

Global Markets Daily

Moderate Rise in US CPI Temporarily Ease Concerns

USD Slips; Risk Proxies Firmer

Risk assets were better bid after US CPI rose at a moderate pace of 0.5% m/m for Jul (vs. 0.9% in Jun), temporarily easing concerns of faster normalisation timeline. USD slipped alongside UST yields while risk proxies including equities, gold and oil prices firmed. On FX, NZD, AUD were outperformers. Fed speaks overnight was not perceived to be overly hawkish and underscores our view that Fed is likely to adopt a gradual pace of policy normalisation for now and that rate increases are not of concern today. Of interest, Bostic said that FoMC would not pre-emptively raise rates in response to a “hot” labor market out of fear over subsequent inflation.

BSP to Keep Policy Rate on Hold

Policy rate is expected to remain on hold at 2%, both at today’s meeting and for the rest of the year, given the soft macro outlook. On a seasonally-adjusted Q/Q basis, GDP shrank -1.3%, after three consecutive quarters of growth. Central bank tones on the growth impact of recent Greater Manila curbs as well as inflation forecasts will be of particular interest, potentially giving hints on the bank’s normalization views post-2021. We saw expectations for a reserve requirement ratio cut (from current 12%) gaining traction at one point last week, after the central bank hinted that the possibility of an RRR cut remains on the table. An RRR cut could lead to incremental supply of PHP in the FX markets, and this likely contributed to the earlier slump in PHP sentiments. Subsequently though, Governor Diokno clarified that cutting RRR now would be untimely and likely not justified, when liquidity is still sufficient. Some retracement lower in 1m USDPHP NDF not ruled out.

UK Data Dump Today Today

Key data of interest today includes US PPI; EU IP and UK GDP (2Q); IP, Trade, construction output, monthly GDP (Jun)

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G7: Events & Market Closure

Date	Ctry	Event
11 Aug	JP	Market Closure

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
10 Aug	MY, ID, PH	Market Closure
12 Aug	TH	Market Closure
12 Aug	PH	BSP Policy Decision

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1739	↑ 0.16	USD/SGD	1.3564	↓ -0.22
GBP/USD	1.3868	↑ 0.18	EUR/SGD	1.5922	↓ -0.06
AUD/USD	0.7374	↑ 0.33	JPY/SGD	1.2282	↓ -0.11
NZD/USD	0.7042	↑ 0.46	GBP/SGD	1.8812	↓ -0.03
USD/JPY	110.43	↓ -0.13	AUD/SGD	1.0001	↑ 0.10
EUR/JPY	129.64	↑ 0.05	NZD/SGD	0.9555	↑ 0.27
USD/CHF	0.9219	↓ -0.04	CHF/SGD	1.4715	↓ -0.13
USD/CAD	1.2504	↓ -0.13	CAD/SGD	1.0848	↓ -0.09
USD/MYR	4.24	↑ 0.27	SGD/MYR	3.1171	↑ 0.01
USD/THB	33.16	↓ -0.89	SGD/IDR	10578.05	↓ -0.09
USD/IDR	14383	→ 0.00	SGD/PHP	37.084	↓ -0.09
USD/PHP	50.409	↑ 0.02	SGD/CNY	4.7766	↑ 0.10

Implied USD/SGD Estimates at 12 August 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3366	1.3639	1.3912

G7 Currencies

■ **DXY Index - Pullback Risks.** Risk assets were better bid after US CPI rose at a moderate pace, temporarily easing concerns of faster normalisation timeline. Nonetheless the moderate pace of rise was largely within expectations and was due to moderation in prices for used cars, airfares and takeaway food (transitory factors). Jul CPI rose 0.5% m/m (vs. 0.9%). USD slipped alongside UST yields while risk proxies including equities, gold and oil prices firmed. On FX, NZD, AUD and THB were outperformers. We had shared in yesterday's daily that US CPI poses asymmetrical risks for USD - *while a stronger print may add modestly to USD and UST yield upside but downside surprise could see asymmetrically larger pullback than upside risks* - largely played out overnight. On Fed speaks, taper timing debate remains the key topic. Esther George said that Fed needs to move ahead with reducing monetary stimulus as economic recovery is now underway but she also said that "today's tight economy does not call for a tight monetary policy but it does signal that the time has come to dial back the settings". Separately Bostic said that FoMC would not pre-emptively raise rates in response to a "hot" labor market out of fear over subsequent inflation. On net, Fed speaks overnight was not perceived to be overly hawkish and underscores our view that Fed is likely to adopt a gradual pace of policy normalisation for now and that rate increases are not of concern today. We still expect an announcement as soon as at the Jackson Hole Symposium (26 - 28 Aug) or Sep FoMC. The uncertain factor is the pace of tapering and in what magnitude is the reduction. This uncertainty could keep USD temporarily supported in the interim. DXY made an outside day bearish engulfing price pattern yesterday and this could hint at a bearish reversal ahead. Mild bullish momentum intact though rise in RSI paused. Support at 92.60 (21 DMA), 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.30/50 levels (50, 100, 200DMAs, 50% fibo). Resistance at 93.2 and 93.5 levels. Week remaining brings PPI (Jul) on Thu; Import, export price index (Jul); Uni. Of Michigan Sentiment (Aug) on Fri.

■ **EURUSD - Slight Risks to Upside.** Our call yesterday looking for a technical rebound played out. Pair was last seen at 1.1740 levels. Bearish momentum on daily chart intact but RSI shows signs of turning from near oversold conditions. Slight risks to the upside but moves likely to be within recent range. Resistance at 1.1770, 1.1810 (21 DMA), 1.1840 (76.4% fibo retracement of Mar low to May high). Support at 1.1710 levels. Week remaining brings Industrial production (Jun) on Thu; Trade (Jun) on Fri

■ **GBPUSD - Consolidate in 1.38 - 1.39 Range.** GBP firmed but well within said-ranges. Last seen at 1.3865 levels. Bullish momentum on daily chart is fading while RSI is falling. Downside risks but support here at 1.3830 (38.2% fibo) needs to break for downside pressure to gather momentum towards 1.3770 (200 DMA). Failing which, the pair may still consolidate in 1.38 - 1.39 range. Resistance at 1.3900/10 (50, 100 DMAs, 50% fibo), 1.3990 (61.8% fibo retracement of Jun high

to Jul low), 1.4080 levels (76.4% fibo). Day ahead brings GDP (2Q); IP, Trade, construction output, monthly GDP (Jun).

■ **USDJPY - Supported on Dips.** Pair last seen at 110.39, retracing a tad as the climb in UST10Y yields paused. US inflation report overnight suggested some paring in intensity of price pressures, with airfares declining and prices of used vehicles seeing smaller increases. Concerns on earlier or more aggressive Fed normalization plans were eased a tad. Still, interim discussions on Biden's US\$3.5trn agenda could induce concerns over larger chunks of US borrowing down the road, which is supportive of US yields. Broad bias is for UST10Y yield, and hence USDJPY pair to be supported on dips. Momentum on daily chart is modestly bullish while RSI is not showing a clear bias. Support at 110 (38.2% fibo retracement of Apr low to Jul high), 109.00 (61.8% fibo), 108.45 (76.4% fibo). Resistance at 110.70 (23.6% fibo), before 111.70 (Jul high).

■ **NZDUSD - Buy Dips.** NZD rose overnight amid broad USD softer (following US CPI) and supported risk sentiment. Pair was last seen at 0.7035 levels. Bullish momentum on daily chart intact while RSI is flat. Support at 0.6960, 0.69 levels. Resistance at 0.7030/50 (50DMA, 38.2% fibo retracement of May high to Jul low, upper bound of bearish trend channel) 0.71 (100 DMA). Sideways trade likely in 0.70 - 0.7050 within wider perimeters of 0.6980 - 0.71. We favor buying on dips ahead of RBNZ MPR (18 Aug). Much better than expected 2Q labor market report, CPI outside of target range and RBNZ's shift in tone suggests that a 25bps hike at the upcoming RBNZ meeting (18 Aug) is more than likely. We note of chatters for 50bps hike. Week remaining brings Mfg PMI (Jul) on Fri

■ **AUDUSD - Range-bound.** AUDUSD spent much of overnight session bouncing away from the lower bound of the established 0.73-0.7450 range and was last at 0.7370, softening from overnight gains. Concerns of more sustained inflationary pressures in the US were somewhat alleviated by the Jul CPI print which came in at 0.5% m/m vs. previous 0.9%. Core CPI softened more than expected to 0.3% m/m vs. previous 0.9%. Snap lockdowns continue to happen with the ACT expected to do so for seven days from today after one new case is recorded. Victoria reports 21 new local cases and let's keep in mind that Melbourne's lockdown is extended to 19th Aug. We recall that Premier Daniel Andrews said that the city needs to achieve consecutive days of all new cases within isolation before restrictions can be eased. NSW is said to be increasing enforcements on covid restriction compliance. Greater Sydney is scheduled to end lockdown only on 28th Aug (at the earliest). On the Covid situation at home, daily infections continue to rise with 7-dma infections recorded at 300 for 6 Aug. Australia has 18.5% of its people fully vaccinated and 36% given at least one dose. *We like to keep in mind that the Federal government has set a target to get 80% of its adult population fully vaccinated by Dec for the nation to move to a "consolidation" phase of the national pandemic exit plan. Named Operation Covid Shield, the Federal document outlined an acceleration in the delivery and distribution of vaccines by mid-Oct with workplace vaccination and retail hubs to begin pilot program*

then. On the daily chart, the AUDUSD pair remains capped by 21-dma (0.7371), last printed 0.7367. Momentum remains somewhat bullish. Support at 0.7280 before the next at 0.7195. Beyond the 21-dma, next resistance at 0.7432, before 0.7480/0.7500 region. Data-wise, Aug consumer inflation expectation for the next 12 months moderates to 3.3% from the previous 3.7%.

- **USDCAD - *Lean Against Strength***. USDCAD slipped further towards the 1.2510 on broader USD decline, capped under the 21-dma at 1.2557. CAD is also boosted by oil gains. Momentum indicators are neutral. We retain our view to lean against the USDCAD strength as we look for eventual outperformance of the CAD vs. its peers given its high vaccination rate that allows the country to open borders to fully vaccinated Americans on 9 Aug and other international travellers a month later. It is increasingly clear that high vaccination rate should protect Canada from a health crisis, as shown by the UK. As of 8 Aug, the share of population given at least one dose has stalled around 72% and fully vaccinated makes up 61%, surpassing that of the UK on both measures. 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. Back on the USDCAD chart, support is seen at 1.2412 (50-dma), 1.2371 (100-dma). Less expected bounce to meet resistance at 1.2570 before 1.2630. Week ahead has no tier-one data due and expectations are for the Trudeau administration to call for elections soon.

Asia ex Japan Currencies

SGD trades around +0.53% from the implied mid-point of 1.3639 with the top estimated at 1.3366 and the floor at 1.3912.

- **USDSGD - Range.** USDSGD last seen at 1.3565, easing off from the 1.36-handle as DXY declined overnight. Main driver was the US CPI report. While readings remained elevated, pace of increase stalled and certain components which contributed to CPI climbs earlier (airfare, used vehicles) eased or showed smaller increases, partially allaying earlier-than-expected Fed normalization concerns. A robust 10Y treasury auction also capped UST10Y yields. Meanwhile, on a trade-weighted basis, the SGD NEER basket is seeing some signs of “stickiness” near the +0.5% above implied policy mid-point handle, after signs of manageable contagion and easing of curbs facilitated its recovery earlier. More ranged trading could be seen in the interim. Final estimate for Singapore’s 2Q GDP growth was upgraded to +14.7% (from +14.3%) on the back of stronger performance in services and construction, although these sectors remain below their pre-pandemic levels. Our economist team maintains GDP growth forecast at +6.8% in 2021, above the mid-point of MTI’s new forecast of 6%-7% (from 4%-6%). And bias is for GDP growth to remain slightly above potential at +3.5% in 2022, as the services and construction recover more strongly with the easing of lockdowns and border controls. Momentum and RSI indicators on the daily chart are not showing a clear bias. Resistance at 1.3630, 1.3690 (Jul high), 1.3780. Support 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 is bounced back a little to near parity but still within the falling trend channel that started in May. The route of least resistance is still to the downside. The 21-dma at parity is being tested now. Momentum indicators are increasingly bullish. Support at 0.9920 needs to remain intact and a violation of the falling trend channel is required for AUD bulls to gain bullish traction.
- **SGDMYR - Sideways.** SGDMYR was a touch firmer this morning; last seen at 3.12 levels. Daily momentum shows signs of turning mild bearish though RSI turned higher. Range-bound trade likely as we look for 3.1140 - 3.1350 range. Technical levels to watch include: support at 3.1070 (50% fibo retracement of May high to Jun low), 3.10 (100DMA, 38.2% fibo); resistance at 3.1215 (76.4% fibo), 3.1350 (May, Aug double top).
- **USDMYR - Approaching Double Top Resistance.** USDMYR continued to hover near recent highs amid still-elevated covid caseloads (>20,000 cases of daily infection) though we note that vaccination pace is proceeding fast at 350k/day. % of population with at least one dose stood at 49.26% while about 28% of population fully vaccinated. Malaysia has also eased restrictions for fully vaccinated people in states, comprising about half of the country (wef 10 Aug) and this allows for people to cross district borders, eat in restaurants (in 8 states where cases have fell and vaccination rate is promising), play outdoor sports. Our Economists estimate 2Q 2021 real GDP jumped

+18.5% YoY (1Q 2021: -0.5% YoY) as base effect lifted non-agriculture sectors' output indicators which however fell QoQ (not seasonally adjusted) reflecting tighter restrictions in May 2021 and lockdown in June 2021. Our monthly GDP tracker (Key Production Index) showed GDP surged in Apr 2021, moderated in May 2021 and shrank in June 2021. USDMYR was last seen at 4.2370 levels. Bearish momentum on daily chart is fading while RSI is falling. Risks to the upside but bias to fade. Immediate resistance at 4.2440 (double top) should hold for now however a decisive break could see further upmove. We expect the pair to ease off to trade range of 4.22 - 4.24. Key support at 4.22 levels (21 DMA), 4.20. This week brings 2Q GDP and current account data on Fri.

- **1m USDKRW NDF - *Upside Risks*.** 1m USDKRW NDF firmed amid brokers' view for weaker DRAM outlook while ongoing covid spread, vaccine supply shortage undermined sentiment. Pair was last seen at 1159 levels. Bearish momentum on daily chart faded while RSI is rising. Risks skewed to the upside. Resistance at 1160, 1162 and 1166 levels. Support at 1155, 1149 (21 DMA).
- **USDCNH - *Range Trading Continues*.** The USDCNH slipped, in line with most USDAsians and last printed 6.4780. Moves were driven by broader USD declines after US CPI provided relief for investors concerned about sustained inflationary pressure. USDCNH price action remains firmly within the established 6.45-6.50 range. In news, China pressed on with its regulatory whip - urging online insurance firms/agencies to curtail improper marketing/pricing and improve privacy protections. State Council vows to focus on national security, new technology and antitrust. Social issues are also a key area - tutoring, food and drugs. In the meantime, post 2Q PBoC monetary policy implementation report, there are increasing expectations for a rate cut. Local bourses opened in mild red. While risk appetite could still be a tad dampened by ongoing regulatory tweaks and the spread of the delta variant, RMB and broad equity bourses may display resilience in spite of further regulatory tweaks as authorities seemed willing to provide growth supports. 10y yield last at 2.87%, stabilizing after a rebound from lows of 2.81% seen in the past weeks. Expect demand for Chinese government bonds to remain supported by current uncertainties as well. The USDCNY reference rate was fixed at 6.4758 vs 6.4754 estimated. On the daily chart, USDCNH was last at 6.4780. We still look for action to remain within the narrow range of 6.45-6.50. Event-wise, 1Y MLF is closely watched and should be offered 13-16 Aug (as usual).
- **USDINR NDF - *Range Bound Continue*.** The 1M NDF was last at 74.55, still within 74-75 range, interim resistance and support levels are marked by the 21-dma (74.64) and 74.28 (100-dma). Momentum indicators are tilting higher. At home, there are rumours of foreign banks being ordered to unwind currency swap trades that amount to "billions of dollars" according to sources cited by Bloomberg. Banks had to convert INR deposits into USD to purchase foreign sovereign debt such as UST that are unlisted in India. RBI warned that holdings of such "unlisted securities" can only be up to a limit of 10% of investments portfolio.

- **USDVND - *Bearish Bias***. The pair opened at 22818 this morning vs. its close at 22838 yesterday. MACD is increasingly bearish. Next support is seen at 22700. 22965 (21-dma) remains as a resistance before the next at 23100. Broader USD weakness and SBV's pledge not to engage in "competitive devaluation" have kept the USDVND pairing on the decline alongside equity gains. The local press reported that liquidity has improved in recent trading sessions for the two local bourses (HCM City Stock Exchange and the Ha Noi Stock Exchange), underscoring rising interest in the local equity markets. Trading value on HCM City is at its highest seen since 12 Jul. Vietnam has attracted around \$262.6mn of equity-related inflows in this quarter so far, well exceeding highs seen in past quarters. This is in spite of the still-serious Covid situation at home. 7-day average infections remains rather elevated at 8354 as of 10 Aug. In related news, HCMC negotiates with Zuellig Pharma Vietnam Co. Ltd to secure 5mn Moderna vaccine doses for delivery by Oct. Vietnam has administered at least 1 dose to 9.3% of its population and 1% is fully vaccinated. The country aims to achieve 70% vaccination coverage by next year.
- **1M USDIDR NDF - *Bearish Momentum Moderating***. Last seen near 14,440, easing a tad alongside a modest DXY decline overnight, and as the UST10Y yield climb paused. Domestic Covid new case trajectory remains on a broad gentle downtrend, and market focus could remain in part on UST-IGB yield differentials in the interim. Bias is for UST treasury yields to remain supported on net, with Fed tapering potentially starting in late 2021 (albeit likely at a modest pace). USDIDR could see some support alongside. Bearish momentum on daily chart is moderating while RSI is seeing mild upticks. Resistance at 14,500 (21-DMA), 14,680 (Jul high), 14,740 (Mar high). Support at 14,340 (200-DMA), before 14,200 (Jun low).
- **USDTHB - *Up-moves Hesitant***. Last seen at 33.20, on a modest decline yesterday. New Covid case counts have hovered around the 20-22k mark for the past several days, showing tentative signs of stabilization in the contagion trajectory. If a more discernible containment in Covid spread is seen, THB sentiments could potentially see some support (off troughs). We note that exports could be a bright spot (positive for growth, trade balance) in 2H. Rice production, for instance, is reportedly up on benign weather conditions, increase in temporary agricultural labour. Still, any recovery in THB could be modest in extent/slow, given lagging vaccination progress. On technicals, momentum indicator is not showing a clear bias while RSI suggests overbought conditions. Key resistance at 33.50 (2018 high). Support at 32.50 (23.6% fibo retracement from Jun low to Jul high), before 32.00 (50.0% fibo). In other news, BoT is reportedly considering incentives to banks to nudge them towards offering long-term debt restructuring packages to clients impacted by the pandemic.
- **1M USDPHP NDF - *BSP to Stand Pat***. NDF last seen at 50.57. Policy rate is expected to remain on hold at 2%, both at today's meeting and for the rest of the year, given the soft macro outlook. On a

seasonally-adjusted Q/Q basis, GDP shrank -1.3%, after three consecutive quarters of growth. Central bank tones on the growth impact of recent Greater Manila curbs as well as inflation forecasts will be of particular interest, potentially giving hints on the bank's normalization views post-2021. We saw expectations for a reserve requirement ratio cut (from current 12%) gaining traction at one point last week, after the central bank hinted that the possibility of an RRR cut remains on the table. An RRR cut could lead to incremental supply of PHP in the FX markets, and this likely contributed to the earlier slump in PHP sentiments. Subsequently though, Governor Diokno clarified that cutting RRR now would be untimely and likely not justified, when liquidity is still sufficient. Some retracement lower in 1m USDPHP NDF not ruled out. Momentum and RSI on daily chart are not showing a clear bias. Immediate resistance at 50.50-50.60 (23.6% fibo retracement from Jun low to Jul high) is being tested; next at 51.40 (Jul high). Support at 50.00 (38.2% fibo), 49.50 (50.0% fibo).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.31	2.36	+5
5YR MO 11/26	2.69	2.70	+1
7YR MS 6/28	2.99	3.06	+7
10YR MO 4/31	3.23	3.26	+3
15YR MS 5/35	3.78	3.85	+7
20YR MY 5/40	4.05	4.08	+3
30YR MZ 6/50	4.24	4.30	+6
IRS			
6-months	1.93	1.94	+1
9-months	1.94	1.94	-
1-year	1.96	1.97	+1
3-year	2.35	2.40	+5
5-year	2.63	2.67	+4
7-year	2.86	2.88	+2
10-year	3.05	3.11	+6

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Source: Maybank KE

*Indicative levels

**Previous close is 9 Aug 2021

- Local government yields gapped higher upon returning from a public holiday as UST yields kept climbing. The selling was seen across local yield curves, led by the belly and long end which bear steepened the curve. Foreigners were mostly selling short to medium tenor bonds, while locals were selling ultra-long ends, especially off-the-runs. Volume in the long end sector was lower than other parts of the curve as investors wait-and-see on duration risk for the time being.
- MYR IRS also surged higher buoyed by foreign payers from the front end to the belly segment of the curve on the back of continued UST weakness. IRS curve shifted 1-6bps higher as market saw a slew of one-sided bids across tenors. 2y IRS was taken at 2.18% and 2.19%, 3y at 2.38% and 5y at 2.66%. 3M KLIBOR remained at 1.94%.
- Corporate bond space was fairly muted. High quality GG and AAA credits were supported by real money buying interest at the belly and long end, but the front end of the curve weakened by 1-5bps, led by better selling in Prasarana 2024 and Danainfra 2023. AA credit space was sidelined with little interest seen.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.36	0.36	-
5YR	0.80	0.83	+3
10YR	1.44	1.48	+4
15YR	1.75	1.79	+4
20YR	1.79	1.84	+5
30YR	1.82	1.85	+3

Source: MAS (Bid Yields)

- SOR and SORA curves rose 1-3bps in a steepening move, while SGS yields continued to underperform ahead of the looming long duration supply rising 3-5bps. The recent upward move in yields have been steep, while real money demand has also been absent. All eyes turn to the US inflation data for directional cues.
- Asian credits generally stronger as the UST selloff led to tighter spreads across most names. In Malaysia USD corporate space, PETMK outperformed tightening 7-10bps on buying interest from onshore real money and yield investors. China and HK IGs firmer with tech names outperforming as the long ends tightened 3-9bps, led by the rally in Meituan. HRINTH also traded 2pts higher. India IGs rallied 3-5bps on real money demand, such as in Adani Port. Sovereign bond flows generally lighter compared to corporate IGs and spreads tightened 2-4bps, but prices were unchanged. HYs also rallied with prices up by 1-5pts, led by China property including Evergrande. Indonesia and India HYs posted modest gains.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.24	3.04	(0.20)
3YR	4.80	4.79	(0.01)
5YR	5.17	5.18	0.01
10YR	6.32	6.34	0.02
15YR	6.33	6.36	0.02
20YR	7.05	7.09	0.04
30YR	6.88	6.88	(0.00)

* Source: Bloomberg, Maybank Indonesia

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- Indonesian government bonds were still under pressures until the last Tuesday. Indonesian financial markets were off for the public holiday yesterday. Until the last Tuesday, it seemed that the market players took this momentum for realizing their profits by applying strategy “sell on rally” after seeing the latest hawkish statement by the Fed’s key figure, Richard Clarida, an impressive results on recent U.S. economic data, such as the non-farm payroll and consumers’ inflation, and persisting risky domestic condition due to pandemic of COVID-19 by Delta Strain. The U.S. inflation kept stable at relative high level by 5.4% YoY in Jul-21. It’s similar with the previous month’s record. Hence, relative strong on the U.S. inflation gave additional confidences for the global investors to shift their investment perspective destination from the emerging countries to come back on the advance countries.
- On the last Tuesday, Indonesian government decided only absorbing Rp11 trillion from its latest Sukuk auction. It’s below the government’s indicative target by Rp12 trillion. Actually, investors’ interest to participate this Sukuk’s auction were strong enough, as shown by relative high of total investors’ incoming bids by Rp51.66 trillion. That condition gave a message that the government prefers to being efficient on its debt strategy, as well as its liquidity condition for financing its fiscal spending is ample enough recently.
- Overall, Indonesia’s government bonds became an attractive destination for global investors that seeking relative high investment yields with sound fundamental background. Moreover, the yields gap between Indonesian government bonds and U.S. Treasury Notes remain wide (by 499 bps for 10Y as of today). 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 the government decided to extend its regulation on the public restriction. The restrictions for Java and Bali are in place until Aug. 16, while curbs for other islands apply until Aug. 23. The government will gradually ease restrictions in several cities, as it sets out a roadmap for life with the coronavirus for the next few years. Then, according to Bloomberg, Indonesia government won’t include Covid-19 death figures in its weekly and bi-weekly evaluation of movement restrictions due to inaccuracy in data collection, according to Jodi Mahardi, a spokesman to senior minister Luhut Panjaitan, who is in charge of coordinating pandemic response in Java and Bali. Some provinces didn’t report their fatality numbers on time, some also didn’t include cases of recovery, making it difficult to assess the situation based on the report, Mahardi says in a statement.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1780	111.00	0.7428	1.3938	6.5008	0.7103	129.9400	81.8507
R1	1.1759	110.72	0.7401	1.3903	6.4885	0.7072	129.7900	81.6443
Current	1.1744	110.37	0.7372	1.3870	6.4777	0.7047	129.6100	81.3620
S1	1.1712	110.23	0.7335	1.3818	6.4684	0.7001	129.5100	81.1713
S2	1.1686	110.02	0.7296	1.3768	6.4606	0.6961	129.3800	80.9047

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3629	4.2487	14412	50.5190	33.6060	1.5955	0.6558	3.1252
R1	1.3597	4.2443	14398	50.4640	33.3830	1.5939	0.6551	3.1212
Current	1.3567	4.2385	14383	50.4300	33.1400	1.5932	0.6547	3.1246
S1	1.3541	4.2333	14372	50.3610	33.0280	1.5911	0.6534	3.1114
S2	1.3517	4.2267	14360	50.3130	32.8960	1.5899	0.6525	3.1056

*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	8/10/2021	Easing
BOK Base Rate	0.50	26/8/2021	Tightening Bias
Fed Funds Target Rate	0.25	23/9/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	9/9/2021	Easing Bias
BOE Official Bank Rate	0.10	23/9/2021	Neutral
RBA Cash Rate Target	0.10	7/9/2021	Easing Bias
RBNZ Official Cash Rate	0.25	18/8/2021	Tightening Bias
BOJ Rate	-0.10	22/9/2021	Easing Bias
BoC O/N Rate	0.25	8/9/2021	Tightening Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	35,484.97	0.62
Nasdaq	14,765.13	-0.16
Nikkei 225	28,070.51	0.65
FTSE	7,220.14	0.83
Australia ASX 200	7,584.30	0.29
Singapore Straits Times	3,180.00	-0.85
Kuala Lumpur Composite	1,504.44	0.52
Jakarta Composite	6,088.41	-0.64
Philippines Composite	6,666.86	0.66
Taiwan TAIEX	17,227.18	-0.56
Korea KOSPI	3,220.62	-0.70
Shanghai Comp Index	3,532.62	0.08
Hong Kong Hang Seng	26,660.16	0.20
India Sensex	54,525.93	-0.05
Nymex Crude Oil WTI	69.25	1.41
Comex Gold	1,753.30	1.25
Reuters CRB Index	216.70	0.68
MBB KL	8.03	0.37

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	14	1.754	1.771	1.754
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	186	1.748	1.777	1.748
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	55	1.939	1.966	1.92
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	59	2.363	2.363	2.32
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	31	2.375	2.382	2.375
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	23	2.506	2.506	2.506
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	92	2.624	2.656	2.624
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	23	2.675	2.675	2.675
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	10	2.681	2.73	2.681
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	169	2.695	2.7	2.659
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	59	2.916	2.918	2.916
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	22	2.964	2.964	2.939
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	412	3.044	3.071	3.017
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	24	3.206	3.214	3.206
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	41	3.232	3.288	3.222
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	40	3.742	3.742	3.742
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	33	3.797	3.797	3.778
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	13	3.833	3.843	3.82
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	68	3.796	3.851	3.785
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	65	4.111	4.111	4.081
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	10	4.32	4.32	4.32
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	72	4.293	4.308	4.177
GII MURABAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	10	1.785	1.785	1.785
PROFIT-BASED GII 2/2013 31.10.2023	3.493%	31-Oct-23	2	1.966	1.966	1.966
GII MURABAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	265	2.355	2.371	2.355
GII MURABAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	60	2.668	2.686	2.668
GII MURABAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	175	3.106	3.115	3.044
GII MURABAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	365	3.375	3.388	3.354
GII MURABAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	30	3.769	3.769	3.769
GII MURABAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	1	3.75	3.75	3.75
GII MURABAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	2	3.947	3.947	3.947
GII MURABAH 5/2017 4.755% 04.08.2037	4.755%	04-Aug-37	30	3.944	3.944	3.944
GII MURABAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	11	4.22	4.343	4.22
GII MURABAH 4/2017 4.895% 08.05.2047	4.895%	08-May-47	20	4.621	4.621	4.551
SPK 2/2014 4.345% 07.10.2021	4.345%	07-Oct-21	60	1.923	1.923	1.923
Total			2,551			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 4.080% 18.08.2023 - Tranche No 79	GG	4.080%	18-Aug-23	50	2.22	2.22	2.22
PRASARANA IMTN 4.67% 12.03.2024 - Tranche 2	GG	4.670%	12-Mar-24	50	2.367	2.367	2.367
DANAINFRA IMTN 4.900% 29.04.2033 - Tranche 3	GG	4.900%	29-Apr-33	40	3.739	3.78	3.739
DANAINFRA IMTN 5.220% 14.11.2042 - Tranche No 71	GG	5.220%	14-Nov-42	10	4.4	4.401	4.4
DANAINFRA IMTN 5.150% 10.11.2045 - Tranche No 42	GG	5.150%	10-Nov-45	20	4.494	4.54	4.494
DANAINFRA IMTN 5.350% 15.11.2047 - Tranche No 72	GG	5.350%	15-Nov-47	5	4.535	4.535	4.535
PASB IMTN 4.220% 07.02.2023 - Issue No. 7	AAA	4.220%	07-Feb-23	10	2.371	2.418	2.371
PASB IMTN 4.300% 07.02.2024 - Issue No. 8	AAA	4.300%	07-Feb-24	20	2.634	2.662	2.634
PASB IMTN 4.280% 23.02.2024 - Issue No. 10	AAA	4.280%	23-Feb-24	20	2.636	2.664	2.636
BPMB IMTN 3.250% 08.06.2026	AAA IS	3.250%	08-Jun-26	20	3.079	3.092	3.079
PLUS BERHAD IMTN 4.800% 12.01.2027 - Series 1 (11)	AAA IS	4.800%	12-Jan-27	10	3.1	3.1	3.1
DIGI IMTN 4.650% 14.04.2027 - Tranche No 3	AAA	4.650%	14-Apr-27	10	3.04	3.04	3.035
PASB IMTN 3.320% 04.06.2027 - Issue No. 21	AAA	3.320%	04-Jun-27	5	3.23	3.232	3.23
PASB IMTN 4.540% 23.02.2029 - Issue No. 12	AAA	4.540%	23-Feb-29	2	3.451	3.452	3.451
DANUM IMTN 3.290% 13.05.2030 - Tranche 9	AAA (S)	3.290%	13-May-30	2	3.54	3.541	3.54
CAGAMAS IMTN 5.000% 28.10.2033	AAA IS	5.000%	28-Oct-33	20	3.893	3.894	3.893
SEB IMTN 5.280% 17.08.2035	AAA	5.280%	17-Aug-35	10	4.214	4.231	4.214
SABAHDEV MTN 1096D 30.7.2024 - Tranche 1 Series 1	AA1	4.400%	30-Jul-24	4	4.041	4.049	4.041
SCC IMTN 4.450% 19.06.2026	AA1	4.450%	19-Jun-26	20	3.372	3.372	3.357
AGROTO IMTN 4.800% 05.08.2026 (Tranche 1)	AA1 (BG)	4.800%	05-Aug-26	52	4.759	4.8	4.759
ANIH IMTN 5.22% 29.11.2022 - Tranche 9	AA IS	5.220%	29-Nov-22	30	2.68	2.684	2.68
HLFG Tier 2 Subordinated Notes (Tranche 2)	AA2	4.300%	14-Jun-29	4	3.122	3.126	3.122
JEP IMTN 5.620% 03.12.2027 - Tranche 14	AA- IS	5.620%	03-Dec-27	10	3.818	3.833	3.818
JEP IMTN 5.650% 02.06.2028 - Tranche 15	AA- IS	5.650%	02-Jun-28	10	3.908	3.923	3.908
TSH IMTN 0% 01.12.2021	A+ IS	5.050%	01-Dec-21	100	4.266	4.432	4.266
CIMB 4.880% Perpetual Capital Securities - T4	A1	4.880%	25-May-16	2	3.972	3.972	3.339
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	10	4.228	4.231	4.228
IJM LAND 4.730% PERPETUAL SUKUK MUSHARAKAH - S2 T3	A2 (S)	4.730%	17-Mar-19	5	4.851	4.851	4.851
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 2	NR(LT)	6.850%	07-Aug-19	1	6.858	6.858	6.858
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.107	6.614	6.107
Total				553			

Sources: BPAM

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