

Global Markets Daily

Kiwi Leading Gains

RBNZ Early Rate Hike Likely

NZD was the outperformer this week, appreciating nearly 1% vs. USD. Much better than expected 2Q labor market report suggests that a 25bps hike at the upcoming RBNZ meeting (18 Aug) is almost a done deal. IDR is also an outperformer (+0.84% vs. USD) this week. Continued decline in UST yields (10y at 1.17%) enhanced the allure of high-yielding IDR-denominated bonds while covid situation also showed signs of improvement - daily infection peaked while vaccination pace accelerated to 2mio/day. Elsewhere THB retains its laggard status as the worst performing currency in the region as covid-19 infection in Thailand shows little signs of abating.

BoT to Stand Pat

BoT meeting due this afternoon (3:05pm SG/KL time). We note limited policy space, and earlier BoT comments suggesting that it would monitor THB weakness and step in to curb excessive volatility. On net, BoT is likely to stand pat, but express dovish leanings in its messaging. While manufacturing and trade had been bright spots in the economy earlier, helping to offset drags from the delayed tourism recovery, these supporting growth drivers are now coming under threat. Estimates by exporter groups note that exports could decrease by as much as THB300bn for the rest of the year if outbreaks in factories (disrupting production) are not contained. The central bank is likely to point to downside growth risks, or formally revise the growth forecast for 2021 (last at 1.8%) lower.

Data Focus on ADP Employment and Services PMIs Today

Today brings US ISM non-mfg, ADP employment; EU retail sales as well as services PMIs from EU, UK.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1864	↓ -0.05	USD/SGD	1.3513	↓ -0.13
GBP/USD	1.3916	↑ 0.24	EUR/SGD	1.6032	↓ -0.16
AUD/USD	0.7396	↑ 0.48	JPY/SGD	1.2395	↑ 0.10
NZD/USD	0.7017	↑ 0.67	GBP/SGD	1.8805	↑ 0.10
USD/JPY	109.04	↓ -0.25	AUD/SGD	0.9993	↑ 0.30
EUR/JPY	129.37	↓ -0.29	NZD/SGD	0.9483	↑ 0.49
USD/CHF	0.9037	↓ -0.20	CHF/SGD	1.4947	↓ -0.03
USD/CAD	1.2539	↑ 0.23	CAD/SGD	1.0778	↓ -0.40
USD/MYR	4.22	↓ -0.11	SGD/MYR	3.1246	↓ -0.01
USD/THB	33.023	↑ 0.21	SGD/IDR	10617.02	↓ -0.47
USD/IDR	14342	↓ -0.56	SGD/PHP	36.7519	↓ -0.47
USD/PHP	49.615	↓ -0.61	SGD/CNY	4.7842	↑ 0.13

Implied USD/SGD Estimates at 4 August 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3312	1.3584	1.3856

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com.sg

Christopher Wong
(65) 6320 1347
wongkl@maybank.com.sg

Tan Yanxi
(65) 6320 1378
tanyx@maybank.com.sg

Fiona Lim
(65) 6320 1374
fionalim@maybank.com.sg

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

G7 Currencies

■ **DXY Index - ADP, ISM Non-Mfg Today.** USD was a touch softer against AXJs this morning. Better than expected Caixin services PMI (54.9 vs. 50.5) alongside the decline in UST yields helped to support sentiments with KRW and NZD leading gains. Nonetheless sentiment is fickle and can turn quickly especially with delta variant spread in China and ongoing regulatory crackdown in China key focus points. In particular we note that the latest outbreak in Nanjing has now spread to over 10 provinces in China. This has triggered tougher covid-related restrictions, including lockdowns in hotspots, mass testing, travel curbs, closures for some entertainment venues, etc. If this gets prolonged, spending and activities could be curbed and that poses risks to growth momentum. Moving to US data, durable goods and factory orders came in stronger than expected. But covid situation is worsening amid delta variant spread. Daily infection rose above 100k per day, from 2-day average of +76k per day and at the same time, vaccination rate has fallen in US. US is far from fully vaccinated as only 50% of population has received both doses. Covid spread in US can undermine activities and weigh on growth momentum - a risk that should not be underestimated and can be a negative for USD especially if growth outside US continues. This week there is plenty of US data but key focus on labor-related data - ADP employment (Wed) and NFP (Fri) - as we watch for signs of labor market tightening. Maximum employment is one of Fed's dual mandate and stronger jobs data could well build market expectations looking for the Fed to bring forward policy normalisation timeline. This could support USD. In particular we note that Bloomberg consensus is looking for ADP to come in at 683k (vs. 692k in Jun) and NFP to accelerate to 900k, from 850k. A disappointment could underwhelm USD. DXY was last seen at 92 levels. Daily momentum is bearish while RSI is flat. Sideways trade with bias for downside play. 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). Resistance at 92.50 (21 DMA), 93.2 and 93.5 levels. Week remaining brings ISM Services, ADP Employment (Jun) on Wed; Trade (Jun) on Thu; Unemployment rate, average hourly earnings, NFP (Jul) on Fri

■ **EURUSD - Services PMI, Retail Sales Today.** EUR was modestly softer overnight. Last seen at 1.1875 levels. Bullish momentum on daily chart intact while RSI is flat. Technicals suggest sideways trade in the interim. Support at 1.1840 (76.4% fibo retracement of Mar low to May high), 1.1780 levels. Resistance at 1.1925 (61.8% fibo) before 1.1960 (50, 100 DMAs) and 1.1990/1.2010 levels (200 DMA, 50% fibo) and 1.2050 (38.2% fibo). This week brings Services PMI (Jul); Retail Sales (Jun) on Wed. We reiterate some caution for softer EUR owing to the recent floods in Europe 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. Instead we believe 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 prudent to think 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 - Services PMI on Tap Today.** GBP was a touch firmer but largely still confined to recent range. Pair was last seen at 1.3920 levels. Bullish momentum on daily chart intact while RSI is flat. Range-bound trade likely. Support at 1.3910 (50% fibo), 1.3830 (38.2% fibo). Resistance at 1.3930 (50 DMA), 1.3990 (61.8% fibo retracement of Jun high to Jul low), 1.4080 levels (76.4% fibo). This week brings Services PMI (Jul) on Wed; Construction PMI (Jul); BoE MPC on Thu - we expect the MPC to maintain monetary policy status quo for both policy rate and asset purchase program (at 0.10% and APP at GBP875bn, respectively). There was some chatters of BoE tapering as soon as in Aug but we doubt as the MPC remains dovish-leaning (though we note 2 members are leaning towards policy normalisation) while policymakers are still assessing the situation post-Freedom Day especially with delta variant spread still ongoing. Further progress in vaccination, signs of ongoing spread coming under control and growth momentum unperturbed could see BoE adopt mini steps towards tapering of bond purchases later this year. For now, market expectations (via OIS) is for BoE to tighten rates to 0.25% (from current 0.10%) by Sep-2022. We note that not all BoE MPC members are dovish. There are at least 2 members that are leaning towards policy normalization - MPC member Michael Saunders said policymakers should consider curtailing its bond purchase program in the next month or two while Deputy Governor David Ramsden said he could “envisage those conditions for considering tightening being met somewhat sooner than I had previously thought”. We do not rule out the balance shifting in due course, with tapering APP purchase a potential mini step if members are more convinced that ongoing delta variant spread can be contained especially if robust growth momentum remains intact. BoE, IMF have 2021 growth forecasts at 7%, the co-lead with US leading global growth rebound. And an economy on stronger footing leaves room for loose monetary policies to be calibrated.

■ **USDJPY - Larger Two-way Swings; Supported.** Pair last seen at 109.01, continuing to show a modest dip yesterday as DXY traded ranged and UST10Y yield pressed lower (last seen at 1.18%). Pair could start to see some support, with recent down-moves in US10Y yields (positively correlated with USDJPY pair) showing signs of slowing. Momentum on daily chart is modestly bearish while RSI is on a gentle dip. 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 Fri.

■ **NZDUSD - Pricing in 25bps Hike in Aug MPC.** NZD built on momentum and traded higher this morning after 2Q labor market report surprised to the upside. 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 18th Aug MPC looks like a done deal. NZD was last seen at 0.7048 levels. Daily momentum is bullish while RSI is rising. Risks skewed to the upside. 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.

■ **AUDUSD - RBA Later, Risks Skew to the Upside.** AUDUSD reclaimed the 0.74-figure briefly after RBA surprised by sticking to its plans to taper QE from current weekly purchase of \$5bn to \$4bn in Sep. The central bank left cash target rate unchanged at 10bps, equivalent to its 3y yield curve target. The policy statement acknowledged uncertainties surrounding the economic outlook for the "coming months" but kept the expectations for the economy to "bounce back quickly". Underlying inflation is projected to be 1.75% over 2022 and 2.25% over 2023. Jobless rate is expected to be 4.25% by end 2022 and 4% by end 2023. The central bank noted some uncertainty on *"the behaviour of wages and prices at the low levels of forecast unemployment, because it is some decades since Australia has sustained an unemployment rate around 4%"*. We are reminded of the fact that the central bank is, after all, inflation targeting even as inflation has not been within the 2-3% target consistently in the previous years. **The lack of sustained price pressure could keep the RBA a laggard vs. peers including RBNZ and BoC and that has crimped on the AUD performance in the near-term. We are wary that this could change should the outbreaks at home are overcome and the vaccination supplies, distribution and take-up accelerate.** On the covid situation, daily infections continue to rise in record numbers in NSW with 7-dma infections recorded at 206 for 2 Aug. Right now, NSW and Queensland are in lockdown, scheduled to last at least until 28 Aug and 8 Aug respectively. 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. **Overnight behaviour of the AUDUSD underscores how the pair remains tethered to the broader market sentiments.** On the daily chart, the pair is starting to pressure the 21-dma that has been capping upside. Momentum is

bullish and the clearance of the 0.74-figure (decisively) is plausible with next resistance seen at 0.7432 with next area of resistance seen around 0.7480/0.7500 region. Support at 0.7340 before 0.7280. For the rest of the week, final retail sales print for Jun due on Wed; Jun trade on Thu; RBA SoMP on Fri.



- **USDCAD – *Lean Against Strength*.** USDCAD firmed on sliding crude oil prices. The 21-dma at 1.2546 continues to act as a tentative resistance level for now but the pair last printed 1.2547. Stochastics show signs of turning higher from oversold condition. We see potential for this pair to test the 200-dma at 1.2588 and then even at 1.2630 but we continue to prefer to lean against its strength. We still look for CAD to outperform 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 28 Jul, the share of population given at least one dose is 71% and fully vaccinated makes up 59%, 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. In data, Jul PMI came in slightly lower at 56.2 vs. previous 56.5, albeit still firmly in the expansionary territory. The survey reported an acceleration in output, new orders and employment last month with near-record increase in backlogs of work because of staff shortages. For the rest of the week, Jun building permits on Wed; Jun trade on Thu and Jul labour report on Fri

Asia ex Japan Currencies

SGD trades around +0.53% from the implied mid-point of 1.3584 with the top estimated at 1.3312 and the floor at 1.3856.

- **USDSGD - SGD NEER to Remain in Upper Half of Policy Band.** USDSGD last seen at 1.3510, mildly lower versus levels seen yesterday morning. With Covid contagion showing signs of coming under control—new cases in the community has decreased from 967 cases in the week before to 799 cases in the past week—and 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 on a gentle decline. 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 0.9960 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 - Bullish but Overbought.** SGDMYR firmed amid SGD recovery. Cross was last seen at 3.1310 levels. Bullish momentum on daily chart intact while RSI is rising towards near overbought conditions. Upside pressure for now. Resistance at 3.1350 levels (May high) and 3.15 levels. Support at 3.1220, 3.1140 before 3.1040 (21, 50 DMAs).
- **USDMYR - Still Looking for Pullback.** USDMYR was last seen at 4.2270 levels. Bullish momentum on daily chart faded while RSI is falling from overbought conditions. Elsewhere we also noted a bearish divergence on RSI. We stick to our view - to see room for retracement lower. Support at 4.21 (21 DMA), 4.1850 levels (23.6% fibo retracement of 2021 low to high) and 4.1650 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 as risk sentiment found breather. KOSPI is up 1% in early trade this morning. Better than expected China Caixin services PMI (54.9 vs. 50.5) alongside the decline in UST yields, rise in AUD helped to support market sentiment. Pair was last seen at 1146 levels. Daily momentum is mild bearish with RSI falling. Risks skewed to the downside for now. Support here at 1146, 1142 and 1138 levels. Resistance at 1150, 1155 levels..
- **USDCNH - Holding Steady.** The USDCNH pairing held steady around the 6.4660, little inspired by pockets of underperformance in the local equity markets. Investors were once again spooked by rumours

that authorities could tighten regulation on the gaming industry. State-run China News Service ran a commentary, urging schools, gaming companies and parents to cooperate in guiding children on proper use of online games. Risk appetite is likely to remain weak at home. On the other hand, demand for local government bonds continue to be firm with 10y around 2.84% this morning and bond-related inflows may continue to support the RMB. Separately, Shanghai Securities News ran an editorial, highlighting that consumption and manufacturing investment will be engine of growths for 2H 2022. We continue to hold the view that the RMB's resilience remains intact in spite of further regulatory tweaks. **The USDCNY reference rate was fixed at 6.4655 for today, equivalent to the consensus estimate.** On the daily chart, USDCNH was last at 6.4642. In the absence of strong market cues, intraday action could remain within narrow range of 6.45-6.4770. 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. Data-wise, Caixin Services for Jul is due this morning. 2Q current account is due on Fri before trade on Sat. OMOs are back to the usual volume with PBoC matching maturities with a CNY10bn sale of 7day reverse repo at 2.2%.

- **USDINR NDF - Bearish Bias Intact, Some Risks Ahead.** The 1M NDF remained a tad biased to the downside and was last at 74.50. MACD is still bearish and risks are still skewed to the downside but stochastics show signs of rising from oversold condition. A lack of strong cues should keep this pair within 74.30-74.80 range in the near-term but eyes on RBI end of the week and the covid cases at home. Next resistance remains at 75.20, 75.55 and then at 76.00. 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.** The pair closed 22936 on 3rd Aug vs. 22956 on the day prior. This pair remains on the decline. Support at 22937 is being tested and the next 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" could have kept the USDVND pairing on the decline. Stable RMB should also contribute to VND's strength. Covid cases at home remain on the rise with 7-day average still around 7878 as of 31 Jul. As of this morning, Vietnam remains a laggard in its vaccination drive with only 6.5% of its population getting its first dose with around 316K doses administered

daily according to the Bloomberg Vaccine Tracker compared to 257K checked on Tue morning. Pace of vaccination has been on the rise. At home, the MoF may half tax payment for household businesses along with a 30% cut in corporate income tax for smaller companies (revenues < VND200bn). Targeted sectors will also get a 30% discount in VAT. The estimated value of these tax breaks could amount of VND20trn, adding to the total stimulus measure of around VND138trn provided this year (VN Express).

- **1M USDIDR NDF - *Supported on Dips***. Last seen near 14,370, dipping modestly past lower end of recent ranges. Extent of negative spillovers to IDR sentiments from extension of social curbs earlier (till 9 Aug) seems to be quite modest. Instead, sentiments are supported by encouraging signs of moderation in Covid case counts, as well as the recent decline in UST yields. The latter has made IDR sovereign bonds relatively more appealing on net, with Tues' IDR34trn auction drawing total bids of around IDR108trn, out of which 11.6% was from foreign sources, up from 4-month low of 7.6% seen during 21 Jul auction. Going forward though, Fed tapering concerns (potential up-creep in UST yields), with more info on tapering schedule likely due from Fed in Aug/Sep, could keep a lid on positivity and lend the USDIDR pair some support. Growth concerns are also likely intact, with PMI Mfg for Jul coming in at 40.1 vs. 53.5 prior. Momentum on daily chart is modestly bearish while RSI is on a gentle dip. Resistance at 14,680 (Jul high), 14,740 (Mar high). Support at 14,350 (200-DMA), 14,200 (Jun low). Headline CPI for Jul came in at a tame 1.52%y/y, albeit creeping up from 1.33% prior. 2Q GDP due Thurs.

- **USDTHB - *BoT to Stand Pat, Express Dovish Leanings***. Last seen at 33.08, slightly higher versus levels seen yesterday morning and notably breaking above the key 33-handle. Even as the government moved to approve an additional THB30bn in aid to the 16 provinces recently added to the lockdown list (joining 13 provinces from earlier), domestic sentiments remain soft versus peers, alongside elevated daily case counts (7-day average at recent highs) and rising challenges to (i) the healthcare system and (ii) Thailand's sandbox tourism programme. BoT meeting due this afternoon (3:05pm SG/KL time). We note limited policy space, and earlier BoT comments suggesting that it would monitor THB weakness and step in to curb excessive volatility. On net, BoT is likely to stand pat, but express dovish leanings in its messaging. While manufacturing and trade had been bright spots in the economy earlier, helping to offset drags from the delayed tourism recovery, these supporting growth drivers are now coming under threat. Estimates by exporter groups note that exports could decrease by as much as THB300bn for the rest of the year if outbreaks in factories (disrupting production) are not contained. The central bank is likely to point to downside growth risks, or formally revise the growth forecast for 2021 (last at 1.8%) lower. But on technicals, 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 32.50 (23.6% fibo retracement from Jun low to Jul high), before 32.00 (50.0% fibo). CPI due Thurs.

- **1M USDPHP NDF - *Sentiments Benign Despite Lockdown; USDPHP NDF Momentum Turned Modestly Bearish.*** NDF last seen at 49.90, showing signs of a continuing dip. PHP sentiments remain somewhat anchored despite a pause in the labour market recovery (unemployment rate for Jun at 7.7%, on par with May) and a new two-week hard lockdown in Manila announced last week. As we cautioned prior, earlier bout of depreciation in PHP (USDPHP>51.0 at one point) was likely overdone. PMI Mfg for Jul remained in expansionary territory (50.4 vs. 50.8 prior), with some outperformance seen vs. contractionary PMI readings in Malaysia, Indonesia, Thailand. Momentum on daily chart is modestly bearish, while RSI is showing signs of a gentle dip. Support at 49.50 (50% fibo retracement from Jun low to Jul high), 49.10 (61.8% fibo). Resistance at 50.50 (23.6% fibo), 51.50 (Jul high). CPI due Thurs, trade due Fri.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.27	2.28	+1
5YR MO 11/26	2.61	2.61	Unchanged
7YR MS 6/28	2.99	*3.00/2.96	Not traded
10YR MO 4/31	3.17	3.17	Unchanged
15YR MS 5/35	3.70	3.70	Unchanged
20YR MY 5/40	4.00	3.99	-1
30YR MZ 6/50	4.16	4.22	+6
IRS			
6-months	1.93	1.93	-
9-months	1.93	1.94	+1
1-year	1.94	1.94	-
3-year	2.31	2.30	-1
5-year	2.55	2.54	-1
7-year	2.81	2.81	-
10-year	3.00	2.99	-1

Source: Maybank KE

*Indicative levels

Analysts

Winson Phoon
(65) 6340 1079
winsonphoon@maybank.com

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

- Government bonds market was subdued and saw foreign selling at the ultra-long end and short end of the curve, but in light volume. 30y MGS was 6bps weaker while 30y GII was 4bps weaker. Short end yields were largely unchanged as locals absorbed the selling. While yields were little changed, MGS underperformed the recent UST rally. Market to trade in a narrow range given the lack of new drivers amid political uncertainty and Covid concerns.
- In MYR IRS market, liquidity remained weak with little interest to trade among participants. The curve ended little changed across tenors. 3M KLIBOR remained the same at 1.94%.
- PDS traded mixed though saw a pick up in volume. GGs were better sold as some investors rotated into AAAs, which were firmer. GGs traded unchanged to 3bps weaker at the front end and belly, while AAAs traded 2-3bps firmer across the curve. It was the most active space and saw better buying in Tenaga, Infracap, Danum, Telekom and Aman, reckoned driven by low primary supply. AA credits traded thinly with some short ends being dealt in +/-2bps range.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.37	0.36	-1
5YR	0.75	0.74	-1
10YR	1.30	1.28	-2
15YR	1.59	1.57	-2
20YR	1.66	1.62	-4
30YR	1.67	1.65	-2

Source: MAS (Bid Yields)

- SGD IRS rates fell in tandem with the drop in US rates overnight and ended flat to 3bps lower. SGS yields closed 1-4bps lower. MAS surprised market with an after close announcement of a 30y infrastructure bond (SINGA) auction to come in late-September this year. SGD IRS rates were immediately bumped up by 2-3bps with paying in curve spreads at the long end. Long dated SGS were also offered at much lower levels.
- Asian credit market generally weaker as lower UST yields spurred profit taking and more China negative news hit Tencent's credits and equities. Tencent bonds widened 5bps, while most other IGs were unaffected and unchanged in the China space. India IGs widened 2-3bps. Korea space saw new issues tighten 4-5bps on investor demand for lower betas. Asian sovereign bonds widened 3bps and were unchanged in cash prices, underperforming the UST rally. Volume was light and better buying seen in Philippines and Sri Lanka sovereign bonds. Malaysian IGs traded thinly with onshore selling PETMK to foreign names and spreads tighter by 2-3bps from last week's wide levels. The strong momentum in HY China property continued with Evergrande and other high beta names up by 0.5-2pts in price due to better sentiment and some fears receding.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.61	3.61	(0.00)
3YR	4.79	4.80	0.00
5YR	5.17	5.16	(0.01)
10YR	6.29	6.26	(0.03)
15YR	6.31	6.32	0.01
20YR	7.00	7.00	(0.00)
30YR	6.88	6.88	(0.00)

* Source: Bloomberg, Maybank Indonesia

Analysts

Myrdal Gunarto
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Indonesian government bonds sustained their rally trends until yesterday. The country'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 economic recovery uncertainty during the new outbreak of COVID-19 by Delta Variant. Moreover, the yields of U.S. government bonds and the Dollar Index continue to weaken due to the latest Fed's dovish tones. Traders left U.S. Treasury yields little changed on Tuesday as they awaited economic data, reinforcing a divergence between bond and equity price trends. The benchmark 10-year yield sagged below 1.2% on Monday and was at 1.1722% on Tuesday afternoon, unchanged for the session.
- Yesterday, the government also successfully held the conventional bond auction by absorbing more than expected of its indicative target by Rp33 trillion. Foreign investors also had strong interest to participate this auction by recorded more than 10% of portion of both total investors' bids and awarded bonds. The government decided to absorb Rp34 trillion, although investors had strong interest by recorded Rp107.78 trillion of total incoming bids on this auction. As expected, most investors had most investors for the next year's benchmark series candidates, such as FR0090, FR0091, and FR0092. Total investors' incoming bids for those three series reached Rp82.57 trillion. Regarding to those conditions, the government took an effective and effective measures during this conventional auction by awarding relative low of the average weighted yields for those three series. For FR0091, the government only gave 6.27853% of weighted average yields for investors. It's lower than the yields of 10Y government bonds on the secondary market.
- Furthermore, 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. Indonesian government reported another high record of daily COVID-19 cases, although indicating to lower number than before. There were 33,900 confirmed cases in the 24 hours through midday Tuesday, with 1,598 people dying from the disease known as Covid-19.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1909	109.55	0.7437	1.3971	6.4743	0.7054	130.1700	81.3267
R1	1.1887	109.29	0.7417	1.3943	6.4704	0.7036	129.7700	80.9763
Current	1.1863	109.01	0.7393	1.3906	6.4658	0.7041	129.3200	80.5810
S1	1.1848	108.83	0.7367	1.3884	6.4615	0.6982	129.0700	80.2163
S2	1.1831	108.63	0.7337	1.3853	6.4565	0.6946	128.7700	79.8067

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3549	4.2276	14389	50.1017	33.0983	1.6086	0.6591	3.1306
R1	1.3531	4.2238	14365	49.8583	33.0607	1.6059	0.6556	3.1276
Current	1.3512	4.2305	14344	49.6300	33.0820	1.6029	0.6525	3.1314
S1	1.3499	4.2181	14330	49.4933	32.9617	1.6017	0.6469	3.1213
S2	1.3485	4.2162	14319	49.3717	32.9003	1.6002	0.6417	3.1180

*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	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	23/9/2021	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	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
Dow	35,116.40	0.80
Nasdaq	14,761.29	0.55
Nikkei 225	27,641.83	-0.50
FTSE	7,105.72	0.34
Australia ASX 200	7,474.48	-0.23
Singapore Straits Times	3,149.25	-0.38
Kuala Lumpur Composite	1,500.26	0.49
Jakarta Composite	6,130.57	0.56
Philippines Composite	6,560.06	1.76
Taiwan TAIEX	17,553.76	0.29
Korea KOSPI	3,237.14	0.44
Shanghai Comp Index	3,447.99	-0.47
Hong Kong Hang Seng	26,194.82	-0.16
India Sensex	53,823.36	1.65
Nymex Crude Oil WTI	70.56	-0.98
Comex Gold	1,814.10	-0.44
Reuters CRB Index	215.29	-0.21
MBB KL	8.05	0.75

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	172	1.75	1.77	1.75
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	128	1.761	1.761	1.727
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	30	1.76	1.76	1.76
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	3	1.909	1.909	1.909
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	6	1.96	1.96	1.96
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	128	2.278	2.315	2.278
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	41	2.29	2.314	2.29
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	140	2.338	2.338	2.322
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	83	2.537	2.565	2.537
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	10	2.677	2.677	2.667
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	440	2.611	2.613	2.607
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	94	2.848	2.859	2.848
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	3	2.9	2.9	2.9
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	15	2.986	3.01	2.97
MGS 3/2008 5.248% 15.09.2028	5.248%	15-Sep-28	20	3.058	3.08	3.058
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	65	3.157	3.188	3.157
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	1	3.166	3.166	3.166
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	3.29	3.29	3.29
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	7	3.655	3.655	3.655
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	30	3.828	3.828	3.798
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	18	3.7	3.706	3.695
MGS 3/2017 4.762% 07.04.2037	4.762%	07-Apr-37	3	3.832	3.846	3.832
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	3	3.951	3.951	3.951
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	43	3.994	4.003	3.832
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	1	4.355	4.355	4.355
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	11	4.194	4.246	4.194
GII MURABAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	2	1.747	1.747	1.747
GII MURABAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	7	1.823	1.823	1.823
GII MURABAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	7	1.767	1.767	1.767
GII MURABAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	40	1.801	1.801	1.801
GII MURABAH 1/2016 4.390% 07.07.2023	4.390%	07-Jul-23	2	1.964	1.964	1.964
GII MURABAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	17	1.986	1.995	1.986
GII MURABAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	50	2.308	2.308	2.305
GII MURABAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	150	2.309	2.312	2.306
GII MURABAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	42	2.614	2.614	2.601
GII MURABAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	28	2.985	2.992	2.948
GII MURABAH 9/2013 06.12.2028	4.943%	06-Dec-28	160	3.1	3.101	3.1
GII MURABAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	160	3.307	3.307	3.301
GII MURABAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	65	3.278	3.278	3.277
GII MURABAH 6/2019 4.119% 30.11.2034	4.119%	30-Nov-34	80	3.877	3.886	3.877
GII MURABAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	54	3.887	3.9	3.887
GII MURABAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	60	4.456	4.456	4.42
SPK 2/2012 3.691% 12.07.2022	3.691%	12-Jul-22	40	1.933	1.965	1.933
Total			2,459			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
JAMB.KEDUA IMTN 4.200% 28.07.2026	GG	4.200%	28-Jul-26	10	2.861	2.861	2.861
PRASARANA IMTN 4.64% 22.03.2030 - Series 3	GG	4.640%	22-Mar-30	40	3.359	3.371	3.359
PRASARANA IMTN 4.75% 26.02.2031 - Series 9	GG	4.750%	26-Feb-31	40	3.429	3.441	3.429
PTPTN IMTN 4.580% 28.02.2034	GG	4.580%	28-Feb-34	70	3.8	3.851	3.8
DANAINFRA IMTN 4.910% 12.11.2035 - Tranche No 40	GG	4.910%	12-Nov-35	20	4.01	4.011	3.999
PRASARANA IMTN 4.97% 26.02.2036 - Series 10	GG	4.970%	26-Feb-36	40	4.038	4.041	4.038
LPPSA IMTN 4.900% 21.09.2046 - Tranche No 6	GG	4.900%	21-Sep-46	5	4.511	4.511	4.511
DANAINFRA IMTN 5.350% 15.11.2047 - Tranche No 72	GG	5.350%	15-Nov-47	5	4.521	4.521	4.521
DANAINFRA IMTN 4.820% 01.04.2048 - Tranche No 90	GG	4.820%	01-Apr-48	5	4.521	4.521	4.521
ZAMARAD ABS-IMTN 07.09.2021 CLASS A S1 TRANCHE 4	AAA	3.000%	07-Sep-21	5	2.686	2.686	2.686
ZAMARAD ABS-IMTN 25.11.2021 CLASS A S1 TRANCHE 5	AAA	3.000%	25-Nov-21	5	2.759	2.759	2.759
Infracap Resources Sukuk 2.83% 15.04.2022 (T1 S1)	AAA (S)	2.830%	15-Apr-22	20	2.359	2.374	2.359
AMAN IMTN 4.080% 26.07.2024 - Tranche No. 23	AAA IS	4.080%	26-Jul-24	10	2.712	2.712	2.678
AMAN IMTN 4.470% 08.05.2025 - Tranche No 40	AAA IS	4.470%	08-May-25	15	2.841	2.841	2.817
DANUM IMTN 4.300% 13.02.2026 - Tranche 1	AAA (S)	4.300%	13-Feb-26	70	2.948	2.95	2.948
ZAMARAD ABS-IMTN 27.09.2027 (Class B)	AAA	5.500%	27-Sep-27	5	3.371	3.371	3.371
TELEKOM IMTN 31.10.2028	AAA	4.680%	31-Oct-28	5	3.278	3.278	3.278
SEB IMTN 5.500% 04.07.2029	AAA	5.500%	04-Jul-29	20	3.539	3.56	3.539
PLUS BERHAD IMTN 5.000% 11.01.2030 - Series 1 (14)	AAA IS	5.000%	11-Jan-30	10	3.579	3.579	3.579
TENAGA IMTN 29.08.2033	AAA	4.780%	29-Aug-33	5	3.879	3.879	3.879
SEB IMTN 4.950% 25.11.2033	AAA	4.950%	25-Nov-33	10	4.069	4.09	4.069
DANUM IMTN 3.420% 21.02.2035 - Tranche 5	AAA (S)	3.420%	21-Feb-35	5	4.129	4.129	4.129
SABAHDEV MTN 1096D 30.7.2024 - Tranche 1 Series 1	AA1	4.400%	30-Jul-24	2	4.041	4.041	4.034
SABAHDEV MTN 1826D 30.7.2026 - Tranche 1 Series 2	AA1	4.600%	30-Jul-26	3	4.374	4.374	4.296
DANAJAMIN IMTN 4.800% 06.10.2027	AA+ IS	4.800%	06-Oct-27	40	2.671	2.688	2.671
ANIH IMTN 5.85% 29.11.2027 - Tranche 14	AA IS	5.850%	29-Nov-27	30	3.608	3.615	3.608
SAJC IMTN 5.190% 26.01.2022 - Tranche 3	AA- IS	5.190%	26-Jan-22	3	2.631	2.631	2.631
UEMS IMTN 4.80% 08.04.2022 - Issue No. 6	AA- IS	4.800%	08-Apr-22	20	3.371	3.401	3.326
WCT IMTN 5.320% 11.05.2022	AA- IS	5.320%	11-May-22	10	3.765	3.778	3.765
COUNTRY GDN IMTN 6.600% 23.02.2023 - Issue No 2	AA3 (S)	6.600%	23-Feb-23	1	5.227	5.24	5.227
UEMS IMTN 4.75% 22.03.2024 - Issue No. 7	AA- IS	4.750%	22-Mar-24	10	3.892	3.892	3.884
QSPS Green SRI Sukuk 5.560% 06.10.2027 - T18	AA- IS	5.560%	06-Oct-27	5	3.97	3.97	3.97
QSPS Green SRI Sukuk 5.600% 06.04.2028 - T19	AA- IS	5.600%	06-Apr-28	5	4.04	4.04	4.04
UITM SOLAR 2 IMTN10 4.600% 05.03.2031	AA- IS	4.600%	05-Mar-31	10	4.58	4.58	4.58
DRB-HICOM IMTN 4.550% 12.12.2024	A+ IS	4.550%	12-Dec-24	10	3.989	3.989	3.989
ALLIANCEB MTN 3650D 25.10.2030	A2	3.600%	25-Oct-30	1	3.346	3.351	3.346
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	6.723	6.723	6.723
LBS BINA IMTN 6.850% 29.03.2120 (Series2 Tranche1)	NR(LT)	6.850%	29-Mar-20	1	6.809	6.809	6.809
Total				572			

Sources: BPAM

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Malaysia

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Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 6320 1379

Christopher Wong
Senior FX Strategist
Wongkl@maybank.com.sg
(+65) 6320 1347

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 6320 1374

Yanxi Tan
FX Strategist
tanyx@maybank.com.sg
(+65) 6320 1378

Fixed Income

Malaysia

Winson Phoon Wai Kien
Fixed Income Analyst
winsonphoon@maybank.com
(+65) 6340 1079

Se Tho Mun Yi
Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

Indonesia

Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales

Malaysia

Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Singapore

Janice Loh Ai Lin
Head of Sales, Singapore
jloh@maybank.com.sg
(+65) 6536 1336

Indonesia

Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Shanghai

Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Hong Kong

Joanne Lam Sum Sum
Head of Corporate Sales Hong Kong
Joanne.lam@maybank.com
(852) 3518 8790