

## Global Markets Daily

# Delta Variant Unnerves Sentiment

### Mild Risk Aversion

USD remains better bid as we head into month-end, quarter-end amid better than expected US consumer confidence data and market risk aversion. Spread of the highly transmissible delta variant is weighing on market sentiment as the spread also prompted fresh lockdowns and tighter restrictions in the region. Four major cities including Sydney, Brisbane, Perth and Darwin entered into lockdowns, Pingtung county in South Taiwan goes into alert 4 lockdown, Malaysia extended MCO indefinitely while HK banned flights from UK (where nearly all of new cases were of delta variants). Starting today, Indonesia is looking to impose stricter restrictions. Lockdowns and tighter restrictions are likely to lead to delays in reopening economies and with vaccine supply inadequate and inoculation pace lagging for some countries, the AXJ FX complex, including AUD, THB could stay back footed.

### AUD Weighed by Covid and RBA

AUDUSD made a decisive break of the 200-dma and was last around 0.7520. Apart from broader USD strength, domestic COVID situation weighs. There has been speculation that 5 Covid-19 cases were found in South Australia and there could be a lockdown there, adding to a series of lockdowns since the first in Melbourne (followed by Sydney, Darwin and Perth). The spread of the delta variant could weigh on the RBA's decision to taper next Tue and the lack of vaccines at home do not help matters in the least. It is likely that RBA may prefer to err on the side of caution and extend QE beyond the Sep (with option of being flexible) given the uncertainties pose by the existing outbreaks and lockdowns. In terms of cash target rate, the yield curve target is most certainly to stay and maturity of the bonds meant to keep the 3Y at 10bps could remain in Apr 2024. We look for 0.75 - 0.7670 range for AUD.

### ADP, EU CPI in Focus Today

Key data we watch today include US ADP employment (Jun); Chicago PMI (Jun); Pending Home sales (May); UK GDP; EU CPI.

| FX: Overnight Closing Prices |            |         |          |            |         |
|------------------------------|------------|---------|----------|------------|---------|
| Majors                       | Prev Close | % Chg   | Asian FX | Prev Close | % Chg   |
| EUR/USD                      | 1.1897     | ↓ -0.23 | USD/SGD  | 1.3453     | ↑ 0.16  |
| GBP/USD                      | 1.3836     | ↓ -0.34 | EUR/SGD  | 1.6005     | ↓ -0.09 |
| AUD/USD                      | 0.7512     | ↓ -0.73 | JPY/SGD  | 1.217      | ↑ 0.24  |
| NZD/USD                      | 0.6992     | ↓ -0.60 | GBP/SGD  | 1.8617     | ↓ -0.16 |
| USD/JPY                      | 110.53     | ↓ -0.09 | AUD/SGD  | 1.0106     | ↓ -0.56 |
| EUR/JPY                      | 131.48     | ↓ -0.36 | NZD/SGD  | 0.9408     | ↓ -0.49 |
| USD/CHF                      | 0.921      | ↑ 0.16  | CHF/SGD  | 1.4604     | ↓ -0.01 |
| USD/CAD                      | 1.2401     | ↑ 0.52  | CAD/SGD  | 1.0849     | ↓ -0.34 |
| USD/MYR                      | 4.152      | ↑ 0.12  | SGD/MYR  | 3.0881     | ↑ 0.05  |
| USD/THB                      | 32.094     | ↑ 0.55  | SGD/IDR  | 10773.32   | ↑ 0.14  |
| USD/IDR                      | 14485      | ↑ 0.28  | SGD/PHP  | 36.1002    | ↓ -0.37 |
| USD/PHP                      | 48.511     | ↓ -0.29 | SGD/CNY  | 4.8067     | ↓ -0.04 |

Implied USD/SGD Estimates at 30 June 2021, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3265           | 1.3536    | 1.3807           |

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### G7: Events & Market Closure

| Date  | Ctry | Event         |
|-------|------|---------------|
| 1 Jul | OPEC | OPEC+ Meeting |

### Asia Ex JP: Events & Market Closure

| Date  | Ctry | Event          |
|-------|------|----------------|
| 1 Jul | HK   | Market Closure |

## G7 Currencies

- **DXY Index - ADP Employment, Chicago PMI Today.** USD remains better bid as we head into month-end, quarter-end amid strong US consumer confidence data and risk aversion. Spread of the highly transmissible delta variant is weighing on market sentiment as the spread also prompted fresh lockdowns and tighter restrictions in the region. Four major cities including Sydney, Brisbane, Perth and Darwin entered into lockdowns, Pingtung county in South Taiwan goes into alert 4 lockdown, Malaysia extended MCO indefinitely while HK banned flights from UK (where nearly all of new cases were of delta variants). Starting today, Indonesia is looking to impose stricter restrictions. Lockdowns and tighter restrictions are likely to lead to delays in reopening economies and with vaccine supply inadequate and inoculation pace lagging for some countries, the AXJ FX complex, including AUD could stay back footed. In overnight Fed speaks, Chris Waller said that better than expected economic progress warrants scaling back asset purchases sooner and he favors starting with MBS. DXY was last at 92.07 levels. Bullish momentum on daily chart intact while RSI shows signs of revisiting overbought conditions. Resistance here at 92.51 (76.4% fibo retracement of mar high to May low) and 93 levels. Support at 91.95 (61.8% fibo), 91.5 levels (200DMA, 50% fibo), 91 (38.2% fibo, 100 DMA) and 90.45 levels (23.6% fibo). We look for 2-way trade in 91.90 - 92 .5 range intraday. We also note that quarter-end and month-end flows could add to noise distorting FX moves. Week remaining brings ADP employment (Jun); Chicago PMI (Jun); Pending Home sales (May) on Wed; ISM mfg (Jun); consumer spending (May) on Thu; NFP, average hourly earnings, unemployment (Jun); Trade (May) on Fri.
- **EURUSD - Buy Dips.** EUR continued to drift modestly lower broad USD strength. Pair was last at 1.1905 levels. Bearish momentum on daily chart shows signs of fading while RSI shows signs of turning from near-oversold conditions. Downside risks remain but tentatively, we see signs of limited downside room from here. Bias to buy on dips. Immediate support at 1.19, 1.1840/50 (76.4% fibo retracement of Mar low to May high). Resistance at 1.1920 (61.8% fibo), 1.1985/1.20 levels (200 DMA, 50% fibo), 1.2050 (38.2% fibo). Market expectations for policy divergence between Fed and ECB may weigh on EUR in the interim. But there are also other factors underpinning EUR strength and one cannot totally discount the ECB doing a surprise hawkish tilt especially with data coming in stronger than expected. Rapid vaccination pace, flattening of epidemic curves, expectations of EU growth playing catch-up as economy reopens, etc. underpins a constructive outlook for EUR. Earlier this week ECB's Guindos said that ECB is attentive to incoming information to assess whether the temporary increase in inflation gives rise to second round effects that could translate into a more permanent development. Week remaining brings CPI (Jun) on Wed; PMI Mfg (Jun); Unemployment (May) on Thu; PPI (May) on Fri.
- **GBPUSD - Downside Bias.** GBP bounced this morning but from an overnight low of 1.3814. Given month, quarter-end flows, we prefer not to over read price action this morning. Decline overnight was

due to spread of delta variant. Daily new infection is still high at above 20k/day, though it has eased slightly from above 22k. Rising infection is worrying as the delta variant is highly transmissible. We still think 19th Jul planned reopening remains questionable. GBP was last seen 1.3860 levels. Bearish momentum on daily chart intact but shows signs of waning while RSI appears to turn higher. We look for rebound play. Resistance at 1.3890 levels (61.8% fibo retracement of Apr low to May high), 1.3940/60 levels (100 DMA, 50% fibo). Support at 1.3810 (76.4% fibo). We look for tactical long in 1.3840 - 1.3940 range intra-day. This week brings GDP (1Q) on Wed; PMI mfg (Jun) on Thu.

■ **USDJPY - *Up-Moves Above 111 May be Hesitant***. Pair saw modest two-way swings yesterday. Last seen near 110.60. US10Y yields continued to hold below 1.5% (last seen at 1.47%), as caution in some corners of the market supported demand for treasuries. Meanwhile, BoJ cut bond purchases for the next three months, with a reduction of >JPY25bn in purchases of each of the 1-3, 5-10 and 10-25 year buckets. It is also shifting to a quarterly buying plan instead of monthly purchase targets, supposedly to reduce price action induced by its purchase target announcements. JGB 10Y yield was largely unchanged after the announcement. Bullish momentum on daily chart has largely faded while RSI is not showing a clear bias. The 111-handle (Mar-high) to 112.20 (2020 high) looks to be a key area of resistance. Support at 110.15 (76.4% fibo retracement of Mar high to Apr low), 109.20 (50% fibo). Industrial production came in at 22.0%/y/y or -5.9%/m/m, underperforming expectations at 27.0%/y/y or -2.1%/m/m. Tankan surveys due Thurs.

■ **NZDUSD - *Range***. NZD slipped overnight amid broad USD bounce. Pair was last seen at 0.70 levels. Mild bearish momentum on daily chart intact. Immediate support at 0.6990 and 0.6920. Resistance at 0.7020 (23.6% fibo), 0.7075 (38.2% fibo retracement of May high to Jun low) and 0.7120 (50% fibo). Intra-day look for 0.6980 - 0.7080 range. Week remaining brings Building permits (May) on Thu; Consumer confidence (Jun) on Fri

■ **AUDUSD - *More Lockdowns Weigh and Vaccine Supplies Run Low***. AUDUSD made a decisive break of the 200-dma and was last around 0.7520. Apart from broader USD strength, domestic COVID situation weighs. There has been speculation that 5 Covid-19 cases were found in South Australia and there could be a lockdown there, adding to a series of lockdowns since the first in Melbourne (followed by Sydney, Darwin and Perth). The spread of the delta variant could weigh on the RBA's decision to taper next Tue and the lack of vaccines at home do not help matters in the least. Queensland Health Minister Yvette D'Ath had flagged that the state is running short of the Pfizer vaccine this week. There is also a clash between Queensland and the Federal on whether the young below 40 should get the Astrazeneca shot given its rare risk of blood clots, possibly slowing the inoculation pace of Australians even further. The steady rise in cases across the country poses risk of a new wave of infections, especially in the absence of sufficient vaccines. It is likely that RBA may prefer to err on the side of caution and extend

QE beyond the Sep given the uncertainties pose by the existing outbreaks and lockdowns. In terms of cash target rate, the yield curve target is most certainly to stay and maturity of the bonds meant to keep the 3Y at 10bps could remain in Apr 2024. That would be seen as a pledge to keep cash target rate at 10bps until 2024, a most dovish pledge compared to other DM central banks. We had expected RBA to half the total amount of QE pledged for the third tranche (from \$100bn to \$50bn). Given the lingering uncertainties of the outbreak at home, RBA may instead keep the QE programme flexible and reviewed monthly. Back on the AUDUSD chart, MACD is a tad bearish with stochastics now almost neutral. We look for a potential consolidation within the 0.75-0.7670 range. Data-wise, May private sector credit is due on Wed, Final Mfg PMI is due on Thu along with CoreLogic House Price for Jun and May trade, home loans data for May on Fri.

- **USDCAD - *Steady ahead of OPEC+***. USDCAD rose back above the 1.24-figure overnight in spite of the rebound in crude oil prices. Pair mainly took the guidance of broader USD strength, buoyed by US strong data released last night. Last at 1.2403, momentum is still bullish. Stochastics continue to show signs of falling from overbought condition. Nonetheless, support at 1.2280 remains firmly intact, allowing the pair to form a tentative base there ahead of the key OPEC+ meeting. Interim resistance at 1.24-figure is being tested before the next at 1.2480. We hold our call (dated 21 Jun) for USDCAD to head towards the 1.2203 before the next at 1.2000. Stoploss at 1.2580. Risk-reward ratio of 1:3. Apart from the OPEC+ meeting that is now delayed by one day to Fri for members to settle their differences, Apr GDP and May industrial product price for May are due on Wed, May building permits, trade and Jun Mfg PMI are expected on Fri.

## Asia ex Japan Currencies

SGD trades around +0.62% from the implied mid-point of 1.3536 with the top estimated at 1.3265 and the floor at 1.3807.

- **USDSGD - *Settling in Higher Range***. Pair last seen at 1.3450, modestly higher versus yesterday morning and largely mirroring broad dollar moves. Pair appears to be settling in a higher range for now versus pre-FoMC's 1.32-1.33. In talks with members of the business community, Finance Minister Lawrence Wong commented that Singapore is still in a "transition phase". Vaccination rates have yet to reach sufficiently high levels for a "new normal" with preparedness for endemic Covid-19, and the country should not reopen its borders prematurely. The accelerated national vaccination programme targets full vaccination for two-thirds of the population by National Day (9 Aug). Bullish momentum on daily chart shows signs of fading, while RSI is hovering just below overbought conditions. Resistance at 1.3450 (23.6% fibo retracement of Feb low to Mar high) is being tested; next at 1.3530 (Mar high). Support at 1.3380 (200-DMA), 1.3300 (50-DMA). Jun PMI due Fri.
- **AUDSGD - *Still Capped by 21-dma***. Cross slipped to levels around 1.0105. The 21-dma at 1.0186 caps 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 with 21-dma en-route to cross the 100-dma. Support levels at 1.0050, 1.0020.
- **SGDMYR - *Range***. SGDMYR was little changed; last seen at 3.09 levels this morning. Bearish momentum on daily chart intact though RSI shows signs of rising. Looking at price pattern, there seemed to be a head and shoulder (bearish reversal pattern) while there is also a bearish crossover (21DMA cuts 50DMA to the downside). Neckline key support at 3.0800/35 levels. Break below this could open room for further downside towards 3.07 (61.8% fibo retracement of 2021 low to high), 3.0650 (200 DMA) and 3.0550. Resistance at 3.1010/50 (21, 50 DMAs) and 3.11 levels. We look for 3.0850 - 3.0950 range intra-day.
- **USDMYR - *Consolidate***. USDMYR was last seen at 4.1550 levels. Mild bullish momentum on daily chart intact but RSI shows signs of re-visiting overbought conditions. Mild upside risks not ruled out. Resistance at 4.16, 4.1710 (2021 high). Support at 4.1450, 4.1325 (21 DMA) and 4.1260 (50 DMA). We look for range of 4.15 - 4.16 intra-day.
- **1m USDKRW NDF - *Tactical Short***. 1m USDKRW continued to hold around 1130 levels. Bullish momentum on daily chart is fading while RSI is falling from near overbought conditions. Support at 1129, 1120 (21, 50, 100, 200 DMAs). Resistance at 1135, 1140 levels. We hold to our tactical short call - short 1m at 1135 targeting a move towards 1120 first objective before 1112 next objective. (SL at 1145) on the back of our view for KRW to correct its weakness, given a positive mix of domestic and external drivers, including constructive

macro fundamentals, semiconductor story and the potential for BoK tightening in 4Q 2021. For the week, trade and mfg PMI on Thu and CPI on Fri.

- **USDCNH - Steady into the Centennial Celebrations.** The pair steadied at around the 6.46-figure, a most resilience pair to the broader USD strength seen overnight. The USDCNY reference rate was fixed at 6.4599 just a tad under consensus at 6.4601. For the USDCNH, resistance remains at 6.47 and the next key resistance remains at 6.50. Support at 6.4363 (50-dma) before 6.4272 (21-dma). Liquidity conditions were a focus at home with another CNY30bn of 7-day reverse repo provided by the PBoC today at 2.2% provided (vs. the normal daily CNY10bn), net CNY20bn. This suggests that the central bank is in no hurry to prematurely add liquidity right at the start of Jun even though cash demand is expected to rise this month. The central bank also mentioned at its quarterly meeting that the economy is stable and urged more flexible and targeted monetary policy. The central bank will make use of relending, rediscounting and other monetary tools to help the nation's small businesses. Week ahead has official Mfg and non-mfg PMI for Jun due on Wed, Caixin Mfg PMI on Thu.
- **USDINR NDF - Buoyant.** The 1M NDF was last seen around 74.50, in want of a direction after persistent swivels within 73.95-74.80. Resistance at 74.70 remains intact, before next at 74.95. Support at 74.00 (50-dma) and then 73.54 (21-dma). In news, US Treasury Secretary Yellen had conversed with FinMin Sitharaman on "implementing a robust global minimum tax" ahead of the G20 Finance Minister meeting next week. Separately, India had lowered the base import tax on crude palm oil to 10% from 15% for 30 Jun - 30 Sep in order to dampen the rising cost of the oil.
- **USDVND - Two-Way Moves.** The pair was last at 23013 vs. previous close of 23023. This pair has traded sideways since its gapped up on 18 Jun. Range of 22900-23040 could hold given the consolidative state of broader markets. Resistance at 23032 is marked by the 50-dma while 23004 at 21-dma could be an interim support. We still see a tad bearish skew for price action. Covid cases at home remain a tad elevated with 7-day average still around 372 with no signs of easing yet. The HCM city has extended its current restrictions indefinitely to curb the highly contagious delta variant. The Ministry of Finance had issued a new Circular on 25 Jun to reduce 30 businesses charges and fees worth around VND1trn for 2H of 2021 in support of businesses and individuals. Among these include business registration fees that are slashed by 70% and corporate information disclosure rates lowered by 67%. Appraisal charges for granting of amendments and supplements for postal operation licenses are reduced by 50-70%. These charges and fees shall be subject to the original circular as of 1 Jan 2022.
- **1M USDIDR NDF - Covid Risks in Focus.** Last seen near 14,630, on the rise again yesterday as markets increasingly priced in near-term risks tied to new wave of Covid cases. 7-day average in new cases has surged to around 19k on 28 Jun from low of around 3.5k on 18 May. The Red Cross has said that Indonesia is on the edge of a "catastrophe", as the Delta variant fuelled surge in cases and hospitals become overloaded. A government spokesman said that authorities are currently formulating

stricter measures and an official announcement will be made soon. Expectations are for stricter restrictions to kick in Saturday, 3 Jul. Measures may involve work-from-home arrangements for all non-essential workers and banning of dine-in. Market sentiments could lean towards caution in the interim. Momentum on daily chart is bullish, while RSI is on the rise towards near-overbought conditions. Support at 14,540 (23.6% fibo retracement of Feb low to Apr high), 14,380 (200-DMA), 14,220 (61.8% fibo). Resistance at 14,740 (Mar high). PMI Mfg and CPI due Thurs.

- **USDTHB - *Supported***. Last seen at 32.08, slightly higher versus levels seen yesterday morning. A private industry group estimated that around 550k tourism jobs were lost in 2Q, amid the third wave of Covid infections. The statement by the Tourism Council of Thailand said that the outbreak has shut around 36% of tourism businesses temporarily and 4% permanently. A pilot programme for Phuket's reopening to vaccinated visitors is starting this Thurs but may not help revive tourism confidence given recent Covid waves in Asia. Meanwhile, BoT said yesterday that it is considering adjusting the FX regulatory framework to help the economy better cope with volatility, including removal of FX limitations, facilitating hedging and removing a requirement of supporting documents for normal transactions. On net, incremental caution could see the USDTHB pair being relatively supported in the interim. Bullish momentum on daily chart is intact, even as RSI suggests overbought conditions. Resistance at 32.00 is being tested; next at 32.50. Support at 31.40 (21-DMA), before 31.00. Mfg production grew by 25.84%/y in May, above 20.0% expected. BoP and trade due Wed, PMI Mfg due Thurs.
- **1M USDPHP NDF - *Range***. NDF last seen at 48.80, on the rise this morning. The government has extended existing movement restrictions in Manila and nearby provinces till 15 Jul ("general community quarantine", second-lowest level of curbs). Most businesses in Manila will remain open, with some including restaurants operating in a limited capacity. Clubs and cinemas remain closed. 7-day average in new cases is still hovering around the 5-6k mark. Bullish momentum on daily chart shows very tentative signs of fading while RSI is rising towards near-overbought conditions. Support at 48.40 (100-DMA), 48.20 (50-DMA). Resistance at 49.00 (Apr high). PMI Mfg and unemployment rate due Thurs.

## Malaysia Fixed Income

### Rates Indicators

### Analysts

| MGS          | Previous Bus. Day | Yesterday's Close | Change (bps) |
|--------------|-------------------|-------------------|--------------|
| 3YR MH 6/24  | 2.27              | 2.27              | Unchanged    |
| 5YR MO 9/25  | 2.56              | 2.55              | -1           |
| 7YR MS 6/28  | 3.04              | 3.02              | -2           |
| 10YR MO 4/31 | 3.29              | 3.31              | +2           |
| 15YR MS 5/35 | 3.88              | 3.90              | +2           |
| 20YR MY 5/40 | 4.23              | 4.22              | -1           |
| 30YR MZ 6/50 | 4.24              | 4.33              | +9           |
| IRS          |                   |                   |              |
| 6-months     | 1.95              | 1.95              | -            |
| 9-months     | 1.95              | 1.95              | -            |
| 1-year       | 1.97              | 1.97              | -            |
| 3-year       | 2.39              | 2.38              | -1           |
| 5-year       | 2.66              | 2.66              | -            |
| 7-year       | 2.87              | 2.86              | -1           |
| 10-year      | 3.10              | 3.10              | -            |

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Source: Maybank KE

\*Indicative levels

- Govvies traded mixed with front end yields firmer on better buying by local and foreigners on expectations of no rate cut. Belly bonds better sold by foreigners, with 10y MGS yield up 2bps and MYR771m total volume traded for the day. Ultra-long ends were mixed, with 20y MGS firmer after strong demand in the MGS 5/40 reopening auction. The auction had bid-to-cover ratio of 2.65x and 4.254% average yield, attractive to real money and lifers. 30y MGS saw better selling but in small volume and upward repricing in yield was partly due to it previously being flattish to the 20y.
- MYR IRS levels were little changed and market was subdued with quotes wide and neither side interested to give in. No trade reported in interbank market. 3M KLIBOR remained the same at 1.94%.
- Corporate bonds followed govies with the front end well bid, firmer by 2-4bps, while the belly and long end broadly weaker by 1-2bps. Locals were better bidders at the front end. Demand was in AAA and GG short dated bonds, with Danainfra, Danum, Putrajaya, Digi and PASB better bid. The belly sector was flat to marginally weaker. Long end saw Tenaga 2040 firmer by 10bps. AA credits broadly unchanged with some trades at the front end and belly sectors.

## Singapore Rates and AxJ USD Credit

### Rates Indicators

| SGS  | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR  | 0.44              | 0.43              | -1           |
| 5YR  | 0.93              | 0.93              | -            |
| 10YR | 1.61              | 1.60              | -1           |
| 15YR | 1.90              | 1.88              | -2           |
| 20YR | 1.90              | 1.89              | -1           |
| 30YR | 1.86              | 1.86              | -            |

Source: MAS (Bid Yields)

- SGD IRS opened lower but ended flat to slightly higher at the front end as UST retreated from intraday highs. SGS prices likewise ended off the day highs. The 5y sector came under some selling pressure, but cushioned by local bids. 10y region performed better, holding on to some gains with its yield closing 1bp lower.
- Asian credits broadly weaker as investors took profit and were sidelined approaching month end. INDONs traded flat in price and spreads, while Philippines' new 10.5y and 25y bonds traded 0.25-0.50pt firmer than reoffer levels. Malaysia USD sovereign bonds unchanged, while better selling interest in Khazanah USD bonds which are trading wide to the MALAYS curve. China and HK IGs gave back some of previous day's gains widening 1-4bps on profit taking in tech, AMC and bank bonds. India credits tightened 3-4bps in spread on some short covering. Korea and Japan IGs stable and spreads unchanged. HYs largely unchanged as investors sidelined, except Indonesia credits which weakened, probably due to the worsening Covid situation.

## Indonesia Fixed Income

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### Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Yesterday's Close | Change |
|-----------------|-------------------|-------------------|--------|
| <b>1YR</b>      | 3.82              | 3.81              | (0.01) |
| <b>3YR</b>      | 4.70              | 4.72              | 0.02   |
| <b>5YR</b>      | 5.35              | 5.39              | 0.04   |
| <b>10YR</b>     | 6.57              | 6.61              | 0.04   |
| <b>15YR</b>     | 6.42              | 6.42              | 0.00   |
| <b>20YR</b>     | 7.25              | 7.29              | 0.04   |
| <b>30YR</b>     | 6.90              | 6.91              | 0.01   |

\* Source: Bloomberg, Maybank Indonesia

- Indonesian government bonds still weakened until yesterday. The market players took momentum for applying “sell on rally” strategy on short term after seeing further prospect of slowing domestic economic activities due to the government’s the decision to halt rapid contagion of COVID-19 by applying stricter Micro Scale of People Activities Restriction by immediately. Yesterday, the government also successfully absorbed Rp12.5 trillion from its yesterday’s Sukuk auction. Investors also have strong enthusiasm to participate yesterday’s auction, as shown by Rp48.68 trillion of total incoming bids ratio.
- Investors are also waiting for the U.S. jobs due out on Friday, the results of which could influence Fed policy. Nevertheless, we thought that Indonesian government bonds are attractive enough due to recent wide gap of investment return against major countries. U.S. Treasury yields hugged the unchanged mark on Tuesday as the market waited to see how June U.S. employment data, due later this week, might affect the Federal Reserves monetary policy stance. The benchmark 10-year yield, which rose as high as 1.51% earlier in the session, was last flat at 1.4782%.
- According to Bloomberg, Indonesia is set to enforce stricter restrictions of a larger scale in a bid to halt a rapid rise in coronavirus infections. The new measures will be comprehensive and people living in heavily-infected areas will be asked to stay at home and avoid non-essential travel, Alexander Ginting, a member of the Covid-19 taskforce said. The government is finalizing the plan and an official announcement will be made soon, he added. President Joko Widodo has also appointed Luhut Panjaitan, coordinating minister for maritime and investment affairs, to coordinate the “emergency” set of restrictions for Java and Bali islands, said the ministry’s spokesman Jodi Mahardi. Supermarkets, shopping malls and essential sectors will continue to operate with shorter hours and stricter health protocols, he added. Indonesia is battling a resurgence in Covid-19 cases made worse by the more contagious Delta variant. The strain has now spread widely across Java, the most populated island, while hospitalization rates exceeded 90%, according to the health ministry. Jokowi, as the president is known, previously resisted public calls for a lockdown, saying the existing restrictions focused on the most heavily-infected areas can curb the spread of infections without “killing the people’s economy,” he said. Under the new restrictions, malls in some areas will have to close at 5 p.m. and restaurants will no longer be allowed to accept dine-in customers and will operate at shorter hours until 8 p.m., Ganip Warsito, head of the Covid-19 taskforce told Metro TV in a separate interview.

## Foreign Exchange: Daily Levels

|                | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY  | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2             | 1.1954  | 110.90  | 0.7593  | 1.3917  | 6.4802  | 0.7079  | 132.3067 | 83.9877 |
| R1             | 1.1925  | 110.72  | 0.7553  | 1.3877  | 6.4731  | 0.7035  | 131.8933 | 83.5103 |
| <b>Current</b> | 1.1905  | 110.53  | 0.7520  | 1.3852  | 6.4658  | 0.6993  | 131.5900 | 83.1130 |
| S1             | 1.1873  | 110.39  | 0.7490  | 1.3805  | 6.4579  | 0.6964  | 131.1733 | 82.7793 |
| S2             | 1.1850  | 110.24  | 0.7467  | 1.3773  | 6.4498  | 0.6937  | 130.8667 | 82.5257 |

  

|                | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| R2             | 1.3484  | 4.1577  | 14509   | 48.7317 | 32.2993 | 1.6044  | 0.6438  | 3.0935  |
| R1             | 1.3469  | 4.1548  | 14497   | 48.6213 | 32.1967 | 1.6024  | 0.6431  | 3.0908  |
| <b>Current</b> | 1.3448  | 4.1550  | 14490   | 48.5200 | 32.1000 | 1.6010  | 0.6425  | 3.0899  |
| S1             | 1.3431  | 4.1483  | 14464   | 48.4373 | 31.9467 | 1.5984  | 0.6417  | 3.0863  |
| S2             | 1.3408  | 4.1447  | 14443   | 48.3637 | 31.7993 | 1.5964  | 0.6411  | 3.0845  |

\*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      | 0.4321      | Oct-21              | Neutral         |
| BNM O/N Policy Rate        | 1.75        | 8/7/2021            | Easing Bias     |
| BI 7-Day Reverse Repo Rate | 3.50        | 22/7/2021           | Easing Bias     |
| BOT 1-Day Repo             | 0.50        | 4/8/2021            | Easing Bias     |
| BSP O/N Reverse Repo       | 2.00        | 12/8/2021           | Easing Bias     |
| CBC Discount Rate          | 1.13        | 23/9/2021           | Neutral         |
| HKMA Base Rate             | 0.50        | -                   | Neutral         |
| PBOC 1Y Lending Rate       | 4.35        | -                   | Neutral         |
| RBI Repo Rate              | 4.00        | 6/8/2021            | Easing          |
| BOK Base Rate              | 0.50        | 15/7/2021           | Tightening Bias |
| Fed Funds Target Rate      | 0.25        | 29/7/2021           | Tightening Bias |
| ECB Deposit Facility Rate  | -0.50       | 22/7/2021           | Easing Bias     |
| BOE Official Bank Rate     | 0.10        | 5/8/2021            | Neutral         |
| RBA Cash Rate Target       | 0.10        | 6/7/2021            | Easing Bias     |
| RBNZ Official Cash Rate    | 0.25        | 14/7/2021           | Tightening Bias |
| BOJ Rate                   | -0.10       | 16/7/2021           | Easing Bias     |
| BoC O/N Rate               | 0.25        | 14/7/2021           | Tightening Bias |

## Equity Indices and Key Commodities

|                         | Value     | % Change |
|-------------------------|-----------|----------|
| Dow                     | 34,292.29 | 0.03     |
| Nasdaq                  | 14,528.33 | 0.19     |
| Nikkei 225              | 28,812.61 | -0.81    |
| FTSE                    | 7,087.55  | 0.21     |
| Australia ASX 200       | 7,301.24  | -0.08    |
| Singapore Straits Times | 3,089.49  | -1.20    |
| Kuala Lumpur Composite  | 1,548.31  | 0.23     |
| Jakarta Composite       | 5,949.05  | 0.16     |
| Philippines Composite   | 6,956.65  | 0.27     |
| Taiwan TAIEX            | 17,598.19 | 0.04     |
| Korea KOSPI             | 3,286.68  | -0.46    |
| Shanghai Comp Index     | 3,573.18  | -0.92    |
| Hong Kong Hang Seng     | 28,994.10 | -0.94    |
| India Sensex            | 52,549.66 | -0.35    |
| Nymex Crude Oil WTI     | 72.98     | 0.10     |
| Comex Gold              | 1,763.60  | -0.96    |
| Reuters CRB Index       | 211.32    | 0.18     |
| MBB KL                  | 8.13      | -0.12    |

## MYR Bonds Trades Details

| MGS & GII                              | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|--------|---------------|----------------|-----------|----------|---------|
| MGS 1/2011 4.16% 15.07.2021            | 4.160% | 15-Jul-21     | 13             | 1.771     | 1.771    | 1.771   |
| MGS 3/2014 4.048% 30.09.2021           | 4.048% | 30-Sep-21     | 189            | 1.772     | 1.788    | 1.756   |
| MGS 4/2016 3.620% 30.11.2021           | 3.620% | 30-Nov-21     | 73             | 1.761     | 1.771    | 1.749   |
| MGS 1/2017 3.882% 10.03.2022           | 3.882% | 10-Mar-22     | 1              | 1.737     | 1.737    | 1.737   |
| MGS 1/2012 3.418% 15.08.2022           | 3.418% | 15-Aug-22     | 20             | 1.792     | 1.792    | 1.792   |
| MGS 3/2013 3.480% 15.03.2023           | 3.480% | 15-Mar-23     | 160            | 1.923     | 1.935    | 1.899   |
| MGS 2/2018 3.757% 20.04.2023           | 3.757% | 20-Apr-23     | 105            | 1.911     | 1.947    | 1.908   |
| MGS 3/2019 3.478% 14.06.2024           | 3.478% | 14-Jun-24     | 270            | 2.266     | 2.291    | 2.266   |
| MGS 1/2014 4.181% 15.07.2024           | 4.181% | 15-Jul-24     | 4              | 2.331     | 2.331    | 2.331   |
| MGS 1/2018 3.882% 14.03.2025           | 3.882% | 14-Mar-25     | 2              | 2.502     | 2.502    | 2.502   |
| MGS 1/2015 3.955% 15.09.2025           | 3.955% | 15-Sep-25     | 23             | 2.527     | 2.807    | 2.527   |
| MGS 3/2011 4.392% 15.04.2026           | 4.392% | 15-Apr-26     | 29             | 2.69      | 2.69     | 2.663   |
| MGS 4/2017 3.899% 16.11.2027           | 3.899% | 16-Nov-27     | 7              | 2.968     | 2.968    | 2.941   |
| MGS 5/2013 3.733% 15.06.2028           | 3.733% | 15-Jun-28     | 135            | 3.019     | 3.035    | 3.019   |
| MGS 2/2019 3.885% 15.08.2029           | 3.885% | 15-Aug-29     | 35             | 3.202     | 3.202    | 3.191   |
| MGS 2/2020 2.632% 15.04.2031           | 2.632% | 15-Apr-31     | 771            | 3.325     | 3.331    | 3.306   |
| MGS 4/2019 3.828% 05.07.2034           | 3.828% | 05-Jul-34     | 100            | 3.877     | 3.881    | 3.853   |
| MGS 4/2015 4.254% 31.05.2035           | 4.254% | 31-May-35     | 210            | 3.898     | 3.907    | 3.861   |
| MGS 4/2018 4.893% 08.06.2038           | 4.893% | 08-Jun-38     | 6              | 4.211     | 4.211    | 4.211   |
| MGS 5/2019 3.757% 22.05.2040           | 3.757% | 22-May-40     | 316            | 4.245     | 4.258    | 3.946   |
| MGS 2/2016 4.736% 15.03.2046           | 4.736% | 15-Mar-46     | 2              | 4.402     | 4.402    | 4.402   |
| MGS 5/2018 4.921% 06.07.2048           | 4.921% | 06-Jul-48     | 70             | 4.472     | 4.484    | 4.451   |
| MGS 1/2020 4.065% 15.06.2050           | 4.065% | 15-Jun-50     | 23             | 4.24      | 4.336    | 4.197   |
| GII MURABAHAH 7/2019 3.151% 15.05.2023 | 3.151% | 15-May-23     | 20             | 1.982     | 1.982    | 1.98    |
| GII MURABAHAH 3/2018 4.094% 30.11.2023 | 4.094% | 30-Nov-23     | 5              | 2.047     | 2.047    | 2.047   |
| GII MURABAHAH 8/2013 22.05.2024        | 4.444% | 22-May-24     | 5              | 2.25      | 2.273    | 2.25    |
| GII MURABAHAH 4/2019 3.655% 15.10.2024 | 3.655% | 15-Oct-24     | 215            | 2.324     | 2.34     | 2.32    |
| GII MURABAHAH 4/2015 3.990% 15.10.2025 | 3.990% | 15-Oct-25     | 14             | 2.624     | 2.624    | 2.624   |
| GII MURABAHAH 3/2019 3.726% 31.03.2026 | 3.726% | 31-Mar-26     | 60             | 2.709     | 2.731    | 2.709   |
| GII MURABAHAH 1/2017 4.258% 26.07.2027 | 4.258% | 26-Jul-27     | 37             | 2.971     | 2.971    | 2.971   |
| GII MURABAHAH 1/2020 3.422% 30.09.2027 | 3.422% | 30-Sep-27     | 70             | 3.015     | 3.032    | 3.015   |
| GII MURABAHAH 2/2020 3.465% 15.10.2030 | 3.465% | 15-Oct-30     | 1              | 3.376     | 3.376    | 3.376   |
| GII MURABAHAH 1/2021 3.447% 15.07.2036 | 3.447% | 15-Jul-36     | 50             | 4.009     | 4.032    | 4.009   |
| GII MURABAHAH 2/2019 4.467% 15.09.2039 | 4.467% | 15-Sep-39     | 45             | 4.319     | 4.319    | 4.319   |
| GII MURABAHAH 2/2021 4.417% 30.09.2041 | 4.417% | 30-Sep-41     | 2              | 4.27      | 4.27     | 4.27    |
| SPK 1/2013 3.729% 22.03.2023           | 3.729% | 22-Mar-23     | 300            | 2.15      | 2.15     | 2.15    |
| SPK 37/2012 3.701% 25.04.2023          | 3.701% | 25-Apr-23     | 20             | 2.148     | 2.148    | 2.148   |
| <b>Total</b>                           |        |               | <b>3,408</b>   |           |          |         |

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     | 15             | 2.251     | 2.251    | 2.251   |
| DANAINFRA IMTN 3.470% 26.09.2029 - Tranche 12      | GG      | 3.470% | 26-Sep-29     | 10             | 3.439     | 3.441    | 3.439   |
| DANUM IMTN 3.960% 09.05.2023 - Tranche 3           | AAA (S) | 3.960% | 09-May-23     | 20             | 2.488     | 2.506    | 2.488   |
| DANUM IMTN 3.070% 21.02.2025 - Tranche 4           | AAA (S) | 3.070% | 21-Feb-25     | 10             | 2.828     | 2.828    | 2.828   |
| WESTPORTS IMTN 4.480% 01.04.2026                   | AAA     | 4.480% | 01-Apr-26     | 10             | 3.087     | 3.102    | 3.087   |
| PUTRAJAYA IMTN 26.05.2026 SERIES 14 TRANCHE 017    | AAA IS  | 4.580% | 26-May-26     | 10             | 3.064     | 3.07     | 3.064   |
| DIGI IMTN 3.50% 18.09.2026 - Tranche No 4          | AAA     | 3.500% | 18-Sep-26     | 20             | 3.067     | 3.071    | 3.067   |
| AIR SELANGOR IMTN T1 S3 3.240% 23.12.2027          | AAA     | 3.240% | 23-Dec-27     | 5              | 3.51      | 3.51     | 3.51    |
| SEB IMTN 4.700% 24.11.2028                         | AAA     | 4.700% | 24-Nov-28     | 10             | 3.618     | 3.62     | 3.618   |
| SEB IMTN 5.500% 04.07.2029                         | AAA     | 5.500% | 04-Jul-29     | 10             | 3.679     | 3.679    | 3.679   |
| PASB IMTN 4.000% 30.10.2034 - Issue No. 19         | AAA     | 4.000% | 30-Oct-34     | 5              | 4.25      | 4.25     | 4.25    |
| SEB IMTN 5.280% 17.08.2035                         | AAA     | 5.280% | 17-Aug-35     | 10             | 4.519     | 4.531    | 4.519   |
| TENAGA IMTN 3.550% 10.08.2040                      | AAA     | 3.550% | 10-Aug-40     | 5              | 4.332     | 4.332    | 4.332   |
| GENTING RMTN MTN 5479D 08.11.2034 - Tranche 2      | AA1 (S) | 4.380% | 08-Nov-34     | 1              | 5.2       | 5.2      | 5.2     |
| EDRA ENERGY IMTN 5.670% 05.01.2023 - Tranche No 3  | AA3     | 5.670% | 05-Jan-23     | 10             | 3.176     | 3.189    | 3.176   |
| COUNTRY GDN IMTN 6.600% 23.02.2023 - Issue No 2    | AA3 (S) | 6.600% | 23-Feb-23     | 1              | 5.301     | 5.314    | 5.301   |
| EDRA ENERGY IMTN 5.760% 05.07.2024 - Tranche No 6  | AA3     | 5.760% | 05-Jul-24     | 10             | 3.457     | 3.464    | 3.457   |
| THMC IMTN 3.720% 28.05.2026-Series 1/Tranche No. 1 | AA- IS  | 3.720% | 28-May-26     | 10             | 3.693     | 3.693    | 3.688   |
| PENANGPORT IMTN 4.300% 24.12.2026 - Tranche No 1   | AA- IS  | 4.300% | 24-Dec-26     | 10             | 3.549     | 3.551    | 3.549   |
| EDRA ENERGY IMTN 5.940% 05.07.2027 - Tranche No 12 | AA3     | 5.940% | 05-Jul-27     | 20             | 3.913     | 3.922    | 3.913   |
| EDRA ENERGY IMTN 6.030% 05.01.2029 - Tranche No 15 | AA3     | 6.030% | 05-Jan-29     | 10             | 4.159     | 4.162    | 4.159   |
| RHBA 4.320% 21.05.2029(Series 3)                   | AA3     | 4.320% | 21-May-29     | 10             | 3.198     | 3.201    | 3.198   |
| PENANGPORT IMTN 4.680% 26.12.2031 - Tranche No 3   | AA- IS  | 4.680% | 26-Dec-31     | 10             | 4.209     | 4.21     | 4.209   |
| LDF3 IMTN 6.330% 23.08.2038                        | AA- IS  | 6.330% | 23-Aug-38     | 4              | 5.542     | 5.542    | 5.542   |
| MAYBANK IMTN 4.130% PERPETUAL                      | AA3     | 4.130% | 22-Feb-17     | 10             | 3.421     | 3.421    | 3.421   |
| DIALOG PERPETUAL SUKUK WAKALAH TRANCHE NO. 1       | A1      | 4.150% | 15-Nov-20     | 1              | 3.823     | 3.97     | 3.823   |
| MBSBBANK IMTN 5.250% 19.12.2031                    | A3      | 5.250% | 19-Dec-31     | 1              | 4.239     | 4.289    | 4.239   |
| <b>Total</b>                                       |         |        |               | <b>248</b>     |           |          |         |

Sources: BPAM

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