBS when it is time to taper and agreed that risks to inflation projection were tilted to the upside. But they also bought the idea that price pressures are transitory due to rapid reopening, supply chain limitations and should ease once these transitory factors abate. Elsewhere on data release, JOLTS data was impressive with record 9.2mio job openings in May. However widening gap between vacancies and hires to more than 20-year high of 3.28mio underscores the structural job-skills mismatch issues. DXY was last seen at 92.78 levels. Mild bullish momentum on daily chart while RSI is rising towards near overbought conditions. Prior resistance at 92.5 (76.4% fibo retracement of mar high to May low) appears to have been broken overnight. Next resistance at 93.2 and 93.5 levels. We look for 2-way trade. Support at 92.5 (76.4% fibo), 91.95 (61.8% fibo), 91.5 levels (21, 200DMAs, 50% fibo) and 91 (38.2% fibo) levels. We reiterate that a case of risk aversion and US data outperformance/policy divergence could provide some support for USD while AXJs stay back footed. Week remaining brings Initial jobless claims (Jul) on Thu; Wholesale trade sales, inventories (May) on Fri.

■ **EURUSD - Bearish Pressure Overwhelms.** EUR extended its decline overnight as markets reacted to a report on Bloomberg re inflation target of the ECB strategy review. The review concluded yesterday and results was supposed to be formally made known later this evening alongside Lagarde’s press conference. It was reported that ECB policymakers have agreed to raise their inflation target to 2% and allow for room to overshoot when needed. Previously ECB’s inflation target was “below, but close to 2%, over the medium term”. Focus is on how ECB intends to re-anchor inflation expectations as we all know that EU inflation is currently at 2% and the ECB had not expressed/hinted at policy normalisation. In fact ECB made known at its last GC that bond purchases will be higher in the coming quarter. What these suggest is that greater tolerance from ECB re inflation overshoots and less haste in normalising monetary policies would exert greater policy divergence with the Fed and this could further weigh on EUR. Pair was last at 1.1785 levels. Bearish momentum on daily chart intact while RSI is dipping into oversold conditions. We earlier noted that a bearish crossover was observed, with 21DMA cutting 100 and 200 DMAs to the downside. Next support at 1.1705/15 levels. Resistance at 1.1840

(76.4% fibo retracement of Mar low to May high), 1.1920/30 (61.8% fibo, 21DMA), 1.1990/1.20 levels (200 DMA, 50% fibo). Intra-day we look for 1.1715 - 1.1840 range. Week remaining brings German Trade, current account (May) on Thu.

■ **GBPUSD - Cautious Range.** GBP was a touch softer; last seen 1.3785 levels. Bearish momentum on daily chart remains intact. Support at 1.3740 before 1.3660/70 levels (Apr low, 200 DMA). Resistance at 1.3810 (76.4% fibo), 1.3890 levels (61.8% fibo retracement of Apr low to May high), 1.3950/60 levels (21, 100 DMAs, 50% fibo). We look for range bound trade in 1.3770 - 1.3820 range. Week remaining brings RICS House price balance (Jun) on Thu; IP, Monthly GDP, construction output, trade (May) on Fri. While the planned reopening (19th Jul) lends a boost to recovery momentum, it remains to be seen if recent discovery of Lambda variant, in addition to the wide spread of delta variant will worsen covid situation (i.e. efficacy of vaccines against new variants, hospitalisation, etc.), as such cautious trading on GBP is likely.

■ **USDJPY - Two-way Swings, Some Upside Risks.** Last seen at 110.51, slightly higher versus levels seen yesterday morning. Further down-move in UST10Y yield, last seen at 1.31% versus 1.36% yesterday morning, led to narrowing UST-JGB yield differentials and likely helped cap USDJPY's rise, despite a stronger DXY. Any retracement in US yields (higher) could lead to positive spillovers on the USDJPY pair. Still, momentum on the daily chart has turned mildly bearish, while RSI is not showing a clear bias. Resistance at 111, 111.70, before 112.20 (2020 high). Support at 110.15 (76.4% fibo retracement of Mar high to Apr low), 109.10 (100-DMA). Back in Japan, various media sources report that authorities are set to declare a fresh Covid-19 state of emergency in Tokyo, given rising Covid case counts in the capital. Adjustments in curbs under a state of emergency could include a ban on dine-in alcohol service, compared to the current 7pm curfew under looser "quasi-emergency" phase. Measures are expected to take effect from 12 Jul to 22 Aug, which will notably run through the duration of the Olympics from 23 Jul to 8 Aug. This could mean that the Olympics may be held without much of a domestic audience, which also reduces risks of a super-spreader event. Current account due Thurs.

■ **NZDUSD - Sideways.** NZD fell amid broad USD bounce. Pair was last seen at 0.6990 levels. Daily momentum and RSI are not indicating a clear bias. 2-way trade likely. Resistance at 0.70-figure, 0.7070 (200 DMA), 0.7115 (38.2% fibo retracement of May high to Jun low). Support at 0.6920. Intra-day look for 0.6950 - 0.7040 range. Our tactical short for AUDNZD (spot ref then at 1.0780) on RBA-RBNZ monetary policy divergence remains in play. Cross was last seen 1.0675 levels. We move our trailing SL to 1.0725. We continue to look for a move lower towards 1.0650 objective. Resistance at 1.0725 (200 DMA), 1.0760 (21 DMA). For NZ, no tier-1 data this week.

■ **AUDUSD - Succumbs to USD King?** AUDUSD remained biased to the downside and was last at 0.7470. Eyes on Lowe's speech at 10.30am SGT. AUD bears may brace for more dovish assurance after RBA did the expected on Tue, retaining the Apr 2024 bond for the yield curve target and retain the target rate at 10bps. The central bank also

decided to extend QE beyond early Sep but tapered weekly purchase from current \$5bn to \$4bn until at least mid Nov. The Nov meeting will be the next time the Board reviews the rate of purchases to enable some flexibility in its response to economic news flows. It was reiterated in Lowe's speech that QE extension depends on effectiveness of the bond purchases thus far, the decisions of other central banks and their advancement towards their inflation and employment aims. Full employment is pencilled in to be closer to 4%. Its central scenario is that condition for a rate hike (inflation to be sustainably within 2-3%) will not be met until 2024. Overall, the decision to keep the YCC target at 10bps with Apr 2024 bond as the note for the target puts the RBA as laggard vs. RBNZ and the Fed. However, there is a sense of acknowledgement that the maturity of the bonds will decline and that leaves room for RBA to change their policy rate horizon. **Back on the AUDUSD chart**, bias skew to the downside. MACD is still a tad bearish and stochastics is almost flat near oversold condition. Bearish cross-over of the 21-dma on the 200-dma weighs but a bullish divergence with the MACD forest remains intact. We cannot rule-out a rebound given the mixed signals. 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. For the rest of the week, we have Jun foreign reserves on Wed.

- **USDCAD - Rally on Soft Oil and Firm USD.** USDCAD swung above the 1.25-figure on higher USD and lower oil prices. Renewed concerns on the resurgence of infections around the world along with the gridlock between Saudi Arabia and the UAE continue to weigh on the WTI. Back on the USDCAD chart, resistance at 1.2480 is broken and next resistance at 1.2576. Momentum is increasingly bullish for this pair. Support at 1.2310 (21-dma) before the next at 1.2203 (50-dma). Fri has Jun labour report and expectations are high at 175K vs, previous -68K, in anticipation of the return of jobs after Canada eased restrictions in most places and ramp up on its vaccination drive. Jobless rate should fall to 7.8% from previous 8.2%.

Asia ex Japan Currencies

SGD trades around +0.61% from the implied mid-point of 1.3588 with the top estimated at 1.3316 and the floor at 1.3860.

- **USDSGD - Bullish But Near-Overbought.** Last seen at 1.3510, mirroring the climb in the DXY yesterday. Covid infections continue to see signs of effective containment, with the 7-day average in new cases at around 11 on 6 Jul. Larger groups of five diners are expected to be allowed from 12 Jul, up from 2 diners prior. Once >50% of residents are fully vaccinated, maybe around end-Jul, rules around dining, office work and events may be relaxed further, especially for those who have been fully vaccinated. Given interim slow domestic news flow, pair might continue to mirror broad biases in USD. SGD NEER last seen at 0.6% above par. Expect 0.4%-0.5% levels to be a strong support. Bullish momentum on daily chart is moderating but intact, while RSI is at near overbought conditions. Resistance at 1.3530 (Mar high), 1.3680. Failure to breach 1.3530 could see pair retrace lower. Support at 1.3450 (76.4% fibo retracement from Mar high to Jun low), 1.3370 (200-DMA), 1.3300.
- **AUDSGD -21-dma still caps.** Cross was last seen around 1.0080. The 21-dma at 1.0186 caps and this cross remains within the falling trend channel that started in May. Momentum on daily chart and stochastics are neutral at this point but price action is biased to the downside with 21-dma en-route to cross the 100-dma. Support levels at 1.0050, 1.0020.
- **SGDMYR - Consolidate with Bias to Downside.** SGDMYR was little changed; last seen at 3.0860 levels. Daily momentum and RSI are not showing a clear bias for now. Cross likely to trade in a holding pattern for now but we retain bias looking for downside. Head and shoulders (bearish reversal pattern) observed while there was also a bearish crossover (21DMA cuts 50DMA to the downside). Neckline key support at 3.0800/35 levels. Break below this could open room for further downside towards 3.07 (61.8% fibo retracement of 2021 low to high), 3.0650 (200 DMA) and 3.0550. Resistance at 3.0950, 3.1010 (21, 50 DMAs) and 3.11 levels.
- **USDMYR - BNM Today Status Quo.** Our house view looks for OPR to remain on hold at 1.75% until end-2021. Market implied policy rate (via onshore IRS curve) shows markets are pricing in about 1 hike in the 6m to 1y time horizon and no hikes in the next 6months. MPC statement may show increased caution on assessment of domestic economic activities and virus variants but not to the extent to imply a rate cut. Targeted aids, such as direct cash handouts, wage subsidies and loan repayment moratoriums are preferred measures at this juncture. USDMYR was a touch firmer this morning amid broad USD strength and in reaction to recent domestic uncertainty. Pair was last seen at 4.1720 levels. Daily momentum turned mild bullish while RSI is rising towards near-overbought conditions. Risk to the upside. Resistance here at 4.1720 (2021 high, double-top) before 4.18 levels. Support at 4.1430 (21 DMA) before 4.13 (50DMA, 23.6% fibo retracement of 2021 low to high).
- **1m USDKRW NDF - Bid.** 1m USDKRW rose amid broad USD rebound and covid spread at home (daily new infection jumped to 1.2k, from 746 cases yesterday). Pair was last seen at 1144 levels. Momentum

on daily chart tuned mild bullish while RSI is rising towards near-overbought conditions. Risk to the upside. Resistance here at 1145 levels (double-top), 1150 before 1162. Support at 1130 (21 DMA), 1125 (50, 100 DMAs). We still hold to our tactical short call - short 1m at 1135 targeting a move towards 1120 first objective before 1112 next objective. (SL moved to 1150) on the back of our view for KRW to correct its weakness, given a positive mix of domestic and external drivers, including constructive macro fundamentals, semiconductor story and the potential for BoK tightening in 4Q 2021.

- **USDCNH - Sticky around the 6.47.** The pair saw little deviations from the 6.47-figure, a most resilience pair to the broader USD strength or weakness seen in the past few sessions, last printed 6.4780. The USDCNY reference rate was fixed at 6.4705 vs. consensus estimate at 6.4707. Key resistance remains at 6.50. Support at 6.4363 (50-dma) before 6.4272 (21-dma). PBoC reverted to the regular injection of CNY10bn. In Asian session, China's State Council chaired by Premier Li Keqiang released a statement calling for the use of monetary policy tools "to support the economy, particularly smaller businesses", spurring expectations for a RRR cut in a near-term. We think it is likely to be targeted than not, given the central bank's focus on SME supports. The possibility of a near-term RRR cut can support bonds and equity to some extent, depending on how targeted the RRR is. Impact on the RMB is not straightforward despite RMB's obvious benefits from its carry advantage in the past several months. USDCNY is typically not sensitive to changes in US-CH yield differential. Policy divergence of the Fed and the PBoC could narrow yield differentials and chip away the carry advantage of the RMB. However, the potential support of such a monetary policy action for the real economy and domestic assets may mitigate the impact on the RMB. On 2nd Jul, we had indicated our preference for a long CNHINR trade (spot at 11.52) with a possible target of 11.60 (Apr high). Stoploss at 11.46. Risk reward ratio at 1:2.67. The cross was last at 11.54 having reached a high of 11.57 yesterday. For the rest of the week, we have inflation prints on Fri. Aggregate financing, money supply and new yuan loans could be due anytime from 9-15th of the month.

- **USDINR NDF - Bullish Bias.** The 1M NDF hovered around the 75.03, as USD remained firm. The fall in crude oil prices might slow the ascent of the NDF. Next resistance at 75.20, 75.55 and then at 76.00. Support at 74.70 (38.2% fibo retracement of the Feb-Apr rally) before the next at 73.80 (50,100,200-dma). On the political front, India Modi's kicked 12 senior cabinet ministers out in a major reshuffle yesterday, keen to rejuvenate the government's image with a younger squad. As of 6 Jul, daily infections show signs of stabilization with 7-dma at 42.9K. Vaccination production is ramped up as Modi pledges to have all adults vaccinated by year end. Last check, 21.5% of its population have gotten at least 1 dose of vaccines while 4.9% is fully vaccinated.

- **USDVND - Two-Way Moves.** The pair closed 23013 on 7 Jul vs. previous close of 23010. Range of 22900-23040 could hold given the consolidative state of broader markets. Resistance at 23032 is marked by the 50-dma while 23004 at 21-dma could be an interim support. Covid cases at home remain a tad elevated with 7-day average still around 833 as of 6 Jul with no signs of easing yet.

Vietnam remains a laggard in its vaccination drive with only 3.8% of its population getting its first dose. In news, the HCM city will go into lockdown under the government directive for 15 days starting from 9 Jul. Separately, the US may impose tariffs on Vietnam according to sources cited by Bloomberg. The Biden administration is said to plan a discussion with the Treasury, USTR, Commerce Department and the National Security Council.

- **1M USDIDR NDF - Covid Risks in Focus, Supported.** Last seen near 14,600, slightly higher versus levels seen yesterday morning. A bout of broad dollar strengthening slightly outweighed any drags on USDIDR from decline in UST yields. UST10Y yield now at around 1.31% (vs. 1.36% yesterday morning), as the US bond rally continued. Markets could be leaning towards the narrative of transitory inflation and a glacial path of Fed policy normalization. Short squeezes on a crowded trade (short treasuries) could have aided the move too. Domestically, focus remains on the Covid contagion situation. 7-day average in new cases has more than quadrupled to 27k (as of 6 Jul), vs. 6k one month ago. Daily highs have breached the 30k handle. Authorities are preparing backup medical facilities for a worst-case scenario where daily infections reach 40k-50k. The government has also acknowledged that GDP growth will likely fall below the target of 4.5% to 5.3% announced earlier, given recent Covid curbs. We note that curbs were expanded yesterday (7 Jul), across dozens of new cities from Sumatra in the west to easternmost Papua. The wider restrictions would force the majority of non-essential employees to work from home, as well as limit shops and restaurant hours. The stricter curbs were initially announced for Jakarta, Java and Bali last week, but strains on overwhelmed healthcare facilities have forced action to be taken in lesser-hit regions as well. 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 moderated, while RSI is not showing a clear bias. Resistance at 14,740 (Mar high). Support at 14,520-14,540, before 14,370 (200-DMA). Foreign reserves for Jun came in at US\$137.09bn, inching higher from US\$136.40bn prior.

- **USDTHB - Supported.** Last seen at 32.42, on the up-move for most of yesterday and this morning. PM Prayuth's mid-Oct deadline to fully reopen Thailand to vaccinated tourists looks to be at threat now, given recent surge in domestic cases. BoT also warns that a prolonged outbreak could cause the economy to underperform baseline expectations (2021 growth forecast was cut to 1.8% from 3.0% prior in the last BoT meeting). Incremental caution could see the USDTHB pair being supported. Bullish momentum on daily chart is intact, even as RSI suggests overbought conditions. Resistance at 32.50, 33.20 (2020 high). Support at 32.00, 31.75 (21-DMA), before 31.45 (50-DMA).

- **1M USDPHP NDF - Bullish but Overbought.** NDF last seen at 50.15, seeing a gentle up-creep yesterday. Earlier this week, PHP sentiments were likely dampened by reports of cities pausing first-dose vaccination on supply constraints, even as broad DXY pushed higher. But we note that compared to peers Thailand and Indonesia which are seeing a deterioration in domestic Covid contagion, 7-day average in new Philippines Covid cases remains largely stable near

the 5k-mark. BSP Governor also commented that the domestic economic recovery is beginning to gain traction as seen by the latest macro indicators, and that “the worst is behind us”. Momentum on daily chart remains bullish but RSI is in severe overbought conditions. Stretched RSI hints at room for retracement lower. Support at 49.50, 49.00, 48.50 (100-DMA). Resistance at 50.25 (50.0% fibo retracement of 2020 high to 2021 low), 50.85 (61.8% fibo). Trade due Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.20	2.21	+1
5YR MO 9/25	2.50	2.46	-4
7YR MS 6/28	2.95	2.92	-3
10YR MO 4/31	3.19	3.15	-4
15YR MS 5/35	3.79	3.75	-4
20YR MY 5/40	4.14	4.08	-6
30YR MZ 6/50	4.29	4.19	-10
IRS			
6-months	1.92	1.92	-
9-months	1.91	1.92	+1
1-year	1.93	1.92	-1
3-year	2.31	2.29	-2
5-year	2.61	2.57	-4
7-year	2.84	2.82	-2
10-year	3.05	3.02	-3

Source: Maybank KE

*Indicative levels

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- Government bonds largely rallied following the stronger UST overnight and some dovish positioning ahead of the MPC meeting. MGS curve bull flattened on strong buying in the ultra-long ends. The 20y and 30y benchmark yields fell 6bps and 10bps respectively, underpinned by strong buying interest from local real money. Foreign buying seen at the belly of the curve where yields fell 3-4bps. All eyes turn to the MPC decision.
- MYR IRS rates moved 1-4bps lower on the back of the UST movement, with 2y and 5y IRS last dealt at 2.09% and 2.575% respectively. Market has more or less priced in a dovish MPC statement, so the bar is higher for rates to go lower unless in an unexpected rate cut event. 3M KLIBOR flat at 1.94%.
- Corporate bonds strengthened with yields lower by 1-5bps across the curves for GG, AAA and AA in line with the rally in govies, though volume remained somewhat low. GG saw Danainfra 2041 trade 2bps firmer, while AAA saw Danum 2023 2bps firmer. In AA space, MMC bonds of medium tenor were 2-5bps firmer.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.41	0.41	-
5YR	0.89	0.86	-3
10YR	1.51	1.44	-7
15YR	1.81	1.76	-5
20YR	1.84	1.79	-5
30YR	1.82	1.78	-4

Source: MAS (Bid Yields)

- The overnight drop in UST yields led SGS to open with outright buying interest in the 9/30 issue, taken 5-6bps richer than previous close. SGS curve bull-flattened with yields closing 3-7bps lower. The biggest gainer was 10y SGS benchmark and the surrounding issues. SGD IRS also lowered by 1-9bps in a flattening move that steadily gathered momentum into the London session.
- Asian credit spreads broadly wider as the UST rally overnight led to profit taking. In China IG, benchmark and tech bonds widened 3-5bps and selling was also seen in AMC names. Malaysia IGs widened 3-4bps with better selling in PETMK, MALAYS and Khazanah bonds. INDONs and PHILIPs widened 1-3bps as cash buyers harvested recent gains. Korea and Japan IGs also traded wider by 3-5bps. Selling pressure also pushed most HY credit prices lower. The overnight US rates move may have been due to momentum positioning and ample liquidity. There could be upside risk if the Fed signals tapering of asset purchase.

Indonesia Fixed Income

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Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.76	3.88	0.12
3YR	4.70	4.68	(0.01)
5YR	5.38	5.38	0.00
10YR	6.56	6.53	(0.03)
15YR	6.43	6.42	(0.01)
20YR	7.27	7.27	0.00
30YR	6.93	6.92	(0.01)

* Source: Bloomberg, Maybank Indonesia

- Indonesian government bonds tried to keep maintaining their rally trends yesterday. Some market players, especially institutional from the local banks side, took momentum for collecting Indonesian government bonds on the secondary market after the government released the next benchmark series for next year (FR0090, FR0091, and FR0092). Most investors enjoyed investing Indonesian government bonds that offering attractive yields with relative minimal risk failure and have sound fundamental background during recent weakening economic activities due to strict activities restriction for preventing rapid contagion of COVID-19. U.S. Treasury yields continued on their downward trajectory on Wednesday, with 10-year yields on track for a seventh straight session of declines on worries the economic recovery may be softening. The yield on the U.S. 10-year Treasury notes was down 4.9 basis points to 1.321% after earlier falling as low as 1.296%, the lowest level since Feb-19.
- Moreover, Indonesian currency remained stable at below 14,600. The market players also became more confident on the stability of currency due to recent report of Indonesian foreign reserves position at US\$137.1 billion in Jun-21. It gives better investment valuation for foreigners to put Indonesian bonds on their portfolio. There were also no negative pressures from the global side, although the market players noticed recent worsening condition on Indonesian health sector due to soaring the daily cases of COVID-19 to the new highest record yesterday. According to Bloomberg, it reported another deadliest day in the coronavirus pandemic. There were 34,379 confirmed cases in the 24 hours through midday Wednesday, with 1,040 people dying from the disease known as Covid-19.
- Indonesian Finance Minister, Sri Mulyani Indrawati, sees the economy to expand 4.6%-5.9% in 4Q21. The economic growth recovery will be moderating in the second half of 2021 due to soaring virus cases and tighter movement limitations. The government also projects 3Q21 GDP growth at 4%-5.4%, depending on how long the curbs in place. Under moderate scenario, the curbs could be relaxed in the first week of Aug-21 and recovery will resume in mid of the month. The government has spent Rp252.3 trillion of economic recovery budget in 1H21, or 36.1% of the total Rp699.43 trillion.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1868	111.04	0.7569	1.3887	6.4947	0.7092	131.3700	83.6690
R1	1.1846	110.83	0.7533	1.3843	6.4872	0.7052	131.0900	83.2930
Current	1.1795	110.55	0.7480	1.3802	6.4746	0.7011	130.3900	82.6920
S1	1.1792	110.41	0.7462	1.3755	6.4684	0.6980	130.4800	82.5960
S2	1.1760	110.20	0.7427	1.3711	6.4571	0.6948	130.1500	82.2750
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3521	4.1664	14515	49.9190	32.3847	1.5968	0.6443	3.0952
R1	1.3498	4.1604	14492	49.7080	32.3233	1.5950	0.6427	3.0924
Current	1.3488	4.1695	14485	49.8130	32.3620	1.5908	0.6432	3.0917
S1	1.3454	4.1516	14465	49.4720	32.2263	1.5909	0.6409	3.0851
S2	1.3433	4.1488	14461	49.4470	32.1907	1.5886	0.6405	3.0806

*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	8/7/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	22/7/2021	Easing Bias
BOT 1-Day Repo	0.50	4/8/2021	Easing Bias
BSP O/N Reverse Repo	2.00	12/8/2021	Easing Bias
CBC Discount Rate	1.13	23/9/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Neutral
RBI Repo Rate	4.00	6/8/2021	Easing
BOK Base Rate	0.50	15/7/2021	Tightening Bias
Fed Funds Target Rate	0.25	29/7/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	22/7/2021	Easing Bias
BOE Official Bank Rate	0.10	5/8/2021	Neutral
RBA Cash Rate Target	0.10	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	34,681.79	0.30
Nasdaq	14,665.06	0.01
Nikkei 225	28,366.95	-0.96
FTSE	7,151.02	0.71
Australia ASX 200	7,326.85	0.90
Singapore Straits Times	3,141.60	-1.54
Kuala Lumpur Composite	1,530.15	-0.10
Jakarta Composite	6,044.04	-0.05
Philippines Composite	6,943.00	-0.71
Taiwan TAIEX	17,850.69	-0.35
Korea KOSPI	3,285.34	-0.60
Shanghai Comp Index	3,553.72	0.66
Hong Kong Hang Seng	27,960.62	-0.40
India Sensex	53,054.76	0.37
Nymex Crude Oil WTI	72.20	-1.59
Comex Gold	1,802.10	0.44
Reuters CRB Index	209.20	-0.49
MBB KL	8.06	-0.49

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	189	1.75	1.767	1.693
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	139	1.766	1.766	1.722
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	100	1.749	1.749	1.749
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	2	1.75	1.75	1.75
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	30	1.766	1.766	1.766
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	40	1.892	1.903	1.892
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	20	1.903	1.903	1.903
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	23	1.953	1.975	1.927
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	148	2.224	2.224	2.203
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	1	2.239	2.239	2.239
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	220	2.467	2.474	2.45
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	10	2.596	2.639	2.596
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	20	2.632	2.632	2.632
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	52	2.834	2.834	2.82
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	62	2.893	2.893	2.866
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	338	2.921	2.934	2.921
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	11	3.222	3.231	3.222
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	178	3.144	3.165	3.142
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	47	3.33	3.357	3.33
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	5	3.74	3.74	3.74
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	40	3.789	3.813	3.789
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	75	3.747	3.747	3.742
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	1	4.13	4.179	4.13
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	316	4.058	4.087	3.946
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.272	4.302	4.272
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	41	4.181	4.224	4.148
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	10	1.88	1.896	1.88
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	341	2.238	2.238	2.228
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	1	2.536	2.536	2.536
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	512	2.577	2.584	2.573
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	20	2.727	2.727	2.727
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	58	2.905	2.905	2.889
PROFIT-BASED GII 1/2013 08.08.2028	3.871%	08-Aug-28	20	3.024	3.026	3.024
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	100	3.19	3.196	3.189
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	330	3.228	3.259	3.22
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	40	3.726	3.755	3.725
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	60	3.776	3.776	3.775
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	20	4	4	3.973
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	10	3.924	3.924	3.924
GII MURABAHAH 2/2021 4.417% 30.09.2041	4.417%	30-Sep-41	1	4.195	4.213	4.195
GII MURABAHAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	11	4.435	4.435	4.43
Total			3,643			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PTPTN IMTN 4.250% 21.07.2028	GG	4.250%	21-Jul-28	15	3.26	3.26	3.26
DANAINFRA IMTN 4.470% 24.11.2028 - Tranche No 81	GG	4.470%	24-Nov-28	20	3.269	3.269	3.269
DANAINFRA IMTN 4.670% 27.11.2029 - Tranche No 27	GG	4.670%	27-Nov-29	80	3.338	3.352	3.338
DANAINFRA IMTN 4.850% 03.05.2041 - Tranche No 47	GG	4.850%	03-May-41	20	4.359	4.37	4.359
PUTRAJAYA IMTN 11.04.2022	AAA IS	4.200%	11-Apr-22	20	2.095	2.134	2.095
DANUM IMTN 3.960% 09.05.2023 - Tranche 3	AAA (S)	3.960%	09-May-23	20	2.438	2.449	2.438
PBSB IMTN 4.450% 12.09.2024	AAA IS	4.450%	12-Sep-24	10	2.711	2.711	2.711
Infracap Resources Sukuk 3.69% 15.04.2026 (T1 S3)	AAA (S)	3.690%	15-Apr-26	60	3.283	3.401	3.276
PLUS BERHAD IMTN 4.960% 12.01.2029 - Series 1 (13)	AAA IS	4.960%	12-Jan-29	30	3.548	3.549	3.548
TENAGA IMTN 27.08.2038	AAA	4.980%	27-Aug-38	3	4.279	4.279	4.279
TENAGA IMTN 3.550% 10.08.2040	AAA	3.550%	10-Aug-40	4	4.31	4.311	4.31
SWAKPOWER SUKUK MUSYARAKAH 8.10% 24.12.2021	AA1 (S)	8.100%	24-Dec-21	10	2.366	2.388	2.366
BKB IMTN 4.050% 06.06.2023 - IMTN Issue No. 1	AA1	4.050%	06-Jun-23	15	2.601	2.601	2.601
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	03-May-27	4	3.859	3.861	3.859
MMC CORP IMTN 5.800% 12.11.2025	AA- IS	5.800%	12-Nov-25	10	3.651	3.651	3.644
7-EMHB MTN 1824D 26.6.2026 (Tranche 2)	AA-	4.280%	26-Jun-26	1	4.229	4.231	4.229
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	12	4.121	4.123	4.097
QSPS Green SRI Sukuk 5.720% 05.10.2029 - T22	AA- IS	5.720%	05-Oct-29	2	4.55	4.551	4.55
DRB-HICOM IMTN 4.850% 11.12.2026	A+ IS	4.850%	11-Dec-26	5	4.349	4.351	4.349
CIMB 5.400% Perpetual Capital Securities - T3	A1	5.400%	25-May-16	50	3.396	3.405	3.396
CIMB 4.880% Perpetual Capital Securities - T4	A1	4.880%	25-May-16	1	3.55	3.972	3.55
Total				391			

Sources: BPAM

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