

## Global Markets Daily

# Powell Comforts, China Soothes

### Turnaround in Regional Risk Sentiments

US indices pared initial losses and DXY reversed lower overnight as Powell's comments that further economic progress is needed to start tapering stimulus confirmed Fed's dovish bias. Meanwhile, reports of a virtual meeting between China's securities regulator and executives of major investment banks last night, supposedly to mitigate fears of further regulatory crackdown, contributed to a turnaround in AxJ risk sentiments. PBoC net liquidity injection, headlines on China allowing Chinese firms to continue to IPO in the US, also supported modest firming in AxJ FX this morning, with USDCNH dipping below the 6.5-handle.

### Fed in No Hurry to Normalize Policy

Statement noted that current pace of QE purchase at \$120bn/month will continue until "substantial further progress" was made on employment and inflation. Fed Chair Powell said officials had taken a "first deep dive" on how to scale back bond purchases when the time came but offered no decision on tapering timeline. He also noted the spike in inflation as "largely reflecting transitory factors. On net, FoMC outcome yesterday was no surprise to us (and perhaps some analysts) as we had anticipated Powell to retain his dovish rhetoric (from his testimony to Congress last week) and also expected more discussion on tapering but short of a commitment to a timeline. We continue to look for Fed to offer guidance (timeline) on tapering at the upcoming Jackson Hole symposium (26 - 28 Aug) or latest by Sep FoMC (22 Sep).

### US 2Q GDP in Focus; Expectations for Annualized +8.5%q/q

Key data of interest today include US 2Q GDP, EU Consumer confidence, AU Import, export prices, NZ Activity outlook, Business confidence.

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### G7: Events & Market Closure

Date	Ctry	Event
29 Jul	US	Fed Monetary Policy Decision

### Asia Ex JP: Events & Market Closure

Date	Ctry	Event
26 Jul	TH	Market Closure
28 Jul	TH	Market Closure

### FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1845	↑ 0.24	USD/SGD	1.3566	↓ -0.28
GBP/USD	1.3902	↑ 0.17	EUR/SGD	1.607	↓ -0.03
AUD/USD	0.7376	↑ 0.19	JPY/SGD	1.2341	↓ -0.40
NZD/USD	0.6949	↓ -0.10	GBP/SGD	1.886	↓ -0.11
USD/JPY	109.91	↑ 0.12	AUD/SGD	1.0006	↓ -0.07
EUR/JPY	130.19	↑ 0.36	NZD/SGD	0.9437	↓ -0.29
USD/CHF	0.9101	↓ -0.48	CHF/SGD	1.4906	↑ 0.20
USD/CAD	1.2528	↓ -0.59	CAD/SGD	1.0833	↑ 0.34
USD/MYR	4.2343	↑ 0.03	SGD/MYR	3.1164	↑ 0.19
USD/THB	32.965	→ 0.00	SGD/IDR	10662.56	↑ 0.07
USD/IDR	14488	↓ -0.03	SGD/PHP	37.0631	↑ 0.04
USD/PHP	50.393	↓ -0.04	SGD/CNY	4.7764	↓ -0.27

Implied USD/SGD Estimates at 29 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3342	1.3614	1.3886

## G7 Currencies

- **DXY Index - A Step Closer to Tapering But Not There Yet.** USD slipped overnight as FoMC outcome confirmed that Fed is in no hurry to normalise policies. Statement noted that current pace of QE purchase at \$120bn/month will continue until “substantial further progress” was made on employment and inflation. Fed Chair Powell said officials had taken a “first deep dive” on how to scale back bond purchases when the time came but offered no decision on tapering timeline. He also noted that the spike in inflation as “largely reflecting transitory factors. On net, FoMC outcome yesterday was no surprise to us (and perhaps some analysts) as we had anticipated Powell to retain his dovish rhetoric (from his testimony to Congress last week) and also expected more discussion on tapering but short of a commitment to a timeline. We continue to look for Fed to offer guidance (timeline) on tapering at the upcoming Jackson Hole symposium (26 - 28 Aug) or latest by Sep FoMC (22 Sep). Our baseline looks for gradual pace of tapering (in clips of \$10bn/month) to begin in Jan 2022 and to end the \$120bn/month QE purchase by end-2022 before tightening rates in 2023. Confirmation of Fed’s dovish bias as well as support for Chinese equities (responses from CSRC gathering banks in attempt to calm sentiments, PBoC net liquidity injection of CNY20bn - more than usual) should keep sentiment supported and weigh on USD while AXJs could recover. DXY slipped; last seen at 92.21 levels. Daily momentum is bearish bias while RSI is falling. Direction bias still skewed to the downside. Next support at 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.30/50 levels (50, 100, 200DMAs, 50% fibo). Resistance at 92.50 (21 DMA), 93.2 and 93.5 levels. Week remaining brings GDP (2Q) on Thu; Chicago PMI (Jul); Personal income, spending, core PCE (Jun) on Fri.
- **EURUSD - Bullish Momentum.** EUR extended its up-move overnight amid softer USD post-FoMC. Last seen at 1.1850 levels. Daily momentum and RSI indicators are mild bullish. Potential falling wedge pattern - typically a bullish reversal. Sustained close above resistance at 1.1840 (76.4% fibo retracement of Mar low to May high) could see EUR build on momentum towards next resistance at 1.1920/30 (61.8% fibo), 1.1980/1.20 levels (50, 100, 200 DMAs, 50% fibo). Support at 1.1820 (21 DMA), 1.1760 and 1.1705/15 levels. We look for 1.1820 - 1.19 range intra-day. Week remaining brings Consumer confidence (Jul) on Thu; CPI estimate (Jul); 2Q GDP on Fri.
- **GBPUSD - Stay Long.** GBP remains better bid amid broad USD softness post-FoMC. GBP was last seen at 1.3915 levels. Daily momentum is bullish while RSI is rising. Risks skewed to the upside. Next resistance 1.3910 (50% fibo), 1.3960 (50 DMA). Support at 1.3830 (38.2% fibo), 1.3710/30 (23.6% fibo retracement of 2021 double-top to Jul low, 200 DMA). We continue to watch covid situation in UK - further signs of improvement could lend support to GBP. Daily new infection picked up pace to ~27k but remains well below its 7-day average of 32k. We also note that covid hospitalisation rate and ICU admissions are key as UK experiments with living with covid as endemic. So long covid hospitalisation/ICU

admissions do not pick up significantly (and weigh on public healthcare system), daily infection continues to fall and more people become fully vaccinated, then this experiment of living with covid as an endemic could prove to be a template for the world - a potential boost to risk sentiment. (not forgetting that UK is not alone in this as Singapore is also working towards covid as endemic). Of interest is that 9 in 10 people in UK has covid antibodies and there are more people vaccinated in UK today than before (about 54% fully vaccinated and 69% of population with at least 1 dose). Week ahead brings CBI Trends Selling Prices (Jul) on Thu; Lloyds Business Barometer (Jul) on Fri.

- **USDJPY - Larger Two-way Swings; Buy on Dips.** Pair last seen at 109.73, largely on par with levels seen yesterday morning. An initial climb upwards during the Asian/London sessions (on recovering sentiments from China's tech crackdown earlier) reversed course in the US session, with Powell's slightly dovish press conference weighing on both dollar and UST yields. Developments had induced the USDJPY pair to swing lower on net. Bias for the pair remains as buy-on-dips at this point, with US10Y yields potentially seeing support in the 1.20-1.25% range (last at 1.23%). Momentum and RSI on daily chart are not showing a clear bias. Support nearby at 109.60, before next at 109.10, 108.30 (23.6% fibo retracement of Mar high to Apr low). Resistance at 111, 112 (Mar high). Jobless rate, IP, retail sales due Fri.
- **NZDUSD - 2-Way Trade.** NZD was last seen at 0.6955 levels. Technical signals remain mixed with formation of death cross (with 50DMA cutting 200 DMA to the downside) - a bearish signal but momentum/RSI is flat. 2-way trade likely. Support at 0.6910, 0.6880. Resistance at 0.70, 0.7050 and 0.7090 (50, 200 DMAs). We look for 0.6940 - 0.6990 range intra-day. Week remaining brings Consumer confidence (Jul); Building permits (Jun) on Fri.
- **AUDUSD - Rangy.** AUDUSD remained in languid action, last seen around the 0.7370-level ahead of RBA next week. There could be mild expectations for RBA to increase asset purchases back to A\$5bn per week from the current A\$4bn and that could be crimping on AUD gains even with USD on the decline. Treasurer Frydenberg admitted the chances of a technical recession (2 quarters of contraction) has increased because of the recent lockdown. Afterall Victoria makes around 25% of GDP and it has experienced snap lockdowns recently while Greater Sydney and some other parts of NSW (which makes 30% of Australia's GDP) is experiencing a prolonged period of lockdown. **Despite some calls for QE to rise back to \$5b/week, we see little need for a change at the Aug meeting as borrowing rates remain anchored, bourses are supported and the AUD has depreciated a tad on trade-weighted basis since early July.** Current degree of monetary policy accommodation continues to render the support that businesses need to tide over this time. In addition, ample and timely fiscal support could slow job losses. Federal fiscal support was expanded as NSW extended its lockdown by another 4 weeks. Back on the chart, resistance is seen around 0.7425 (21-dma) before the next at 0.7500, before the next

at 0.7590. Support at 0.7290 (Jul low). Price action remains subdued, weighed by the still-rising Covid infections in NSW with 7-day average infections at 152 as of 27 Jul (updated). Sydney is in its 5<sup>th</sup> week of lockdown and NSW Premier Gladys Berejiklian announced a 4-week extension to 28 Aug. Along with the announcement of the extension, the Federal government also increased fiscal support for workers and businesses in hot spots. On a related note, PM Morrison pledged to have enough vaccines by Christmas this year and warned that people who choose to be unvaccinated could face greater restrictions “because they’re a danger to themselves and others”. However, in a confusing message, PM Morrison also said that vaccinations would not end the lockdown in Sydney. Inconsistent messages like these may not be the best way to encourage Australians to get inoculated as soon as possible. Data-wise, Jun private sector credit and 2Q PPI are due on Fri.

- **USDCAD - Sell on Rally.** USDCAD fell alongside the USD and was last at 1.2520, resting on the 21-dma at 1.2525. Momentum has turned bearish. Investors seem to be reserved given the risk of being the first few to open up borders. (Canada is scheduled to open borders to fully vaccinated Americans on 9 Aug and other international travellers a month later). After all, the country has not been truly exposed to the delta variant with the strain detected only in 12% of its current cases. However, high vaccination rate could potentially protect Canada from a health crisis, as shown by the UK example. At this point, the share of population given at least one dose is 70% and fully vaccinated makes up 56%, 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. Data-wise, Jun CPI came in a tad below expectations but still above BoC’s target of 1-3%, at 3.1% and easing from previous 3.6%. Headline was underpinned by shelter costs (4.4%/y vs. prev. 4.2%). Month-on-month, shelter stabilized at 0.7%. Transportation costs remain rather elevated at 5.6%/y growth, albeit slowing from previous 7.6%. Price pressure in the health, personal care also increased to 3.4%/y from previous 3.1%. Overall, the trajectory of the headline gives credence to the central banks’ projection that inflation drivers at this point could be transitory and could dissipate by the end of the year. Still, BoC may continue to taper and we anticipate, halt QE by the end of the year, given that CPI is still above its threshold and a fair chance that demand recovery could gain traction with the opening of borders in Aug. Friday has May GDP and Jun industrial product price.

## Asia ex Japan Currencies

SGD trades around +0.38% from the implied mid-point of 1.3614 with the top estimated at 1.3342 and the floor at 1.3886.

- **USDSGD - SGD NEER to Remain in Upper Half of Policy Band; Recovery May Slow.** USDSGD last seen at 1.3560, dipping lower overnight alongside declines in dollar DXY. Key driver was likely a slightly more dovish press conference from Powell post-FoMC. Some signs of reassurance from Chinese authorities, on regulatory drags likely being contained to certain sectors (as opposed to spillovers to more industries), likely lent some support to yuan and AxJ FX sentiments as well. Back in Singapore, the trajectory of the latest pandemic wave remains in focus. Earlier climbs in new daily cases have tapered somewhat for now (averaging around 130-150 cases over the past 7 days). High risk groups such as seniors have also seen increased vaccine protection. MOH revealed yesterday that around 77% of seniors aged 60 and above have been fully vaccinated. Momentum on USDSGD daily chart has turned mild bearish, while RSI is showing signs of a gentle dip. Resistance at 1.3680, 1.3780. Support at 1.3530 (Mar high), 1.3450 (76.4% fibo retracement from Mar high to Jun low). 2Q unemployment rate due Fri.
- **AUDSGD - Bearish Bias.** Cross was last seen around 0.9990 with the route of least resistance still to the downside. The 21-dma at 1.0066 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 - Consolidate.** SGDMYR firmed amid SGD outperformance. Pair last seen at 3.1155 levels. Mild bullish momentum on daily chart intact but shows signs of waning while RSI shows signs of turning from near overbought conditions. We reiterate that the upside momentum seen since early-Jul has paused as there are more signs of a turn-around (lower). Potential bearish divergence on MACD and RSI could possibly be forming. Resistance at 3.1180 and 3.1220 levels. Support at 3.1035 (50 DMA), 3.10 (21 DMA) and 3.0940 (100 DMA). We watch 3.1050 - 3.12 range intra-day.
- **USDMYR - Room for Retracement.** USDMYR slipped this morning, in line with our call for *room for retracement lower*. FoMC meeting outcome this morning was consistent with our view that Fed will offer no commitment to tapering timeline. Statement noted that current pace of QE purchase at \$120bn/month will continue until “substantial further progress” was made on employment and inflation. Powell noted that the spike in inflation as “largely reflecting transitory factors. Overall FoMC outcome reinforced our view that the Fed is in no hurry to normalise and this should open up a breather window for risk proxies including MYR. To add, China Securities Regulatory Commission’s gathering of major investment banks overnight in attempt to sooth market fears on recent Chinese equity rout (owing to government crackdown on tutoring sector) may provide some

support to battered sentiment. With Fed still dovish and the potential for Chinese sell-off to stabilise, MYR could recover. Pair was last seen at 4.2270 levels. Bullish momentum on daily chart is fading while RSI is falling from overbought conditions. A potential bearish divergence on RSI could be forming. We stick to our view - to see room for retracement lower. Support at 4.20, 4.1900/70 levels (21DMA, 23.6% fibo retracement of 2021 low to high) and 4.1610 levels (50 DMA). Resistance at 4.2450 (upper bound of bullish trend channel), 4.25 levels.

- **1m USDKRW NDF - Sell Rallies.** 1m USDKRW NDF was a touch softer overnight post-FoMC. Key takeaway was Fed to offer no commitment to taper timeline at the moment as they judged that Fed's goals of employment and inflation are still way off even though officials acknowledged that economy made progress. Elsewhere market anticipation for support for local equities should somewhat provide a stabiliser effect to negative sentiments. A scenario of dovish Fed and potentially less volatile moves in Chinese equities and CNH today could lend support to KRW. In addition, Samsung's 2Q earnings report this morning (where profits surpassed estimates) reinforced the notion that the tech sector's robust outlook remains intact. These factors underpin KRW strength but at the same time, persistent spread of delta variant, tighter measures and slowing pace of inoculation undermined sentiment in the near term. Vaccination pace needs to pick up further (currently 32% of population received at least 1 shot). We still expect the covid situation to turn around amid tighter measures to stem transmission chain. Pair was last seen at 1149 levels. Mild bullish momentum on daily chart faded while RSI is falling from near overbought conditions again. Potential rising wedge pattern in the making - typically associated with bearish reversal. Elsewhere we also noted a potential bearish divergence on daily MACD. Bias to stay short and add on rallies. Support at 1145 (21 DMA), 1138 levels. Resistance at 1155, 1162 levels.

- **USDCNH - Bearish Reversal, Back in Range.** The pair has reversed out its recent gains on a few drivers overnight. First, RMB assets were boosted by an emergency meeting convened by Vice Chair of CSRC Fang Xinghai with executives of major investment banks, including a few big global players to reassure them the crackdown on private tutoring is targeted and not intended to hurt other industries. Separately, there are more assurances by local media including Economic Daily that the crackdown is to "promote disciplined and healthy growth of the sectors, ensure data security and safeguard people's wellbeing". In other words, investors should remain calm and that regulatory tightening is medium term positive. Local bourses were a tad higher this morning. Apart from the assurance of the authorities, we also had a softer USD overnight as Fed remains non-committal to any tapering schedule and inflation remains expected to be transitory. **USDCNH touched a low of 6.4845 before inching back higher again, last printed 6.4921.** The recent spike has created a bearish divergence for this pair and a rising wedge on the weekly chart. At this point, bias remains a tad to the upside but stochastics already showing signs of turning lower. We are biased to lean against USDCNH strength. 10y yield slipped a tad from the knee-jerk move

two days ago and was last at 2.911%. The RMB CFETS TWI fell to 98.00 with the fix this morning. The USDCNY reference rate was fixed at 6.4942 vs. consensus estimate of 6.4944. Data-wise for this week, NBS official non-mfg PMI, mfg PMI and Comp PMI are due on Sat. We also have the monthly politburo meeting this week and it will be closely watched for any hints that they are satisfied with the housekeeping done so far and whether there are have become more concerned about the equity correction and will slow down the pace of regulatory tightening done for the sake of mitigating social ills. Insofar, the authorities seem to express some discomfort with the broad-based correction in local bourses. Liquidity conditions were boosted this morning with an unusual CNY30bn injection via the 7-day reverse repo, resulting in a net CNY20bn provision. PBoC will also conduct a central bank 3-month bill swap on today worth CNY5bn to “improve the liquidity of perpetual bonds and support banks’ issuance for the bonds to replenish capital”.

- **USDINR NDF - *Risks Skewed Downside***. The 1M NDF hovered around 74.70. MACD is still bearish and risks are still skewed to the downside but stochastics show signs of turning from oversold condition. We see possible consolidation within 74.30-74.95. Next 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) is being tested (again) and then the next is seen at 74.30 before area of support around 74.00 (50,100,200-dma). At home, JSW Steel Ltd noted a good recovery of steel demand in Jun and Jul and expects construction demand to pick up further.
- **USDVND - *Risks Tilting Lower***. The pair closed 22992 on 28 Jul vs. 23010 on the day prior. This pair is increasingly biased towards the downside. 23072 remains as a resistance before the next at 23100. Covid cases at home remain on the rise with 7-day average still around 7359 as of 27 Jul. Mortality rate is also on the rise. As of this morning, Vietnam remains a laggard in its vaccination drive with only 4.7% of its population getting its first dose with around 97K doses administered daily according to the Bloomberg Vaccine Tracker compared to 63K checked yesterday. The vaccination pace seems to be rising, up 50% of doses administered daily compared to the day before.
- **1M USDIDR NDF - *Supported***. Last seen near 14,540, on par with levels seen yesterday morning. We note that the 1m NDF has largely hovered in a narrow range (+/-100pips) since mid-June, when it spiked due to Fed’s hawkish tilt. Wider IGB-UST yield differentials (on treasury yield declines this month) likely helped offset sentiment drags from the Jul domestic Covid case surge and accompanying curbs. Fed tapering concerns and domestic pandemic trajectory will likely remain as key drivers near-term, even as markets appear relatively accepting of Fed’s recent communication of its tapering strategy (only mild jitters). Momentum on daily chart is mildly bearish while RSI is not showing a clear bias. Resistance at 14,740 (Mar high). Nearby support at 14,520, before 14,350 (200-DMA).

- **USDTHB - Rising Risks to Sandbox Programme; But Bearish Divergence Emerging.** Last seen at 32.92, remaining on par with levels seen yesterday morning. THB remains a laggard versus regional peers, which firmed overnight relative to the dollar dip (i.e., Powell's post-FoMC dovish messaging). Continued threats from the elevated daily case counts and rising challenges to Thailand's sandbox tourism programme could be weighing on sentiments. The recent spike in cases in the Phuket has led to new curbs, including shutting of Central Phuket shopping mall from 27 Jul to 2 Aug, extending closure of schools. But on technicals, we note that bullish momentum on USDTHB daily chart has largely moderated. RSI suggests overbought conditions still, and signs of bearish divergence (bearish signal) are emerging. Resistance at 33.20 (2020 high). Support at 32.00, before 31.85 (50-DMA). Mfg production and trade due Fri.
- **1M USDPHP NDF - Momentum Turned Mild Bearish.** NDF last seen at 50.49, seeing more ranged trading after the dip seen in the second half of last week. Signs of an up-creep in new Covid cases, including concerns over the Delta variant, could constrain any PHP recovery in the interim. But authorities have kept the Manila capital region under the second-loosest restrictions through 15 Aug, avoiding tighter curbs for now. Momentum on daily chart has turned mild bearish, while RSI has exited from overbought conditions. Resistance at 50.85 (61.8% fibo retracement of 2020 high to 2021 low), 51.60 (76.4% fibo). Support at 50.30 (21-DMA), 49.10 (50-DMA).

## Malaysia Fixed Income

### Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.22	2.25	+3
5YR MO 9/25	2.61	2.61	Unchanged
7YR MS 6/28	2.97	2.97	Unchanged
10YR MO 4/31	3.16	3.17	+1
15YR MS 5/35	3.70	3.71	+1
20YR MY 5/40	3.96	3.98	+2
30YR MZ 6/50	4.10	4.16	+6
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	2.53	2.54	+1
7-year	2.78	2.80	+2
10-year	3.00	3.00	-

Source: Maybank KE

\*Indicative levels

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- Government bonds saw profit taking ahead of the US FOMC while UST yields stalled. The belly sector was better sold, but yields moved just +/-1bp with GILs better supported on some buying in the 15y. Yields were mostly within 1-3bps range. Some foreign buying emerged at the front end and belly at higher levels which supported market, while local banks were selling. There were also local end clients buying ultra-long dated off-the-run GILs.
- Onshore IRS curve ended pretty much unchanged, though there was notable paying interest along the 3y-5y segment late towards closing, reckoned due to FOMC wagers. The 3y was taken at 2.31% and 2.32%, and the 5y at 2.54%. 3M KLIBOR was unchanged at 1.94%.
- Decent trading volume in PDS with yields firmer for AAAs and unchanged for GG and AA credits. In GG, Prasarana ultra-long tenor bonds traded actively at flat levels. AAAs were firmer by 1-5bps at the front end and belly driven by decent buying in Digi, Telekom, Danum, Aquasar, PASB and Petro Sarawak. For AA credits, the belly was marginally firmer and front end unchanged with SPG, Edra Energy and YTL Power trading in decent sizes.

## Singapore Rates and AxJ USD Credit

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.36	0.37	+1
5YR	0.80	0.79	-1
10YR	1.34	1.34	-
15YR	1.63	1.61	-2
20YR	1.71	1.68	-3
30YR	1.73	1.71	-2

Source: MAS (Bid Yields)

- SGS saw buying flows at the ultra-long end which drove 15y-30y yields down 2-3bps. The rest of the curve traded sideways with mainly selling interest in the short and medium tenor bonds following the SGS 11/25 auction. SGD IRS dipped 0.5-1.0bp across the curve and SOR and SORA curves also fell against a backdrop of equity weakness following the China crackdown.
- Stronger tone in Asian credit space due to short covering and onshore real money support which sent China IGs rallying 10bps tighter, but some selling later brought spreads to within 7bps tighter than previous close. 10y SOE benchmarks and major tech names saw better buying. HYs also rebounded 1-2pts in price. Previous day's selloff was partly exacerbated by low liquidity and may have been overdone. India IGs remained weak, widening 3-5bps. Malaysia USD bonds rather muted, though were 1-2bps wider. Asian sovereign bond prices marginally firmer but spreads widened as risk sentiment remained cautious after the overnight US equity selloff. The high volatility warrants prudent positioning.

## Indonesia Fixed Income

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### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
<b>1YR</b>	3.62	3.62	0.00
<b>3YR</b>	4.87	4.87	(0.00)
<b>5YR</b>	5.26	5.21	(0.05)
<b>10YR</b>	6.31	6.31	(0.00)
<b>15YR</b>	6.38	6.32	(0.06)
<b>20YR</b>	7.11	7.10	(0.01)
<b>30YR</b>	6.89	6.89	(0.00)

\* Source: Bloomberg, Maybank Indonesia

- Indonesian government bonds continued to sustain their rally trends on the secondary bond market until yesterday. Investors took momentum for collecting Indonesian governments bonds that offering attractive investment yields. Nevertheless, stronger prices on Indonesian government bonds seemed being limited due to recent persistent cases on Indonesian COVID-19's contagion. Moreover, investors were also being cautious before the last night Fed's monetary meeting. Last night, the Fed decided keep maintaining its policy rate at 0.00-0.25%. The American Central Bank also continued applying its assets program by US\$120 billion per month. The Federal Reserve also gave no clue about when it might start reducing its purchases of government bonds, even as it said the economic recovery is on track. At a news conference, Fed Chairman Jerome Powell said it was not yet time to think about raising interest rates, and that while the Fed has begun discussing plans to taper its bond purchases, the exact timing will depend on incoming data.
- Those condition can be a good momentum for local investors to keep maintaining its buying strategy on Indonesian government bonds. Nevertheless, we believe that 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. Indonesian government reported another high record of daily COVID-19 cases. There were 47,197 confirmed cases in the 24 hours through midday Wednesday, with 1,824 people dying from the disease known as Covid-19. Actually, Indonesian government bonds offer attractive yields amidst recent manageable position on Rupiah against US\$ at below 14,500. The yields gaps between Indonesian government bonds against the U.S. government bonds remain wide. U.S. Treasury yields fell on Wednesday after the Federal Reserve flagged ongoing discussions around the eventual withdrawal of monetary policy support but gave no details on when it is likely to reduce bond purchases. Benchmark 10-year yields fell to 1.228%, after briefly rising to a session high of 1.278% immediately after the statement.

## Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1900	110.52	0.7422	1.3953	6.5423	0.7008	130.6300	81.4573
R1	1.1872	110.21	0.7399	1.3927	6.5141	0.6979	130.4100	81.2597
<b>Current</b>	1.1848	109.75	0.7363	1.3916	6.4919	0.6953	130.0400	80.8030
S1	1.1795	109.67	0.7335	1.3860	6.4711	0.6911	129.8000	80.7507
S2	1.1746	109.44	0.7294	1.3819	6.4563	0.6872	129.4100	80.4393

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3639	4.2401	14516	50.5297	33.0470	1.6113	0.6542	3.1215
R1	1.3602	4.2372	14502	50.4613	33.0060	1.6092	0.6533	3.1190
<b>Current</b>	1.3569	4.2285	14500	50.4000	32.8910	1.6077	0.6520	3.1165
S1	1.3546	4.2302	14481	50.3433	32.8720	1.6040	0.6505	3.1123
S2	1.3527	4.2261	14474	50.2937	32.7790	1.6009	0.6486	3.1081

\*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	0.4300	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	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	26/8/2021	Tightening Bias
Fed Funds Target Rate	0.25	29/7/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	9/9/2021	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	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>	34,930.93	-0.36
<b>Nasdaq</b>	14,762.58	0.70
<b>Nikkei 225</b>	27,581.66	-0.39
<b>FTSE</b>	7,016.63	0.29
<b>Australia ASX 200</b>	7,379.29	-0.70
<b>Singapore Straits Times</b>	3,141.75	0.09
<b>Kuala Lumpur Composite</b>	1,515.39	0.05
<b>Jakarta Composite</b>	6,088.52	-0.14
<b>Philippines Composite</b>	6,473.03	-0.76
<b>Taiwan TAIEX</b>	17,135.22	-0.78
<b>Korea KOSPI</b>	3,236.86	0.13
<b>Shanghai Comp Index</b>	3,361.59	-0.58
<b>Hong Kong Hang Seng</b>	25,473.88	1.54
<b>India Sensex</b>	52,443.71	-0.26
<b>Nymex Crude Oil WTI</b>	72.39	1.03
<b>Comex Gold</b>	1,804.60	0.03
<b>Reuters CRB Index</b>	219.08	0.44
<b>MBB KL</b>	8.04	0.50

## 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	96	1.751	1.756	1.74
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	5	1.763	1.763	1.763
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	15	1.766	1.766	1.652
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	77	1.917	1.917	1.887
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	24	1.922	1.922	1.913
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	61	2.253	2.253	2.235
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	30	2.316	2.316	2.316
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	5	2.488	2.488	2.488
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	34	2.565	2.567	2.565
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	6	2.652	2.652	2.624
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	30	2.687	2.687	2.687
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	245	2.616	2.62	2.607
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	30	2.856	2.856	2.856
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	10	2.893	2.893	2.893
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	47	3.162	3.171	3.148
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	24	3.174	3.174	3.174
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	32	3.784	3.796	3.784
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	62	3.981	3.987	3.977
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	210	4.291	4.301	4.291
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	14	4.155	4.158	4.155
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	90	1.742	1.742	1.742
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	345	1.77	1.77	1.75
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	100	1.77	1.77	1.77
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	6	1.802	1.802	1.802
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	10	2.266	2.266	2.266
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	8	2.296	2.296	2.27
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	125	2.609	2.609	2.604
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	60	2.965	2.973	2.965
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	10	3.22	3.22	3.22
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	30	3.327	3.327	3.315
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	100	3.3	3.3	3.3
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	60	3.731	3.732	3.731
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	40	3.737	3.737	3.737
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	66	3.902	3.909	3.891
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	131	4.259	4.271	4.181
GII MURABAHAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	70	4.42	4.42	4.42
<b>Total</b>			<b>2,307</b>			

Sources: BPAM

## MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.26% 29.08.2023 - Tranche 1	GG	4.260%	29-Aug-23	10	2.215	2.215	2.215
MRL IMTN 3.330% 21.07.2028	GG	3.330%	21-Jul-28	15	3.281	3.281	3.281
JAMB.KEDUA IMTN 4.520% 28.07.2031	GG	4.520%	28-Jul-31	25	3.55	3.55	3.55
PRASARANA SUKUK MURABAHAH 3.75% 23.03.2040 - S14	GG	3.750%	23-Mar-40	20	4.34	4.341	4.34
PRASARANA SUKUK MURABAHAH 5.11% 12.09.2042 - S5	GG	5.110%	12-Sep-42	10	4.435	4.435	4.435
PRASARANA IMTN 3.90% 24.03.2045 - Series 4	GG	3.900%	24-Mar-45	20	4.449	4.451	4.449
CAGAMAS MTN 2.500% 29.5.2023	AAA	2.500%	29-May-23	20	2.381	2.401	2.381
TELEKOM IMTN 4.550% 07.10.2024	AAA	4.550%	07-Oct-24	20	2.739	2.739	2.719
BPMB IMTN 2.800% 10.10.2025	AAA IS	2.800%	10-Oct-25	10	3.029	3.032	3.029
TELEKOM IMTN 4.88% 28.11.2025	AAA	4.880%	28-Nov-25	20	2.894	2.9	2.894
DANUM IMTN 4.300% 13.02.2026 - Tranche 1	AAA (S)	4.300%	13-Feb-26	80	2.938	2.947	2.938
DIGI IMTN 3.50% 18.09.2026 - Tranche No 4	AAA	3.500%	18-Sep-26	5	2.967	2.967	2.967
BPMB IMTN 4.50% 04.11.2026 - Issue No 7	AAA	4.500%	04-Nov-26	40	3.177	3.181	3.177
PLUS BERHAD IMTN 4.800% 12.01.2027 - Series 1 (11)	AAA IS	4.800%	12-Jan-27	10	3.188	3.19	3.188
PASB IMTN 3.320% 04.06.2027 - Issue No. 21	AAA	3.320%	04-Jun-27	10	3.233	3.233	3.229
PLUS BERHAD IMTN 4.880% 12.01.2028 - Series 1 (12)	AAA IS	4.880%	12-Jan-28	10	3.329	3.331	3.329
PSEP IMTN 3.800% 17.03.2028	AAA	3.800%	17-Mar-28	80	3.639	3.644	3.639
AQUASAR IMTN 5.350% 18.07.2028	AAA (S)	5.350%	18-Jul-28	10	3.343	3.352	3.343
DIGI IMTN 3.60% 20.09.2029 - Tranche No 5	AAA	3.600%	20-Sep-29	10	3.449	3.449	3.449
DANUM IMTN 3.290% 13.05.2030 - Tranche 9	AAA (S)	3.290%	13-May-30	20	3.578	3.595	3.578
TENAGA IMTN 29.08.2033	AAA	4.780%	29-Aug-33	10	3.923	3.925	3.923
Infracap Resources Sukuk 4.70% 14.04.2034 (T1 S9)	AAA (S)	4.700%	14-Apr-34	10	4.221	4.221	4.219
SEB IMTN 5.180% 25.04.2036	AAA	5.180%	25-Apr-36	10	4.368	4.382	4.368
SABAHDEV MTN 1827D 24.4.2024 - Issue No. 203	AA1	5.300%	24-Apr-24	1	4.038	4.046	4.038
CTX IMTN 5.05% 29.08.2024 - Series 10	AA+ IS	5.050%	29-Aug-24	20	2.8	2.803	2.8
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	03-May-27	40	3.891	3.891	3.88
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	1	4.603	4.603	4.603
GENM CAPITAL MTN 5479D 31.3.2032	AA1 (S)	5.200%	31-Mar-32	1	4.752	4.871	4.752
UMWH IMTN 5.020% 04.10.2021	AA2	5.020%	04-Oct-21	10	2.27	2.325	2.27
FPSB IMTN 5.050% 05.09.2025	AA IS	5.050%	05-Sep-25	70	3.415	3.433	3.415
ESSB IMTN 5.050% 09.10.2037	AA2	5.050%	09-Oct-37	10	4.979	4.98	4.979
SDPLANTATION IMTN 5.650% 24.03.2116	AA IS	5.650%	24-Mar-16	40	3.4	3.414	3.4
UEMS IMTN 5.060% 09.12.2022	AA- IS	5.060%	09-Dec-22	10	3.56	3.583	3.56
SPG IMTN 4.820% 30.04.2024	AA- IS	4.820%	30-Apr-24	15	3.017	3.017	3.017
BGSM MGMT IMTN 4.050% 04.12.2026 - Issue No 17	AA3	4.050%	04-Dec-26	5	3.394	3.394	3.394
EDRA ENERGY IMTN 5.940% 05.07.2027 - Tranche No 12	AA3	5.940%	05-Jul-27	20	3.716	3.732	3.716
SPG IMTN 5.020% 29.10.2027	AA- IS	5.020%	29-Oct-27	10	3.549	3.551	3.549
GUAN CHONG IMTN 3.840% 03.12.2027	AA- IS	3.840%	03-Dec-27	14	4.048	4.05	4.048
SPG IMTN 5.090% 30.04.2029	AA- IS	5.090%	30-Apr-29	20	3.772	3.775	3.772
SPG IMTN 5.130% 31.10.2029	AA- IS	5.130%	31-Oct-29	20	3.838	3.851	3.838
SABAHDEV MTN 1096D 30.7.2024 - Tranche 1 Series 1	NR(LT)	Pending	30-Jul-24	27	4.1	4.25	4.04
SABAHDEV MTN 1826D 30.7.2026 - Tranche 1 Series 2	NR(LT)	Pending	30-Jul-26	18	4.38	4.5	4.38
LBS BINA IMTN 6.850% 29.03.2120 (Series2 Tranche1)	NR(LT)	6.850%	29-Mar-20	15	6.75	6.801	6.61
<b>Total</b>				<b>841</b>			

Sources: BPAM

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