

Global Markets Daily

OPEC+ Sticks to Planned Hikes, But Oil Sentiments Supported

USD Supported, OPEC+ Goes Ahead with 400k b/d Jan Hikes

Markets continued to trade choppy amid Omicron (Covid re-infection risks) and Fed headlines of faster pace of normalisation. Overnight, more Fed officials, including Bostic and Daly, spoke in support of the idea. USD remains supported while AxJ FX are seeing some sentiment drags after earlier resilience. Meanwhile, OPEC+ surprised markets by going ahead with its 400k b/d planned supply hike in Jan, but oil prices remained supported as the group signaled that it could update the decision at any time on Omicron risks.

Omicron Re-infection Risks Emerges, New Antibody Treatment

A >350% week-on-week rise in Covid cases in South Africa adds to increasing signs that the Omicron variant is highly contagious. A South African study also found that Omicron is at least 2.4 times more likely to re-infect individuals who have had Covid previously. Nonetheless, severity of the illness induced by the newest variant across different demographics has yet to be determined, and some reports have characterized symptoms as “less severe” versus earlier variants. Meanwhile, UK has approved the use of an antibody treatment, sotrovimab, to treat individuals who are at high risk of developing severe Covid symptoms, which manufacturers claim to be effective against Omicron.

Watch for US NFP, US, EU and UK PMI Services

Key data of interest today include US NFP, Unemployment rate, ISM services (Nov), Durable goods order (Oct), EU and UK PMI Services (Nov), EU and Singapore Retail sales (Oct), Thailand CPI (Nov), India Markit PMIs (Nov).

FX: Overnight Closing Levels/ % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1301	↓ -0.17	USD/SGD	1.3694	↑ 0.31
GBP/USD	1.3305	↑ 0.20	EUR/SGD	1.5476	↑ 0.14
AUD/USD	0.7094	↓ -0.15	JPY/SGD	1.2099	↓ -0.02
NZD/USD	0.6818	↑ 0.13	GBP/SGD	1.8221	↑ 0.52
USD/JPY	113.11	↑ 0.29	AUD/SGD	0.9713	↑ 0.11
EUR/JPY	127.84	↑ 0.13	NZD/SGD	0.9336	↑ 0.45
USD/CHF	0.9203	↑ 0.03	CHF/SGD	1.488	↑ 0.29
USD/CAD	1.281	↓ -0.06	CAD/SGD	1.069	↑ 0.39
USD/MYR	4.232	↑ 0.30	SGD/MYR	3.0947	↑ 0.20
USD/THB	33.87	↑ 0.42	SGD/IDR	10530.45	↑ 0.15
USD/IDR	14378	↑ 0.24	SGD/PHP	36.8834	↓ -0.22
USD/PHP	50.41	↑ 0.09	SGD/CNY	4.6632	↓ -0.23

Implied USD/SGD Estimates at 3 December 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3491	1.3766	1.4042

Analysts

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

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

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

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

G7: Events & Market Closure

Date	Ctry	Event
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Asia Ex JP: Events & Market Closure

Date	Ctry	Event
30 Nov	PH	Market Closure

G7 Currencies

■ **■ DXY Index - 2-Way Trades Ahead of US Payrolls.** Markets continued to trade choppy and 2-way amid omicron and Fed headlines of faster pace of normalisation. Overnight, more Fed officials spoke in support of the idea. Bostic said that “it would be in our interest” to end QE purchases towards end-1Q to give it more flexibility to raise rates if needed. He added there is a good case to pull forward more rate hikes if inflection is elevated in 2022 but his preferred path is to go slow and steady. Daly said that she expects more than 1 hike pencilled in the dots plot at the upcoming FoMC (15-16 Dec). Outgoing Quarles said it was time for Fed to prepare to raise interest rates because inflation was likely to stay above Fed’s 2% target for longer than anticipated and he also said that this is not a bottleneck story anymore and the Fed needs to bring supply and demand into balance by raise rates to cool the economy until businesses create more productive capacity to meet higher levels of demand. Alongside other similar comments from Fed officials like Powell, Mester this week, it feels like Fed is preparing the ground for a hawkish shift at upcoming FoMC. We opined it is likely that pace of taper could step up to end by 1Q-2022 instead of Jun-2022 and that 2 hikes may form Fed’s baseline (up from 1 previously). Elsewhere omicron’s spread and high transmissibility characteristics have lived up to its reputation. More cases of the variant has been found in US and now India and Singapore announced first cases overnight. **A recent study found that omicron is at least 2.4x more likely to re-infect people who previously had covid though it also said that virus may be no more transmissible than delta and illness it causes is thought to be less severe.** We opined it remains early to judge the impact of omicron on vaccine effectiveness today given insufficient data. As such headlines are nothing more than noise and uncertainty can drive markets both ways until we get clarity. We do not expect a return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. Caution is warranted but we see the glass half-full rather than half empty. We will keep a look out for opportunistic trades (long risk proxy on deep pullback) in the interim. DXY saw broad strength overnight. Last at 96.2 levels. Bearish momentum on daily chart intact while RSI is rising. Sideways trade likely ahead of US payrolls. Support next at 95.5 (21 DMA) before 94.40/50 (38.2% fibo retracement of 2020 high to 2021 low, 50 DMA). Resistance at 96.70, 97.70 (61.8% fibo). Today brings NFP, unemployment rate, average hourly earnings, ISM services (Nov); Durable goods order (Oct). In news this morning, Senate voted 69-28 to pass bill to avoid government shutdown as government will be funded through 18 Feb 2022.

■ **■ EURUSD - Capped by 21DMA.** EUR’s attempted rise this week failed to break out of its 21 DMA (last seen at 1.1360 levels). On one hand, widening yield differentials amid ECb-Fed policy divergence weighed on EUR but on the other hand, its “safe haven” characteristic is supportive of EUR (as markets unwind carry trades funded by negative yielders such as EUR, JPY, CHF). EUR was last at

1.13 levels. Daily momentum turned mild bullish while rise in RSI moderated. Sideways trade likely. Resistance at 1.1360 (21 DMA) and 1.1490 levels (50% fibo retracement of 2020 low to 2021 high). Support at 1.1290 (61.8% fibo), 1.1220, 1.1180. Day ahead brings services PMI (Nov); retail sales (Oct). On the upcoming ECB meeting (16 Dec), there were reports saying that a growing number of ECB officials are considering delaying decision on post-PEPP plan. The ECB has earlier indicated that they will provide an update at the 16th Dec ECB meeting with regards to asset purchases plans after PEPP lapsed in Mar-2022. Chatters were for this to be pushed out to 3rd Feb meeting when more details and impact on omicron variant comes to light. A delay in decision (if any) would come in sharp contrast to the Fed, whom has been talking about faster pace of tapering even with omicron variant. This divergence in monetary policy bias exposes EUR's vulnerability as further widening in yield differentials may drag on EUR.

■ **GBPUSD - Looking for Rebound.** GBP continued to trade near recent lows amid omicron uncertainty, Fed potentially quickening its pace of policy normalisation) while markets pared back expectations of a Dec BoE hike. UK had warned that people should not assume that covid will evolve to become a milder disease while the New and emerging respiratory virus threats advisory group urged UK ministers to take early and robust actions to limit transmission of omicron variant. Worries of pre-emptive measures taken by policymakers to tighten restrictions dampened reopening momentum and weighed on risk sentiments, including GBP. Pair was last at 1.3290. Bearish momentum on daily chart still intact while RSI is near oversold conditions. Potential bullish divergence still seen on daily MACD - yet to play out. Falling wedge pattern observed - a potential bullish reversal. We monitor price actions for potential rebound. Resistance at 1.3350, 1.3410 (23.6% fibo retracement of Oct high to Nov low), 1.3460 (50 DMA). Support here at 1.3280, 1.3190 (2021 low). Overnight UK has approved the use of an antibody treatment, sotrovimab which the manufacturers said appear to be effective against the omicron variant. Day brings PMI services (Nov).

■ **USDJPY - Supported on Dips.** Last seen at 113.12, slightly higher versus levels seen yesterday morning. US equities saw some dip-buying overnight after the sell-off earlier in the week, probably as markets ascertained that the initial negative reaction to confirmation of Omicron cases in the US was likely overdone. UST10Y yield last seen at 1.43%, 3bps higher than the intraday low yesterday. More signs of global travel curbs, drags on activity from Omicron risks could retain haven demand and keep USDJPY nearer the lower end of recent trading ranges, but we note that incremental hawkish tilts by Fed on inflation concerns could support UST yields and the pair. On net, a sharp recovery higher in USDJPY may be less likely for now, but pair could see some support on dips. Momentum on daily chart is bearish while RSI is not showing a clear bias. Support at 112.30 (50.0% fibo retracement from Sep low to Nov high), 111.60 (61.8% fibo). Resistance at 114.00 (23.6% fibo), 115.50 (Nov high).

■ **NZDUSD - At Risk of Further Decline or Buy This Dip?** Break below double-bottom at 0.6810 is somewhat adding to bearish pressure this morning. NZD was last seen at 0.6790 levels. Bearish momentum on daily chart shows tentative signs of fading while RSI is in oversold conditions. We are still biased to buy dips, opportunistically. Support at 0.6770 levels. Resistance at 0.6860, 0.6905 (23.6% fibo retracement of Oct high to Nov low), 0.6960 (32.8% fibo). While caution is warranted on omicron variant, we see the glass half-full rather than half empty. We opined it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. Moderna, Pfizer are saying that modified mRNA vaccine is possible within six weeks and that can ship initial batches within 100 days. Experts also pointed to the existence of antiviral drug such as Merck's covid pill ([molnupiravir](#)) and existing therapy via anti-inflammatory drug (dexamethasone) that are likely to work against omicron. Though a recent study found that omicron is at least 2.4x more likely to re-infect people who previously had covid, it also said that virus may be no more transmissible than delta and illness it causes is thought to be less severe. UK has also recently approved the use of an antibody treatment, sotrovimab which the manufacturers said appear to be effective against the omicron variant.

■ **AUDUSD - Heavy, Falling Wedge Being Formed.** AUDUSD pairing fell to levels around 0.7077 as USD firmed. The rise in the greenback coincided with Fed Bostic's comments about completing the tapering process by the end of next quarter so that the Fed has room to raise interest rates if necessary. That said, he cautioned that he prefers a "slow and steady" path in tightening. We note that Bostic is not a FOMC voter next year. AUDUSD remains weighed even as bourses stabilize. Its fate could remain tied to the uncertain property outlook in China. Chinese property developer Kaisa faces a greater chance of a default on its dollar debt due next Tue after bondholders rejected its proposal for a debt swap. This could continue to cast a shadow on the property markets there. Back on the AUDUSD daily chart, the move towards the next support at 0.70 seems to be progressing steadily. Bearish bias remains intact. However, stochastics show tentative signs of turning higher and a falling wedge seems to be emerging (typically precedes a rebound). Risk-reward ratio does not favour a short position here where risk factors such as Australia's laggard monetary policy normalization pace and Omicron fears are rather well priced. While it could be reckless to long the pairing here given the Omicron uncertainty and upcoming US FOMC in a couple of weeks, we expect that bias could eventually turn higher should there be a lack of news on severe cases from currently monitored Omicron cases and knee-jerk travel restrictions ease.

■ **USDCAD - Rising Wedge?** USDCAD remained on the upmove, buoyed by a combination of stronger USD and OPEC+'s decision to keep to its plan to hike supply by 400K bpd in Jan. USDCAD was last at

1.2830. As the world awaits greater understanding of the virus, USDCAD may remain supported on dips but the pair has already risen to key resistance area of around 1.28-1.29. Bullish momentum wanes a tad and stochastics are in overstretched region. The rising trend channel has become a possible rising wedge and could precede a reversal lower. Support at 1.2750 before 1.2664 (61.8% fibo retracement of the Sep-Oct drop), 1.2590 (50% fibo). For the rest of the week, Nov labour report is due Fri.

Asia ex Japan Currencies

SGDNEER trades around +0.50% from the implied mid-point of 1.3766 with the top estimated at 1.3491 and the floor at 1.4042.

- **USDSGD - *Near-Overbought*.** USDSGD last seen at 1.3700, climbing higher for most of yesterday. Singapore detected first two imported Omicron cases, which could have implications for trajectory of domestic restrictions going forward. PMI for Nov came in at 50.6 yesterday night, lower than 51.0 expected or 50.8 prior. Developments likely weighed on SGD sentiments, with SGD NEER falling modestly to +0.5% above par levels, from +0.7% yesterday morning. On the USDSGD daily chart, momentum is modestly bullish, while RSI is rising back towards near-overbought conditions. Resistance at 1.3700 is being tested; next at 1.3750. Support at 1.3620 (38.2% fibo retracement of Oct low to Nov high), 1.3540 (61.8% fibo), 1.3500 (76.4% fibo).
- **AUDSGD - *Pressured, plausible double bottom?*** AUDSGD continued to press lower and was last at 0.9686. This cross still faces bearish pressure and key support is seen at 0.9673 (Aug low) and a rebound here might form an arguable double bottom for this cross. In addition, the recent fall has formed a falling wedge. Resistance at 0.9800 (23.6% fibo retracement of the Nov plunge) before the next at 0.9870 (38.2% fibo). A break here could bring this cross towards 0.9567.
- **SGDMYR - *Range*.** SGDMYR slipped this morning amid SGD underperformance. Cross was last at 3.0885 levels. Bullish momentum intact while RSI fell. We look for sideways trade. Support at 3.0830/40 (50DMA, 50% fibo), 3.0810 (21 DMA), 3.0720 (61.8% fibo). Resistance at 3.0940/60 levels (100 DMA, 38.2% fibo retracement of Mar low to 2021 double top). We look for 3.0850 - 3.0950 range intra-day.
- **USDMYR - *Supported by Fed and Omicron*.** USDMYR inched higher amid the mix of Omicron variant and Fed considering a step up in pace of policy normalisation. Fed speaks this week from many officials including Powell, Bostic, Daly, Quarles, Clarida gave the impression that Fed is preparing the ground for a hawkish shift at upcoming FoMC. We opined it is likely that pace of taper could step up to end by 1Q-2022 instead of Jun-2022 and that 2 hikes may form Fed's baseline (up from 1 previously). Elsewhere omicron's spread and high transmissibility characteristics have lived up to its reputation. More cases of the variant has been found across US and now, India and Singapore announced first cases overnight. This raises concerns of the potential of tighter border controls globally and is a setback to reopening momentum and hopes for more open skies. We maintained our caution that uncertainty on Omicron will drive markets both ways in the near term but it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. USDMYR was last at 4.2340 levels. Bullish momentum on daily

chart intact while decline in RSI from overbought conditions faded. We look for sideways trade in wider range. Support at 4.20 (break out level), 4.1890 (21, 100 DMAs). Resistance here at 4.2450 levels. FTSE KLCI closed +0.32% yesterday. As of Wed, foreigners net sold \$29.6mn of local equities.

- **1m USDKRW NDF - Consolidate.** 1m USDKRW NDF was a touch firmer this morning as our caution (in yesterday's GM Daily) paid off. Markets continue to digest the mix of omicron variant and Fed policy while awaiting US payrolls tonight. Omicron's spread and high transmissibility characteristics have lived up to its reputation. More cases of the variant has been found across US and now, India and Singapore announced first cases overnight. In Korea, covid daily cases hit record high of over 5,000 cases. More cases of omicron variant is also found in Korea (last count was 5) and the country imposed a blanket 10-day quarantine order on all inbound travellers. This raises concerns of even tighter border controls globally and is a setback to reopening momentum and hopes for more open skies. Elsewhere Fed speaks this week from Powell, Bostic, Daly, Quarles, Clarida gave the impression that Fed is preparing the ground for a hawkish shift at upcoming FoMC. We opined it is likely that pace of taper could step up to end by 1Q-2022 instead of Jun-2022 and that 2 hikes may form Fed's baseline (up from 1 previously). This could add to a front-loading of USD strength. 1m USDKRW NDF was last at 1180 levels. Daily momentum turned bearish while RSI rose. 2-way trades likely. Immediate support here at 1177 (61.8% fibo retracement of Oct low to Nov high), 1172. Resistance at 1183 (50DMA), 1185 (21 DMA). We maintained our view that uncertainty on Omicron will drive markets both ways and it will take up to weeks for experts to tell the impact variant has on vaccines. However it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago.

- **USDCNH - Pressured.** USDCNH rose modestly overnight, led by the broadly firmer USD and underpinned by news that Didi Chuxing will start US delisting and start its HK listing preparation. On a related note, the US SEC have concluded on rules to implement a law to require Chinese companies and their auditors to open their books to US inspections and that could pave the way for the SEC to force non-compliant Chinese companies off the US stock markets. At home, Chinese property developer Kaisa faces a greater chance of a default on its \$400mn dollar debt due next Tue after bondholders rejected its proposal for a debt swap. This could continue to cast a shadow on the property markets. Back on the USDCNH chart, the pair was last at 6.3744, rising from 1 Dec low of 6.3721. Support remains at 6.3616 (Nov low) before the next at 6.3525. Resistance at 6.3856 before the next at 6.3941. The USDCNY is fixed at 6.3738 (**below median estimate** at 6.3740). Caixin Services fell to 52.1 from previous 53.8, a sign that recent outbreaks and lockdowns could be affecting consumption. Separately, PBoC extends tax exemption period for foreign institutional investors' interest income from investment in the domestic bond market from 7 Nov till the end of 2025. In other news, the SCMP reported that China has given final approval for HK-

Guangdong no-quarantine travel to start after Leg-Co election on 19 Dec, citing unknown source.

- **1M USDINR NDF - *Capped*.** NDF last seen at 75.23, somewhat capped. We do not rule out potential leaning against the wind activities to steady the INR amid current market volatility. Lower UST 10y yield and oil prices certainly helped. Momentum is bullish for this pair but stochastics show signs of turning lower from overbought conditions. Support at 74.86 before 74.50. Resistance is seen around 75.30 (23.6% fibo retracement of the Sep-Oct rally). Week ahead has Services PMI on Fri.
- **USDVND -** USDVND closed at 22723 on 2 Dec higher versus the 22710-close on 1 Dec. Momentum is bullish and stochastics remain on the rise. Resistance at 22730 (50-dma) is being tested and the next is seen around 22770. Interim support seen at 22660 before 22630 and at 22570. At home, car registration on Wed (1 Dec) surged to 11826 vs. the average of 1200/day in the last week of Nov according to the General Department of Taxation after the government announce a 50% of registration fee for the next six months with effect from 1 Dec. The cut was announce to provide support for the auto industry (VN Express).
- **1M USDIDR NDF - *Upsides Capped*.** 1M NDF last seen near 14,460, on a net climb yesterday as broad dollar levels saw support, UST10Y yield saw some recovery and drags on AxJ FX emerged more discernibly after earlier resilience. In a bid to mitigate Omicron risks, authorities have tightened border curbs, extended quarantine durations (from 7 to 10 days) and limited mobility on strategic toll roads. Jitters could remain while there is lack of clarity on Omicron characteristics, but a sharp tank in sentiments is not expected at this point. On the NDF daily chart, momentum is modestly bullish, while RSI is on the rise. Resistance at 14,500 (Nov high), 14680 (Jul high). Support at 14,330 (21-DMA), 14,200 (23.6% fibo retracement from Jul high to Oct low).
- **USDTHB - *Testing Key Resistance*.** Last seen at 33.98. Pair has now reversed all losses seen from end-Sep to mid-Nov, when reopening expectations anchored THB optimism. End-Sep high of 34.0 will be a key resistance level to watch, and may not hold if subsequent data shows Omicron to be a severe threat to healthcare systems and economic activity. A downside scenario for instance, would be if a new Omicron outbreak manifests in Thailand itself, deterring new tourist inflows and disrupting domestic production and export flows. Still, any USDTHB spikes could eventually retrace lower if Omicron-specific vaccines can be developed and rolled out sufficiently fast. Momentum on USDTHB daily chart remains bullish while RSI is hovering near overbought conditions. Resistance at 34.00 (Sep high) is being tested, 34.60 (Support at 33.60 (76.4% fibo retracement from Sep high to Nov low), 33.30 (50.0% fibo), 32.90 (23.6% fibo). CPI due Fri.
- **1M USDPHP NDF - *Bullish Momentum Moderated*.** 1m USDPHP NDF was last seen at 50.54, on par with levels seen yesterday morning.

Philippines did not hit the ambitious target of administering 9 million vaccine doses in the three-day immunization drive (29 Nov to 1 Dec) earlier, but pace of delivery was still robust at 7.6mn shots over the period. PMI Mfg for Nov came in at 51.7, slightly better versus 51.0 prior. Bullish momentum on the daily chart has largely moderated while RSI is not showing a clear bias. Resistance at 50.50 (38.2% fibo retracement from Sep high to Nov low) is being tested, next at 50.90 (61.8% fibo), 51.50 (Sep high). Support at 50.20 (23.6% fibo), 49.80 (Nov low).

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.68	2.67	-1
5YR MO 11/26	3.13	3.12	-1
7YR MS 6/28	3.41	3.41	Unchanged
10YR MO 4/31	3.53	3.54	+1
15YR MS 5/35	3.88	3.88	Unchanged
20YR MY 5/40	4.13	4.13	Unchanged
30YR MZ 6/50	4.21	4.19	-2
IRS			
6-months	1.98	1.98	-
9-months	2.03	2.03	-
1-year	2.08	2.08	-
3-year	2.66	2.67	+1
5-year	2.89	2.86	-3
7-year	3.16	3.13	-3
10-year	3.35	3.31	-4

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

- Local government bonds remained little affected by the volatility in UST after the hawkish shift in Powell's statement with insignificant trading appetite in the market. Trades were mostly direct flows and interbank market was very quiet as many are staying defensive towards the year end. MGS yields shifted 1-3bp higher as prices were quoted wider during the day.
- MYR IRS rated climbed 1-5bp higher following the selloff in UST on the back of Powell's hawkish comments. Selected short and intermediate tenor rates rose almost 5bp higher amid thin liquidity. The 2y and 7y rates traded at 2.47% and 3.16% respectively on better paying interest. 3M KLIBOR flat at 1.97%.
- PDS space remained lackluster. GG saw better selling in medium tenor bonds of Danainfra and Prasarana with spreads widening 4-6bp. There was, however, better buying at the short end and belly sectors for rated corporate bonds. AAA-rated Manjung and Air Selangor traded unchanged to 6bp tighter, and AA1-rated Genting Capital was firmer by 6bp. Other AA credits generally had mixed flow with spreads unchanged.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.89	0.88	-1
5YR	1.34	1.33	-1
10YR	1.74	1.69	-5
15YR	1.96	1.93	-3
20YR	2.02	1.98	-4
30YR	1.96	1.96	-

Source: MAS (Bid Yields)

- SORA opened sharply lower at the back end, down by as much as 10bp, before retracing back up. The curve ended flatter with front end rates up 1-2bp and belly to long end rates down 1-3bp. On the SGS front, 10y benchmark was in demand while market was generally short of the bond. SGS yields outperformed SGD rates, closing 1-5bp lower, led by the 10y and ultra-long ends.
- Asian credit market remained weak as the new variant continues to affect risk sentiment. China IGs unchanged to 4bp wider. Tech credits underperformed on news that China plans to prevent local tech companies from public listing in overseas markets. Huarong had light two-way flows with spread unchanged. Non-China IGs also widened a tad. Asian sovereign bonds were active, opening 4-7bp weaker but rebounded on better buying flows at the belly and long end of INDON curve. Light flows in HY space with spreads generally unchanged. China HY property credits continued to soften, albeit in thin liquidity. Guangzhou R&F Properties and Sunac fell 1-3pt mainly due to fast money selling. Kaisa rose 2-3pt on news that the company plans to meet with offshore bondholders on repayment options. Non-China HYs saw mild selling flows with levels for Indonesia credits mostly unchanged and India credits unchanged to 0.25pt higher.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.02	3.02	0.00
3YR	4.10	4.13	0.03
5YR	4.90	4.92	0.03
10YR	6.15	6.22	0.07
15YR	6.28	6.29	0.01
20YR	6.87	6.91	0.03
30YR	6.81	6.83	0.02

Analysts

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

* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds remained under pressures until yesterday. Investors kept on selling behaviour amidst recent unfavourable global condition due to resurging cases of COVID-19. Moreover, the local bond was getting more pressures after receiving recent statement by Moody's about several rationales that can downgrade further Indonesian sovereign rating. It triggered investors to shift their investment portfolio from the assets on the emerging market to the safe haven investment assets on the developed markets. Indonesian 5Y CDS position also increased from 78.14 on 23 Nov-21 to 86.48 as of today. Foreign investors also continued reducing their position on Indonesian government bonds from Rp949.27 trillion on 29 Oct-21 to Rp918.45 trillion on 30 Nov-21. The gap yield investments between Indonesian government bonds versus the U.S. Treasury Notes remained wide currently. The 10-year Treasury yield dipped to a two-month low at 1.4020% on Wednesday, before rising to 1.4409% in Asian trading on Thursday. That tick up in yields helped the dollar to stabilize from recent declines. Investors waited for clues on the threat posed by the Omicron coronavirus variant and the speed at which the Federal Reserve will taper stimulus in the United States.
- Recently, Moody's Investors Service stated that a prolonged slowdown in growth, including difficulties reverting to a fiscal consolidation path are key rating downgrade triggers for Indonesia. Moody's mentioned that private consumption recovery, key to the country's growth, will depend on sustained looser restrictions and consumer confidence. Occurrence of virus new variant will probably present a setback to the very fragile recovery, especially in financial markets. Moody's lowered GDP forecast to 3.6% for 2021 and slightly below 5% for 2022. Moody's focuses on debt affordability and revenue ratio in rating consideration, instead of fiscal deficit outcomes. Moody's still sees fiscal deficit slightly above 3% of GDP by 2023. According to Moody's, tax reforms are credit positive, although unlikely to sufficiently increase Indonesia's low revenue ratio. Indonesia's revenue to GDP ratio remains the lowest among similar rated sovereigns. Decline in government revenues will exacerbate debt affordability.
- Furthermore, we foresee Indonesian bond market to keep getting more pressures, especially from the global side due to mixed concerns of resurging cases of COVID-19, Fed's more aggressive tightening monetary policy, and heightening geopolitical tension on South China Sea between China and Indonesia. Nevertheless, we believe investors to get momentum for applying strategy "buy on weakness" due to recent conducive domestic condition.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1368	113.70	0.7135	1.3366	6.3823	0.6848	128.5533	80.9017
R1	1.1334	113.41	0.7114	1.3335	6.3776	0.6833	128.1967	80.5913
Current	1.1294	113.13	0.7069	1.3287	6.3746	0.6787	127.7700	79.9660
S1	1.1281	112.74	0.7079	1.3273	6.3681	0.6801	127.5067	79.9423
S2	1.1262	112.36	0.7065	1.3242	6.3633	0.6784	127.1733	79.6037
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3737	4.2434	14419	50.4713	34.0313	1.5552	0.6650	3.1054
R1	1.3715	4.2377	14399	50.4407	33.9507	1.5514	0.6644	3.1001
Current	1.3701	4.2320	14420	50.4450	33.9790	1.5474	0.6642	3.0898
S1	1.3655	4.2219	14357	50.3737	33.7447	1.5440	0.6629	3.0892
S2	1.3617	4.2118	14335	50.3373	33.6193	1.5404	0.6621	3.0836

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	0.4375	Apr-22	Tightening Bias
BNM O/N Policy Rate	1.75	20/1/2022	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	16/12/2021	Easing Bias
BOT 1-Day Repo	0.50	22/12/2021	Easing Bias
BSP O/N Reverse Repo	2.00	16/12/2021	Easing Bias
CBC Discount Rate	1.13	16/12/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Loan Prime Rate	3.85	-	Neutral
RBI Repo Rate	4.00	8/12/2021	Neutral
BOK Base Rate	1.00	14/1/2022	Tightening
Fed Funds Target Rate	0.25	16/12/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	16/12/2021	Easing Bias
BOE Official Bank Rate	0.10	16/12/2021	Tightening Bias
RBA Cash Rate Target	0.10	7/12/2021	Neutral
RBNZ Official Cash Rate	0.75	23/2/2022	Tightening
BOJ Rate	-0.10	17/12/2021	Easing Bias
BoC O/N Rate	0.25	8/12/2021	Tightening Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	34,639.79	1.82
Nasdaq	15,381.32	0.83
Nikkei 225	27,753.37	-0.65
FTSE	7,129.21	-0.55
Australia ASX 200	7,225.18	-0.15
Singapore Straits Times	3,092.11	-0.20
Kuala Lumpur Composite	1,496.93	-1.13
Jakarta Composite	6,583.82	1.17
Philippines Composite	7,032.54	1.23
Taiwan TAIEX	17,724.88	0.79
Korea KOSPI	2,945.27	1.57
Shanghai Comp Index	3,573.84	-0.09
Hong Kong Hang Seng	23,788.93	0.55
India Sensex	58,461.29	1.35
Nymex Crude Oil WTI	66.50	1.42
Comex Gold	1,762.70	-1.21
Reuters CRB Index	219.55	0.53
MBB KL	7.95	-0.38

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	360	1.77	1.773	1.681
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	1	1.667	1.667	1.667
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	69	2.274	2.276	2.187
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	110	2.258	2.273	2.251
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	148	2.358	2.361	2.325
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	134	2.64	2.665	2.64
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	37	2.705	2.72	2.702
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	9	2.696	2.696	2.696
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	6	2.764	2.764	2.764
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	6	2.856	2.884	2.829
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	8	3.046	3.046	3.046
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	14	3.102	3.102	3.102
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	44	3.135	3.136	3.114
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	11	3.215	3.215	3.215
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	71	3.223	3.226	3.216
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	101	3.261	3.28	3.246
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	24	3.41	3.423	3.391
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	55	3.493	3.516	3.49
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	6	3.574	3.574	3.574
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	141	3.544	3.553	3.51
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	1	3.716	3.716	3.716
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	1	3.789	3.795	3.789
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	47	3.84	3.85	3.84
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	66	3.87	3.894	3.863
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	28	3.861	3.879	3.852
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	12	4.056	4.056	4.056
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	15	4.198	4.198	4.18
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	14	4.089	4.099	4.089
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	6	4.331	4.331	4.262
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	4	4.327	4.327	4.327
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	2	4.186	4.186	4.155
GII MURABAHAAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	11	1.782	1.782	1.527
GII MURABAHAAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	1	1.779	1.779	1.779
GII MURABAHAAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	30	2.278	2.278	2.278
GII MURABAHAAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	39	2.285	2.302	2.285
GII MURABAHAAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	1	2.355	2.381	2.355
GII MURABAHAAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	33	2.777	2.778	2.766
GII MURABAHAAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	11	3.114	3.114	3.099
GII MURABAHAAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	18	3.393	3.432	3.393
GII MURABAHAAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	20	3.513	3.513	3.513
GII MURABAHAAH 1/2019 4.130% 09.07.2029	4.130%	9-Jul-29	3	3.556	3.556	3.556
GII MURABAHAAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	26	3.586	3.586	3.571
GII MURABAHAAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	5	3.978	3.978	3.978
GII MURABAHAAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	60	4.41	4.425	4.4
Total			1,807			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
KHAZANAH 0% 02.09.2022	GG	0.000%	2-Sep-22	50	1.971	1.971	1.971
DANAINFRA IMTN 4.290% 26.11.2049 - Tranche No 96	GG	4.290%	26-Nov-49	10	4.576	4.576	4.55
CAGAMAS IMTN 3.380% 16.12.2022	AAA IS	3.380%	16-Dec-22	70	2.141	2.141	2.141
CAGAMAS IMTN 4.500% 25.05.2023	AAA IS	4.500%	25-May-23	70	2.308	2.308	2.308
HBMS IMTN 4.300% 02.10.2023	AAA	4.300%	2-Oct-23	4	2.613	2.618	2.613
SEB IMTN 5.650% 23.06.2026	AAA	5.650%	23-Jun-26	40	3.439	3.452	3.439
MAHB IMTN 3.600% 06.11.2030 - Tranche 4	AAA	3.600%	6-Nov-30	10	4.578	4.581	4.578
AIR SELANGOR IMTN T2 S3 SRI SUKUK KAS 29.10.2036	AAA	4.740%	29-Oct-36	4	4.6	4.601	4.6
GENM CAPITAL MTN 3651D 22.8.2025	AA1 (S)	4.900%	22-Aug-25	1	4.129	4.131	4.129
HLFG Tier 2 Subordinated Notes (Tranche 2)	AA2	4.300%	14-Jun-29	20	3.316	3.324	3.316
AISL 4.100% 27.03.2025	AA3	4.100%	27-Mar-25	10	3.658	3.684	3.658
GLT12 IMTN 3.550% 12.08.2025	AA3 (S)	3.550%	12-Aug-25	10	3.728	3.734	3.728
PRESS METAL IMTN 4.000% 15.08.2025	AA3	4.000%	15-Aug-25	10	4.059	4.063	4.059
MRCB20PERP IMTN 4.660% 16.10.2026	AA- IS	4.660%	16-Oct-26	20	4.61	4.61	4.61
GLT12 IMTN 4.200% 11.10.2027 (Sr2-Tr1)	AA3 (S)	4.200%	11-Oct-27	30	4.149	4.153	4.149
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	10	4.328	4.333	4.328
GLT12 IMTN 4.400% 11.10.2028 (Sr2-Tr2)	AA3 (S)	4.400%	11-Oct-28	40	4.338	4.343	4.338
TROPICANA IMTN 5.650% 03.09.2025 -SECURED SUKUK T3	A+ IS	5.650%	3-Sep-25	30	5.614	5.614	5.614
G KENT IMTN 26.03.2026	A+ IS	5.500%	26-Mar-26	5	5.421	5.421	5.421
ALLIANCEB MTN 3650D 25.10.2030	A2	3.600%	25-Oct-30	2	3.572	3.572	3.572
IJM LAND 5.730% PERPETUAL SUKUK MUSHARAKAH -S1 T2	A2 (S)	5.730%	17-Mar-19	15	4.997	4.997	4.997
HUME CEMENT MTN (SERIES 1)	NR(LT)	4.050%	18-Dec-23	1	3.946	3.946	3.499
MAH SING 6.900% PERPETUAL SECURITIES - SERIES NO 1	NR(LT)	6.900%	2-Apr-17	1	5.27	5.27	5.27
CRE IMTN 6.500% 04.09.2120	NR(LT)	6.500%	4-Sep-20	1	6.497	6.603	6.497
CRE IMTN 6.850% 04.09.2120	NR(LT)	6.850%	4-Sep-20	1	6.848	6.925	6.848
Total				464			

Sources: BPAM

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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