

# Global Markets Daily

## BoE Up Next

### Negative/Zero Yielding FX Under Pressure on Fed Speaks

FX markets traded choppy than usual overnight amid a mix of US data and hawkish leaning comments on taper and inflation from some Fed officials, including Clarida and Daly (both are voters in 2021). Earlier, DXY declined post-ADP miss but losses were more than reversed on better than expected ISM services and Fed speaks. Fed vice chair Clarida said he could support announcing a reduction in asset purchases later this year if his baseline outlook does materialise. He added that conditions for first rate hike will be met by end-2022, allowing for first hike to occur in 2023. On inflation, he said that the risks of higher inflation are greater than the risks of low inflation. And if core PCE remains above 3%, that would be a higher than a moderate overshoot of the Fed's 2% target. Potential monetary policy divergence in favour of US could weigh more on negative/zero yielding FX including EUR, CHF and JPY.

### BoE MPC May See a Split on Tapering; Unanimous on Rate Hold

BoE MPC takes place later this evening (7pm SG/MY time). We expect the MPC to maintain monetary policy status quo for both policy rate and asset purchase program (at 0.10% and APP at GBP895bn, respectively). There was some chatters of BoE tapering but we doubt as the MPC remains dovish-leaning and 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 unperturbed growth momentum could eventually 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 by 25bps (from current 0.10%) by Jun-2022. We note there are 2 MPC members who 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".

### Data Focus on 2Q Indonesia GDP Today

Today brings US trade; UK construction PMI; Indonesia 2Q GDP.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1837	↓ -0.23	USD/SGD	1.351	↓ -0.02
GBP/USD	1.3889	↓ -0.19	EUR/SGD	1.5991	↓ -0.26
AUD/USD	0.7379	↓ -0.23	JPY/SGD	1.234	↓ -0.44
NZD/USD	0.7048	↑ 0.44	GBP/SGD	1.8764	↓ -0.22
USD/JPY	109.48	↑ 0.40	AUD/SGD	0.9969	↓ -0.24
EUR/JPY	129.6	↑ 0.18	NZD/SGD	0.952	↑ 0.39
USD/CHF	0.9068	↑ 0.34	CHF/SGD	1.4904	↓ -0.29
USD/CAD	1.254	↑ 0.01	CAD/SGD	1.0772	↓ -0.06
USD/MYR	4.2205	↑ 0.01	SGD/MYR	3.1297	↑ 0.16
USD/THB	33.124	↑ 0.31	SGD/IDR	10609.3	↓ -0.07
USD/IDR	14313	↓ -0.20	SGD/PHP	36.8979	↑ 0.40
USD/PHP	49.764	↑ 0.30	SGD/CNY	4.7831	↓ -0.02

Implied USD/SGD Estimates at 5 August 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3322	1.3594	1.3866

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### G7: Events & Market Closure

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

### Asia Ex JP: Events & Market Closure

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

## G7 Currencies

■ **DXY Index - *Slight Risks to the Upside***. FX markets traded choppy than usual overnight amid a mix of US data and hawkish leaning comments on taper and inflation from some Fed officials, including Clarida and Daly (both are voters in 2021). Earlier in the session, USD declined after ADP employment missed estimates (+330k vs. +690k expected) but losses were more than reversed on better than expected ISM services (64.1 vs. 60.5 expected) and Fed taper talks (somewhat perceived to be hawkish-leaning). In particular, Fed's Daly said that CPI to make "substantial further progress" in 2021 or 2022 and that Fed taper could start late-2021 or early 2022. Fed vice chair Clarida said he could support announcing a reduction in asset purchases later this year if his baseline outlook does materialise. He added that conditions for first rate hike will be met by end-2022, allowing for first hike to occur in 2023. On inflation, he said that the risks of higher inflation are greater than the risks of low inflation. And if core PCE remains above 3%, that would be a higher than a moderate overshoot of the Fed's 2% target that the Fed is aiming for. While Clarida's timeline for Fed normalisation seems consistent with ours, Clarida's remarks on inflation suggests he may seem more concerned of inflationary pressures being more persistent than transitory. Though he stopped short of saying what policy responses would entail if inflation more than overshoots, markets could pre-emptively expect a faster pace of normalisation especially when FoMC voters for 2022 tilt more hawkish than in 2021. Potential monetary policy divergence in favour of US could weigh more on negative/zero yielding FX including EUR, CHF and JPY. Elsewhere delta variant spread in US is seeing daily infection surging to 112k (vs. 100k yesterday vs. 3d average of ~83k). Tighter restrictions in US is not ruled out and depending on the scale/intensity of restrictions, activity momentum could be affected. DXY was last seen at 92.30 levels. Bearish momentum on daily chart remains intact though there are signs of it fading while RSI is rising. Risks to the upside. Resistance at 92.50 (21 DMA), 93.2 and 93.5 levels. Support at 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.30/50 levels (50, 100, 200DMAs, 50% fibo) and 91 levels (38.2% fibo). Week remaining brings Trade (Jun) on Thu; Unemployment rate, average hourly earnings, NFP (Jul) on Fri - Bloomberg consensus is looking for NFP to accelerate to 900k, from 850k. We note that 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.

■ **EURUSD - *Downside Risk***. EUR was driven more by USD moves overnight. To some extent, softer than expected EU data - services PMI and retail sales also weighed on EUR. Pair was last seen at 1.1835 levels. Bullish momentum on daily chart waned while RSI tuned down. Risks skewed to the downside in the interim. Support at 1.1830/40 (21DMA, 76.4% fibo retracement of Mar low to May high), 1.1780 levels. Resistance at 1.1900/25 (61.8% fibo) before 1.1970 (100 DMA) and 1.1990/1.2010 levels (200 DMA, 50% fibo). We continue to reiterate some caution for softer EUR owing to the

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

■ **GBPUSD - Key Focus on BoE.** GBP slipped modestly but largely still confined to recent range. Pair was last seen at 1.3890 levels. Bullish momentum on daily chart intact but RSI is falling. Downside risks not ruled out. Support at 1.3830 (38.2% fibo), 1.3750 (200 DMA). Resistance at 1.3910/30 (50 DMA, 50% fibo), 1.3990 (61.8% fibo retracement of Jun high to Jul low), 1.4080 levels (76.4% fibo). Today brings 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 GBP895bn, respectively). There was some chatters of BoE tapering as soon as in Aug but we doubt as the MPC remains dovish-leaning (though there are 2 members leaning towards policy normalisation) and 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 by 25bps (from current 0.10%) by Jun-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 109.60, paring most of this week's losses. Moves were largely in line

with our earlier bias for support/buy-on-dips for the pair. Number of individuals hospitalized from Covid has hit a new peak of around 80k on Mon, and PM Suga is reportedly considering having people with mild symptoms recover at home instead. The idea has received some backlash, amid concerns over inadequate care for the infected. JPY's haven status could be negatively impacted if domestic Covid risks escalate further. Bearish momentum on daily chart shows signs of moderating while RSI is not showing a clear bias. Support at 109.00 (61.8% fibo retracement of Apr low to Jul high), before 108.45 (76.4% fibo), 107.50 (Apr low). Resistance at 110.10 (38.2% fibo), 111.70 (23.6% fibo), 111.70 (Jul high). Leading index due Fri.

■ **NZDUSD - Supported.** NZD continued to trade with a bid tone building on momentum from solid labor market report and on expectations of an early rate hike on 18<sup>th</sup> Aug MPC. NZD was last seen at 0.7048 levels. Daily momentum is bullish while RSI is flat. Immediate resistance at 0.7050/60 (50DMA, 38.2% fibo retracement of May high to Jul low, upper bound of bearish trend channel) needs to be broken for NZD bulls to gather further momentum. A decisive break above this can see bulls gain further momentum towards 0.71 (100, 200 DMAs), 0.7150 (61.8% fibo). Support at 0.6985 (23.6% fibo), 0.6920 levels. To recap, unemployment rate fell to near 2018-lows of 4% (vs. 4.4% expected vs. 4.7% in 1Q), employment rose 1% q/q (vs. 0.7% expected vs. 0.6% in 1Q) while hourly earnings picked up pace to +0.7% q/q (vs. -0.1% in 1Q). Recall that RBNZ's other policy mandate is to support maximum employment. Now with labor market strength alongside RBNZ's surprise hawkish shift (to end QE on 23rd Jul) and the unexpected surge in headline CPI (3.3% y/y in 1Q), breaching RBNZ's target range of 1% - 3% for the first time in a decade, a 25bps early hike in the OCR at 18<sup>th</sup> Aug MPC looks like a done deal.

■ **AUDUSD - Skew to the Upside.** AUDUSD was back above the 0.74-figure again before Fed Clarida's hawkish comments knocked the pair off the handle. He expects the Fed to make an announcement on tapering by the end of the year should growth maintain its strong momentum. UST 10y spiked towards 1.22% after reaching a low of 1.1258% overnight, which was dragged at first by the underwhelming ADP release overnight. On the covid situation at home, daily infections continue to rise with 7-dma infections recorded at 260 for 3 Aug. Right now, NSW and Queensland are in lockdown, scheduled to last at least until 28 Aug and 8 Aug respectively. Right now, Australia has 15.8% of its people fully vaccinated and 33.6% given at least one dose. We like to keep in mind that the Federal government has set a target to get 80% of its adult population fully vaccinated by Dec for the nation to move to a "consolidation" phase of the national pandemic exit plan. Named Operation Covid Shield, the Federal document outlined an acceleration in the delivery and distribution of vaccines by mid-Oct with workplace vaccination and retail hubs to begin pilot program then. Queensland Health Minister Yvette D'Ath reported more Pfizer vaccines to arrive sooner (112,320) within the month vs. originally scheduled Sep. On the daily chart, the AUDUSD pair tested 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. Jun trade surplus surprised to the upside, recording A\$10.5bn vs. previous A\$9.3bn. Exports steadied at 4% m/m but imports slowed to 1% for the month in Jun. Separately, weekly payroll jobs fell 2.4% between the weeks ending 3<sup>rd</sup> and 17<sup>th</sup> Jul, accelerating from the previous decline of -0.2% in the previous fortnight. This underscores the impact of the lockdown in NSW which accounts for >30% of the country's GDP and sporadic lockdowns in Victoria which accounts for another 25% of GDP. RBA SoMP is due on Fri.

■ **USDCAD – *Lean Against Strength***. USDCAD continued to be buoyed by the softening crude oil prices. The 21-dma at 1.2546 acts as a tentative resistance level for now, capping the pair at 1.2540, last seen. 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. Current upmove is due to a few factors including the fall in crude oil prices and the rise in COVID cases at home. 7-dma is last at 837 as of 2 Aug vs. 396 on 20 Jul. This provides opportunity to lean against its strength. We still look for CAD to outperform peers eventually 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 60%, 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. For the rest of the week, Jun trade on Thu and Jul labour report on Fri.

## Asia ex Japan Currencies

SGD trades around +0.57% from the implied mid-point of 1.3594 with the top estimated at 1.3322 and the floor at 1.3866.

- **USDSGD - Down-moves May Slow.** USDSGD last seen at 1.3515. Pair made a move lower yesterday during Asian and early London sessions, reaching modestly below the 1.35-handle. But the dollar spike following the release of Jul US ISM services data (strong outperformance at 64.1 vs. expected 60.5) led USDSGD to pare most of its intraday losses. We note that the Biden administration has just approved its first arms sale to Taiwan (still subject to approval by Congress), and China is likely to raise strong objections. If the ensuing spat escalates beyond verbal exchanges, there could be modest spillovers to AxJ FX sentiments. But we expect rationality to prevail still. Back in Singapore, new Covid case counts remain largely on the dip. Given lack of other key domestic sentiment catalysts, near-term biases in USDSGD could mirror broad dollar moves to a larger extent. With DXY showings signs of support on dips, pace of USDSGD down-moves may slow. Momentum on USDSGD daily chart is modestly bearish, while RSI is not showing a clear bias. Resistance at 1.36, 1.3690 (Jul high), 1.3780. Support nearby at 1.3500 (38.2% fibo retracement from Jun low to Jul high), before 1.3440 (50.0% fibo), 1.3380 (61.8% fibo).
- **AUDSGD - Bearish Bias.** Cross was last seen around 0.9976 with the route of least resistance still to the downside. The 21-dma at 1.0028 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 was a touch softer this morning amid MYR resilience. Cross was last seen at 3.1265 levels. Bullish momentum on daily chart intact while RSI is showing signs of turning from near overbought conditions. Sideways trade likely. Support at 3.1220, 3.1140 before 3.1040 (21, 50 DMAs). Resistance at 3.1350 levels (May high) and 3.15 levels.
- **USDMYR - Still Looking for Pullback.** USDMYR gains yesterday was reversed into the close. Pair was last seen at 4.2240 levels. Daily momentum is mild bearish 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 4.2140 (21 DMA), 4.1850 levels (23.6% fibo retracement of 2021 low to high) and 4.17 levels (50 DMA). Resistance at 4.2450 (upper bound of bullish trend channel), 4.25 levels.
- **1m USDKRW NDF - Bearish Momentum.** 1m USDKRW NDF remains under pressure, in line with our call for downside play. Pair was last seen at 1144 levels. Daily momentum is bearish with RSI falling. Risks remained skewed to the downside for now. Support here at 1142 and 1138 levels. Resistance at 1146, 1148 (21 DMA) and 1155 levels.



- **USDCNH - *Unperturbed***. The USDCNH pairing held steady around within narrow range of 6.45-6.47, unperturbed by the broader USD gains on hawkish comments by Fed Clarida. At home, the authorities shifted to a more nurturing tone by pledging to raise the numbers of fitness trainers and people exercising regularly over the next five years. That boost equity indices which closed higher yesterday while local government bond yields remained largely unchanged. 10y yield last printed 2.83%, keeping within the 2.80-2.85% range seen for this week so far. Eyes on the COVID-19 outbreak at home which can still threaten the household spending. All residents in Wuhan is ordered for a nucleic acid test before Friday. **The USDCNY reference rate was fixed at 6.4691 vs 6.4692 estimated.** On the daily chart, USDCNH was last at 6.4640. We still look for action to remain within the narrow range of 6.45-6.47. Next support beyond the 6.45-figure seen at 6.4461 (50-dma). The 38.2% Fibonacci retracement of the Apr-May decline at 6.4080 marks the next support. 2Q Current account balance is due Fri before Jul trade data on Sat.
- **USDINR NDF - *Bearish Bias Intact, Some Risks Ahead***. The 1M NDF remained a tad biased to the downside and was last at 74.40. 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 bounced yesterday and closed at 22950 on 4<sup>th</sup> Aug vs. 22936 on the day prior. This pair remains biased for further decline. Support at 22937 was 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. Focus remains on Covid situation at home 7-day average infections at 8191 as of 1 Aug. Daily cases seem to show signs of stabilizing but infection rates are still elevated. Separately, the Health Ministry issued an order for full vaccinated arrivals with negative Covid-19 test to undergo 7-days of centralised quarantine and 7 days of

medical observations, effectively reducing the quarantine period by half.

- **1M USDIDR NDF - Supported on Dips.** Last seen near 14,370, remaining largely around where it was yesterday morning. Authorities have shifted away from herd immunity targets, as the more infectious Delta variant and seemingly lower effectiveness of currently available vaccines mean that the virus could become endemic even if a high proportion of the population gets immunized. Instead, a combination strategy involving vaccines, mask mandates and restrictions on movement will be utilized in an attempt to push Covid's reproduction rate down to 0.9 by Oct, slowing its spread. Target pace of vaccinations in Aug is around 2.5mn doses daily. Meanwhile in US, we are also seeing more comments on incoming tapering around end-2021 or early-2022 from Fed officials. A confluence of Covid and tapering risks could keep the pair supported on dips in the interim. Momentum on daily chart is modestly bearish while RSI is on a gentle dip. Resistance at 14,520 (21-DMA), 14,680 (Jul high), 14,740 (Mar high). Support nearby at 14,340 (200-DMA), before 14,200 (Jun low). 2Q GDP due today.
- **USDTHB - BoT Stood Pat, Downgrades Growth.** Last seen at 33.10, mildly higher versus levels seen yesterday morning. BoT maintained its policy rate at 0.5% in line with expectations, but with the first split vote (4 to 2) since May 2020. Two members of the committee called for a 25bps cut to mitigate heightened risks, while one member was absent. Most members assessed that financial measures would be more effective than a further cut in the policy rate, which is already at a historical low. Meanwhile, the central bank also downgraded its 2021 GDP growth forecast by another leg to +0.7% (from +1.8% in June), a month earlier than its usual quarterly GDP revisions. The downgrade was mainly due to the lockdown's hit on private consumption and tourist arrival estimates (150k from previous 700k). The baseline scenario for its revised GDP forecast is for the outbreak to be contained and containment measures relaxed in early 4Q 2021, but quarantine-free travel to only resume in 2Q 2022. GDP forecast for 2022 was also lowered to +3.7% (from +3.9%), with tourist arrivals downgraded to 6mn (from 10mn). BoT noted that the THB depreciation (around -9.3% against the USD YTD) was due to local factors, and will step in to curb excessive volatility to protect businesses. On net, the policy announcement reflects significant worsening in the growth outlook tied to the latest Covid surge. Goods exports (+15.5% in 1H), which has been the single bright spot, may also be impacted as Covid infections have spread to at least 1,500 factories, according to the Thai National Shippers' Council. THB could remain a laggard versus its regional peers, until signs of tapering in the case count trajectory sets in. Nonetheless, contingent on the outbreak easing by 4Q, we keep our end-2021 forecast unchanged near the 32-handle for now. On technicals, 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 today.



- **1M USDPHP NDF - *Sentiments Benign Despite Lockdown; USDPHP NDF Momentum Turned Modestly Bearish.*** NDF last seen at 49.88, largely seeing ranged trading yesterday. BSP commented that a reduction in the RRR (currently 12%) remains a possibility. A reduction could help improve broad liquidity conditions, although extent of boost to growth could be more modest. Vaccination remains key to a more sustainable growth recovery, and there are signs that inoculation pace picked up in Jul (population coverage rose from around 4.7% in end-Jun, to 9.7% on 4 Aug). On net, PHP sentiments remain somewhat anchored despite a new two-week hard lockdown in Manila announced last week. Momentum on daily chart is modestly bearish, while RSI is not showing a clear bias. 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 for Jul came in at 4.0%/y, on par with expectations. Trade due Fri.

## Malaysia Fixed Income

### Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.28	2.28	Unchanged
5YR MO 11/26	2.61	2.63	+2
7YR MS 6/28	2.99	2.99	Unchanged
10YR MO 4/31	3.17	3.16	-1
15YR MS 5/35	3.70	3.70	Unchanged
20YR MY 5/40	3.99	3.99	Unchanged
30YR MZ 6/50	4.22	4.25	+3
IRS			
6-months	1.93	1.93	-
9-months	1.94	1.93	-1
1-year	1.94	1.94	-
3-year	2.30	2.31	+1
5-year	2.54	2.56	+2
7-year	2.81	2.82	+1
10-year	2.99	3.00	+1

Source: Maybank KE

\*Indicative levels

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- Ringgit government bonds traded sideways with a pick-up in volume. The front end remained better sold by foreigners, while the belly and long end were supported and little changed. Yield changes ranged between +3bps to -1bp. Market was generally flow driven as strong positions were not being taken given the political uncertainty and new highs in daily Covid-19 cases and deaths.
- IRS curve saw some paying interest at the belly of the curve as political uncertainty continues. Market liquidity remained soft with only a single trade done on 5y IRS at 2.565%. The IRS curve closed 1-2bps higher along the 3y10y. 3M KLIBOR unchanged at 1.94%.
- PDS market was fairly active with traded volume higher than previous day. Local investors were interested in GG and AAA credits, with better buying in medium and long tenor bonds driving yields 1-2bps lower, while the short end was unchanged. AA credits were broadly unchanged with some trades at the front end and belly sectors. Names actively dealt were Danainfra, Tenaga, Manjung, PLUS and MMC.

## Singapore Rates and AxJ USD Credit

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.36	0.36	-
5YR	0.74	0.75	+1
10YR	1.28	1.31	+3
15YR	1.57	1.60	+3
20YR	1.62	1.66	+4
30YR	1.65	1.70	+5

Source: MAS (Bid Yields)

- SGS yield curve bear-steepened following the previous day's 30y infrastructure bond announcement and yields retraced previous day's moves up by 1-5bps. The SOR curve rose 1-2bps the previous day and continued to grind higher yesterday by another 1-2bps, despite the overnight mild bull-flattening in UST. SOR 5x10 spreads remain unchanged at 42.5bps.
- Asian credit space stabilized with light volume in IG while HY was well bid. China HYs rose 0.5-2pts in price fueled by short covering and onshore real money demand for property bonds as levels have turned attractive. India HYs also rose about 1pt in price due to onshore buying. IG space largely stable and unchanged across tech and low beta SOE names. There was buying in Haohua, which is a high beta SOE in the chemical sector, and spreads tightened 5-7bps led by 10y bonds. Malaysia IG corporate and sovereign bonds generally unchanged in price while spreads widened 1-2bps amid a lack of demand at the moment. INDON and PHILIP up marginally in price, but spreads widened 1-2bps offsetting the UST movement.

## Indonesia Fixed Income

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### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
<b>1YR</b>	3.61	3.60	(0.01)
<b>3YR</b>	4.80	4.79	(0.00)
<b>5YR</b>	5.16	5.09	(0.06)
<b>10YR</b>	6.26	6.26	(0.00)
<b>15YR</b>	6.32	6.31	(0.01)
<b>20YR</b>	7.00	7.01	0.01
<b>30YR</b>	6.88	6.87	(0.00)

\* Source: Bloomberg, Maybank Indonesia

- 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 gap between Indonesian government bonds and U.S. Treasury Notes remain wide (by 505 bps for 10Y as of today). U.S. Treasury yields settled mostly higher on Wednesday after a top Federal Reserve official, Richard Clarida, comments on interest rates shifted traders focus away from disappointing payroll data. The benchmark 10-year yield was up 1.1 basis points at 1.1854% in afternoon trading.
- Today, the market players will focus to watch the announcement of Indonesian GDP growth in 2Q21 by Indonesia Statistic Agency. We expect Indonesian economy to come back on the positive record by 6.41% YoY in 2Q21, driven by the advantage of low base year effect, stronger private household consumption during Moslem Festivities event, sustainability on the government's spending for the social safety net & the Civil Servant's annual bonus payments, increasing people mobility before the attacks of COVID-19 virus by Variant Delta, and the benefit of stronger prices on Indonesian mainstay exported commodities. Then, we expect Indonesian economy to grow positive by 3.40% in 2021 amidst recent uncertainty on the economic recovery progress due to the Variant Delta's attacks since the end of Jun-21. However, we expect recent surging on the Variant Delta's attacks to be subdued after seeing the latest improvement condition on the bed occupancy rate on some provinces, such as DKI Jakarta, Jawa Barat, and Banten. Furthermore, we believe further result on Indonesian economic growth in 2Q21 to sustain recent rallies trends on Indonesian financial markets.
- Going forward, 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. There were 35,867 confirmed cases in the 24 hours through midday Wednesday, with 1,747 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	1.1924	110.24	0.7449	1.3983	6.4751	0.7125	130.2000	81.3017
R1	1.1880	109.86	0.7414	1.3936	6.4691	0.7087	129.9000	81.0503
<b>Current</b>	1.1837	109.61	0.7383	1.3891	6.4627	0.7045	129.7400	80.9200
S1	1.1813	108.91	0.7357	1.3864	6.4553	0.7012	129.2200	80.5353
S2	1.1790	108.34	0.7335	1.3839	6.4475	0.6975	128.8400	80.2717

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3549	4.2536	14361	49.9840	33.2307	1.6064	0.6556	3.1406
R1	1.3530	4.2370	14337	49.8740	33.1773	1.6028	0.6541	3.1352
<b>Current</b>	1.3512	4.2270	14315	49.7740	33.1500	1.5995	0.6532	3.1289
S1	1.3482	4.2117	14297	49.6250	33.0453	1.5965	0.6520	3.1240
S2	1.3453	4.2030	14281	49.4860	32.9667	1.5938	0.6512	3.1182

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

## Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	0.4294	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	19/8/2021	Easing Bias
BOT 1-Day Repo	0.50	29/9/2021	Easing Bias
BSP O/N Reverse Repo	2.00	12/8/2021	Easing Bias
CBC Discount Rate	1.13	23/9/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Neutral
RBI Repo Rate	4.00	6/8/2021	Easing
BOK Base Rate	0.50	26/8/2021	Tightening Bias
Fed Funds Target Rate	0.25	23/9/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	9/9/2021	Easing Bias
BOE Official Bank Rate	0.10	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
<b>Dow</b>	34,792.67	-0.92
<b>Nasdaq</b>	14,780.53	0.13
<b>Nikkei 225</b>	27,584.08	-0.21
<b>FTSE</b>	7,123.86	0.26
<b>Australia ASX 200</b>	7,503.18	0.38
<b>Singapore Straits Times</b>	3,182.90	1.07
<b>Kuala Lumpur Composite</b>	1,491.33	-0.60
<b>Jakarta Composite</b>	6,159.04	0.46
<b>Philippines Composite</b>	6,585.21	0.38
<b>Taiwan TAIEX</b>	17,623.89	0.40
<b>Korea KOSPI</b>	3,280.38	1.34
<b>Shanghai Comp Index</b>	3,477.22	0.85
<b>Hong Kong Hang Sena</b>	26,426.55	0.88
<b>India Sensex</b>	54,369.77	1.02
<b>Nymex Crude Oil WTI</b>	68.15	-3.42
<b>Comex Gold</b>	1,814.50	0.02
<b>Reuters CRB Index</b>	213.52	-0.82
<b>MBB KL</b>	8.01	-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	105	1.749	1.75	1.749
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	394	1.629	1.771	1.629
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	853	1.752	1.799	1.692
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	1	1.771	1.771	1.688
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	1	1.696	1.7	1.696
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	2	1.893	1.893	1.893
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	42	2.281	2.284	2.266
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	51	2.316	2.316	2.261
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	61	2.323	2.343	2.323
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	34	2.554	2.554	2.523
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	51	2.657	2.657	2.638
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	130	2.658	2.667	2.624
MGS 2/2006 4.709% 15.09.2026	4.709%	15-Sep-26	14	2.659	2.659	2.602
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	208	2.626	2.632	2.612
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	60	2.854	2.854	2.821
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	18	2.895	2.907	2.873
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	66	2.994	2.994	2.965
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	21	3.168	3.181	3.166
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	21	3.21	3.21	3.185
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	55	3.169	3.187	3.148
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	3.296	3.296	3.296
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	11	3.679	3.68	3.669
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	1	3.727	3.727	3.727
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	163	3.822	3.843	3.798
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	152	3.709	3.713	3.7
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	2	3.945	3.945	3.928
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	67	3.993	4.009	3.908
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.254	4.296	4.254
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	2	4.378	4.378	4.378
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	1	4.384	4.384	4.35
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	10	4.28	4.28	4.252
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	90	1.757	1.793	1.757
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	2	1.692	1.692	1.692
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	1	1.801	1.812	1.801
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	51	1.997	1.997	1.969
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	10	2.324	2.324	2.324
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	225	2.314	2.317	2.312
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	60	2.613	2.622	2.613
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	14	2.979	2.979	2.97
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	10	2.983	2.983	2.983
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	20	3.229	3.229	3.229
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	74	3.289	3.3	3.289
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	1	3.727	3.727	3.727
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	1	3.94	3.94	3.94



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

Sources: BPAM

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

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

Sources: BPAM

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