

Global Markets Daily

ECB's "Transition", Inflation Target in Focus

Asian Equities Showing Green, USD-AxJ FX Turning Lower

Most Asian equity indices are in the green this morning, mirroring buy-on-dip behaviour in US markets over the past two days. Oil price recovery on the back of stockpile declines also supported a positive turn in commodity FX, with broad USD moderating from recent highs. Concomitantly, some USD-AxJ pairs are showing tentative signs of turning lower from overbought conditions, even as Covid headlines may continue to weigh on sentiments intermittently. Upcoming ECB GC meeting this evening (745pm followed by press conference at 830pm SG/MY time).

ECB's "Transition into a New Format" Post-PEPP

Lagarde's prior comments suggest that PEPP will run at least until Mar 2022, and this could then be followed by a "transition into a new format". We note Lagarde's emphasis on a few points in her recent Bloomberg interview, including (1) "being very flexible and not start creating the anticipation that the exit is in the next few weeks"; (2) "guardedly optimistic" about recovery because delta variant pose threat to efforts to resume normal life; (3) higher inflation is expected to be temporary; (4) "the acceptance and the tolerance" that a transitory and moderate inflation overshoot may be needed as part of commitment to restore price stability. Some analysts are expecting a more dovish stance but we think otherwise. On net, we opined that Lagarde may attempt to manage market expectations that the end of PEPP does not necessitate policy tightening. "Transition into a new format" could imply an open-ended type of QE in which ECB retains the flexibility and optionality to deploy when needed. To some extent, we may be slightly tilted towards ECB phasing in a gentler path of exit from stimulus, with conditions but not in a big bang way. We also look for clarification on its new 2% inflation target.

US Activity Indices, EU, AU Sentiment Indicators on Tap

Watch for US CFNAI, Existing home sales, Kansas City Fed mfg activity, EU Consumer confidence, AU NAB Business confidence.

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G7: Events & Market Closure

Date	Ctry	Event
22 Jul	EU	ECB Policy Decision

Asia Ex JP: Events & Market Closure

Date	Ctry	Event
20 Jul	ID, MY, PH, SG	Market Closure
21 Jul	IN	Market Closure
22 Jul	ID	BI Policy Decision

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1794	↑ 0.11	USD/SGD	1.3636	↓ -0.13
GBP/USD	1.3713	↑ 0.62	EUR/SGD	1.6084	↓ -0.02
AUD/USD	0.7359	↑ 0.40	JPY/SGD	1.2364	↓ -0.52
NZD/USD	0.697	↑ 0.75	GBP/SGD	1.8698	↑ 0.50
USD/JPY	110.29	↑ 0.40	AUD/SGD	1.0032	↑ 0.23
EUR/JPY	130.1	↑ 0.53	NZD/SGD	0.9506	↑ 0.64
USD/CHF	0.9176	↓ -0.44	CHF/SGD	1.4858	↑ 0.24
USD/CAD	1.2556	↓ -0.99	CAD/SGD	1.0856	↑ 0.81
USD/MYR	4.2332	↑ 0.19	SGD/MYR	3.0958	↓ -0.05
USD/THB	32.853	↑ 0.13	SGD/IDR	10639.8	↑ 0.22
USD/IDR	14543	↑ 0.17	SGD/PHP	36.8197	↓ -0.61
USD/PHP	50.37	↑ 0.05	SGD/CNY	4.7409	↑ 0.02

Implied USD/SGD Estimates at 22 July 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3365	1.3638	1.3911

G7 Currencies

■ **DXY Index - Bias to Sell Rallies in 92.6 - 93.2 Range.** Dollar rally paused overnight with weakness seen against more FX than previous sessions. Another positive day for equities and bounce in oil prices somewhat shored up confidence and supported commodity-linked FX, including NZD and CAD. Elsewhere USDJPY also traded higher as traditional correlation proxy play (higher equity, higher UST yields - > higher USDJPY) comes back into play. Nonetheless AXJs continued to trade cautiously, with high-beta KRW near 7-month low vs. USD. Rampant delta variant spread globally remains a key concern as worries of another pandemic wave in some countries may see tighter restrictions last longer and this could see covid fatigue dampening sentiment and derailing growth recovery momentum. USD could draw support from lingering cautious sentiment. Day ahead, DXY is likely to take cues from EUR swings as ECB meeting (745pm SG/MY time) could be an event risk. DXY was last seen at 92.85 levels. Daily momentum and RSI are still not indicating a clear bias. 2-way trade likely but biased to sell rallies. Support at 92.42 (21 DMA), 91.95 levels (61.8% fibo retracement of Mar high to May low), 91.50 levels (100, 200DMAs, 50% fibo). Resistance at 93.2 and 93.5 levels. We look for 92.60 - 93.20 range. Week remaining brings CFNAI, Existing home sales (Jun); Kansas City Fed mfg activity (Jul) on Thu; Prelim PMIs (Jul P) on Fri.

■ **EURUSD - ECB Key Focus.** Upcoming ECB Governing Council meeting this evening (745pm followed by press conference at 830pm SG/MY time) is of interest. Lagarde had indicated that the meeting was previously expected to be relatively uneventful - will now have “some interesting variations and changes” as new guidance on monetary stimulus will be revealed. She emphasized that PEPP will run at least until Mar 2022, and this could then be followed by a “transition into a new format”. Some analysts are expecting a more dovish stance but we think otherwise. We noted she stressed on a few points (in her recent Bloomberg interview) including (1) “being very flexible and not start creating the anticipation that the exit is in the next few weeks”; (2) “guardedly optimistic” about recovery because delta variant pose threat to efforts to resume normal life; (3) higher inflation is expected to be temporary; (4) “the acceptance and the tolerance” that a transitory and moderate inflation overshoot may be needed as part of commitment to restore price stability. On net, we opined that Lagarde may attempt to manage market expectations that the end of PEPP (Mar-2022) does not necessitate policy tightening as policymakers seek to avert any unnecessary tightening of financial conditions. **Hence the “transition into a new format” could be an open-ended type of QE in which ECB retains the flexibility and optionality to deploy when needed to support Euro-area economy and financial conditions. To some extent, we may be slightly tilted towards ECB phasing in a gentler path of exit from stimulus, with conditions but not in a big bang way.** We also look for clarification on its new 2% inflation target. EUR was last seen at 1.1795 levels. Daily momentum and RSI are showing tentative signs of turnaround. Potential falling wedge pattern could be in the making. This is

typically a bullish reversal though one can also argue that the apex is still far away. Resistance at 1.1840 (76.4% fibo retracement of Mar low to May high, 21 DMA), 1.1920/30 (61.8% fibo), 1.1980/1.20 levels (50, 100, 200 DMAs, 50% fibo). Support at 1.1760 and 1.1705/15 levels. Week remaining brings ECB Governing Council; Consumer confidence (Jul) on Thu; Prelim PMIs (Jul) on Fri. Bias remains to buy EUR on dips.

■ **GBPUSD - Need to Break Above 200DMA for Bulls to Return.** GBP rebounded overnight, in line with technical signal that GBP was oversold on RSI. Pair was last seen at 1.3706 levels. Bearish momentum on daily chart shows tentative signs of fading while RSI is rising from near oversold conditions. Further upmove could gain traction if GBP decisively break above area of resistance at 1.3710 (200 DMA) - 1.3730. Next resistance at 1.38 (21 DMA), 1.3910 (100 DMA). Support at 1.3570 (recent low, 23.6% fibo retracement of 2020 low to 2021 double top). Near term, delta variant spread remains a concern and could still keep GBP bounce restrained. Elsewhere we note BoE's appointment of former Citi global Chief Economist Dr Catherine Mann to serve on BoE's MPC. Week remaining brings CBI Trends Selling Prices (Jul) on Thu; Retail sales (Jun); Prelim PMIs (Jul) on Fri.

■ **USDJPY - Larger Two-way Swings; Near-term Buy-on-dips.** Pair last seen at 110.20, edging higher alongside recovery in UST yields. Demand for US treasuries eased as resilient corporate earnings supported sentiments and US equities continued their upward retracements. USDJPY pair now >100pips above interim low of 109.10 on Mon evening. More volatility from risk assets could be expected as broader Delta variant concerns battle with markets' buy-on-dips instincts. Bias is near-term support for treasury yields and hence USDJPY pair. Bearish momentum on daily chart is moderating, while RSI is not showing a clear bias. Support nearby at 110.00 (50-DMA), before next at 109.10, 108.30 (23.6% fibo retracement of Mar high to Apr low). Resistance at 110.45 (21-DMA), 111, 112 (Mar high).

■ **NZDUSD - Consolidate.** NZD bounced amid supported risk sentiment but magnitude of bounce remains somewhat restraint. And it is likely due to lingering cautious mood owing to global delta variant spread. Pair was last seen at 0.6955 levels. Daily momentum and RSI indicators are not showing a clear bias. 2-way trade likely. Support at 0.69, 0.6880. Resistance at 0.6990 (21 DMA), 0.7050. Intra-day look for 0.6920 - 0.6980 range.

■ **AUDUSD - Falling Wedge Intact.** AUDUSD waffled around 0.7350, lifted by the improved sentiment in overnight trades. However, gains are likely limited by the relentless spread of the Covid infections at home. Victoria just recorded a higher 26 local cases this morning and South Australia along with more regions of NSW declared a 7-day snap lockdown yesterday. Queensland declared to ease some of its restrictions on Fri at 6pm after daily cases stabilized for the past few weeks, albeit retaining mask mandate for another week. Borders however, are declared shut to all of NSW from 1am

Friday. NSW records another 124 local cases overnight. The relentless rise in infections have cast doubt on whether the economic outperformance of Australia can continue. A study by the University of Melbourne Populations Intervention Unit suggests that the Sydney lockdown may need to last until Sep to suppress case numbers. The most optimistic scenario is for target of <5 daily cases to be met as early as 26 Aug. Back on the AUDUSD chart, falling wedge is still seen and should typically precede a rebound. Bullish divergence remains intact as well. Support is seen at 0.7280 before 0.7230. Key resistance at 0.7340, 0.7380 and then at 0.7476 (21-dma). Data-wise, business confidence survey for 2Q due on Thu, Markit prelim. Mfg/Serv. PMI due on Fri.

- **USDCAD - Rising Wedge.** USDCAD was last seen around 1.2580 and the rising wedge seems to have been broken out with the fall in the greenback and the rise in the USD. CAD may continue to outperform other currencies (such as AUD, EUR) as the Trudeau administration continues to ease restrictions, even opening up its borders to fully vaccinated Americans into the country on 9 Aug and the other international travellers a month later. This comes after Canada's vaccination rate overtook the US' and the former has enough vaccines in the country to inoculate everyone that is eligible by next week. Back on the USDCAD chart, the pair has found support around 1.2550 and USDCAD bears need to break that support level as well as the 21-dma at 1.2478 for further extension. Bullish momentum is waning and bearish divergence could be playing out. Recent high of 1.2807 has now become a resistance before the next at 1.2880 (61.8% fibo retracement of the Oct20-May21 fall). Week ahead has May retail sales on Fri. At home, the National statistics agency on Wed has provided new weights for the CPI basket computation that includes a shift towards the shelter component. The new weights will be used to compute the Jun data, due for release on 28 Jul. Statscan wanted to reflect the change in spending and the rise in housing prices. Separately, BoC has named Sharon Kozicki as a new Deputy Governor and this comes after Carolyn Rogers was also named as Senior Deputy Governor (second in command).

Asia ex Japan Currencies

SGD trades around -0.02% from the implied mid-point of 1.3638 with the top estimated at 1.3365 and the floor at 1.3911.

- **USDSGD - *Bias for Modest Recovery in SGD NEER***. USDSGD pair last seen at 1.3640, showing some signs of retracement lower yesterday after the step-up at the start of the week. A recovery in oil prices had lent support to commodity FX and led to a bout of modest dollar softening. Back in Singapore, daily locally transmitted Covid cases hover modestly below the 200-handle. The spike in cases in the Jurong Fishery Port cluster highlights transmission risks among food supply linkages (importers, wholesale handlers, retailers, market customers). In particular, vulnerabilities among unvaccinated elderly is a key consideration for the recent curbs (dining-in not allowed, group sizes for social gatherings reduced from 5 to 2 again). On a brighter note, around half of the population is now fully vaccinated and this share could rise by 1%-pt each day in the lead-up to National Day on 9 Aug. Trade-weighted SGD NEER is now testing support near policy mid-point, compared to our Apr forecast range of +0.5% to +1.5% above par, reflecting the recent unanticipated adverse turn in domestic pandemic conditions. Expect some modest recovery in SGD NEER if contagion shows signs of being contained. Momentum on USDSGD daily chart is modestly bullish, while RSI is in overbought conditions. Resistance at 1.3680, 1.3780. Support at 1.36, 1.3530 (Mar high), 1.3450 (76.4% fibo retracement from Mar high to Jun low). CPI due Fri.
- **AUDSGD - *Capped***. Cross was last seen around 1.0020. The 21-dma at 1.0100 continues to cap bullish forays 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. Support levels at 1.0020 (being tested now) before the next at 0.9920.
- **SGDMYR - *Consolidate***. SGDMYR held steady; last seen at 3.10 levels. Bullish momentum on daily chart shows tentative signs of fading. Support at 3.0950 (21 DMA) and 3.0910 (100 DMA). Resistance at 3.1020 (50 DMA), 3.11 levels. 2-way trade within 3.0950 - 3.1060 range likely.
- **USDMYR - *RSI Overbought***. USDMYR eased off recent highs as USD eased, oil rebounded. Malaysia is also said to allow factories to reopen once >80% staff are vaccinated. USDMYR was last seen at 4.2280 levels. Bullish momentum on weekly, daily chart intact while RSI is in overbought conditions on both weekly and daily charts. Bullish trend channel formed since start of the year remain intact but we expect pace of upmove to moderate. Resistance here at 4.24 (upper bound of bullish trend channel), 4.25 levels. Support at 4.2220, 4.20 and 4.18 levels (21 DMA). This week brings CPI, FX reserves data on Fri.
- **1m USDKRW NDF - *Sell Rallies***. 1m USDKRW remains better bid amid covid fears even as first 20days export data continued to come in on

the strong side (+32.8% y/y vs. 29.5% prior). Pair was last seen at 1150. Mild bullish momentum on daily chart but RSI eased. Potential bearish divergence on daily MACD. Bias remains to fade upticks. Resistance here at 1150, 1152 and 1162 levels. Support at 1142, 1139 (21 DMA).

- **USDCNH - Consolidative.** The pair hovered around 6.4670 this morning, softening as the USD finished overnight session lower. The USDCNY reference rate was fixed at 6.4651 vs. consensus estimate of 6.4848. USDCNH spot remains in tight swivels around the 6.47-figure. Support remains at 6.4640 (21-dma) before the next at 6.4360 (50-dma). A failure to break out of the 6.40-6.50 range has resulted in a consolidation within the range. On the international front, China's Foreign Ministry Wang Yi has confirmed a meeting with Senior US official (Deputy Secretary of State) Wendy Sherman in Tianjin on Sun-Mon (25-26 Jul). Sherman is said to make top after a visit to Mongolia before heading to Oman. This comes after an accusation by the Biden administration that China had launched a cyberattack on a Microsoft Exchange email server earlier this year. At home, State Council had urged for better flood control and disaster relief measures, warning that some regions still face heavy rainfalls. Shanghai Securities News reported that the floods have disrupted production, transportation and trading of certain commodities in the region but market is stabilizing quickly. There was impact on demand for steel from the province as well as coal. In related news, the NDRC plans to release another 30K tons of copper, 90K tons aluminium and 50K tons of zinc from its reserves towards the end of Jul to cool commodity prices.
- **USDINR NDF - Risks Tilting to the Downside.** The 1M NDF slipped to levels around 74.75. Improvements in risk appetite likely kept the NDF on the decline for much of this week and MACD has become bearish. Risks have tilted to the downside and we see potential for further bearish extension towards 74.30. Resistance remains at 75.20, 75.55 and then at 76.00. Support at 74.70 (38.2% fibo retracement of the Feb-Apr rally) is being tested and then the next is seen at 74.30 before area of support around 74.00 (50,100,200-dma). No tier one data due this week.
- **USDVND - Consolidative.** The pair closed 23024 on 21 Jul vs. 23017 on 20 Jul. This pair remains largely within the 22900-23040 range as broader markets remain in consolidative state. Resistance at 23032 is marked by the 50-dma while 23004 at 21-dma could be an interim support. Covid cases at home remain a tad elevated with 7-day average still around 5427 as of 20 Jul with no signs of easing yet. Vietnam remains a laggard in its vaccination drive with only 4.2% of its population getting its first dose with around 36K doses administered daily according to the Bloomberg Vaccine Tracker. Daily vaccine administration has been on the gradual rise. HCM City Deputy Party Chief was cited saying that the commercial hub of HCM City may see its lockdown extended beyond Fri (23 Jul) for 7-10 days. The Deputy PM Pham Binh Minh had told National Assembly that meeting the economic goals for 2021 (of 6-6.5%) would be "very difficult and challenging" given the pandemic's impact on agriculture, industrial and service sectors. He said that the country hopes to reach herd immunity by 1H of 2022 at the latest.

- **1M USDIR NDF - *BI to Stand Pat; Supported.*** Last seen near 14,560, mildly lower than levels seen yesterday morning. Authorities will shift to a four-level movement restriction strategy dependent on the seriousness of the outbreak in localities for 21-25 Jul, before starting to ease curbs from 26 Jul if the Covid case trajectory eases. Thus far there are indeed tentative signs that daily new cases (38k on 20 Jul) are moderating from recent interim peak (57k on 15 Jul). But at the same time, we note new bout of warnings from S&P and Moody's on heightened credit risks, given potential delays to the economic recovery and accompanying stresses on fiscal buffers. On net, market sentiments could still lean towards caution in the interim, and the 1m USDIR NDF could remain supported. Momentum and RSI on daily chart are not showing a clear bias. Resistance at 14,740 (Mar high). Nearby support at 14,520-14,540, before 14,360 (200-DMA). We expect BI to stand pat today. It remains too early to consider policy normalization. Inflation is still subdued—June CPI at 1.33%/y, vs. BI target range of 2-4%. Although the domestic Contagion profile shows tentative signs of easing, it remains elevated vs. the 5-6k lows seen in early 2Q. Recovery prospects have also dampened given recent new Covid curbs in Java and Bali. On the other hand, policy rate cuts are also less desirable at this point, given potential negative spillovers to IDR, which might exacerbate concerns over eventual Fed tapering. We note that portfolio flows turned cautious in Jul, with modest outflows seen in sovereign bond markets in the recent two weeks.
- **USDTHB - *Bullish Momentum Moderating?*** Last seen at 32.84, on par with levels seen yesterday morning. Focus likely remains on the domestic Covid situation, with new cases remaining on a broad uptrend. More details have been announced with regards to the 14-day lockdown (from 12 Jul) in the 13 “dark-red” provinces, with closures ordered for most non-essential services. Meanwhile, signs of fiscal stresses among key corporates are emerging. Soft loans promised last year to the seven Thai airlines are still pending, while the hit to airlines has exacerbated, with the latest restrictions requiring temporary suspensions of all flight entering or exiting the 13 “dark-red” provinces. Sentiments could still lean towards caution in the interim, but the bout of THB losses from mid-Jun (around 5-6% softening vs. USD) could mean that a significant part of the recent negative turn in events has been priced in. Bullish momentum on daily chart is moderating, while RSI suggests severe overbought conditions. Up-moves could slow; chance to retrace lower if domestic case trajectory eases. Resistance at 33.20 (2020 high). Support at 32.00, before 31.75 (50-DMA). Customs trade due Fri.
- **1M USDPHP NDF - *Bullish Momentum Moderating.*** NDF last seen at 50.50, continuing to ease lower, retracing most gains seen earlier in the week. Finance Secretary Dominguez opined that part of the recent PHP softness might have reflected importers' demand for USD as the economy recovered. He also said that there's room to cut banks' RRR (at 12%), to release more liquidity to markets, and put downward pressure on interest rates. On macro prospects, authorities retained the GDP growth target of 6-7% this year, while

Moody's cut its growth forecast to 5.8% from Jan's 7%. We note a new key risk in the form of Delta variant spread. The country's first locally transmitted cases of the Delta variant were recorded late last week. Pace of contagion in the next few weeks requires close monitoring. Cumulatively, the PHP is around 5% softer since Fed's hawkish shift in mid-Jun and technical indicators suggest some near-term retracement. Bullish momentum on daily chart is moderating while RSI is turning lower from overbought conditions. Resistance at 50.85 (61.8% fibo retracement of 2020 high to 2021 low), 51.60 (76.4% fibo). Support at 49.90 (21-DMA), 48.80 (50-DMA). Budget balance due Fri.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.23	2.23	Unchanged
5YR MO 9/25	2.50	2.47	-3
7YR MS 6/28	2.95	2.93	-2
10YR MO 4/31	3.13	3.10	-3
15YR MS 5/35	3.70	3.67	-3
20YR MY 5/40	4.00	3.96	-4
30YR MZ 6/50	4.19	4.12	-7
IRS			
6-months	1.93	1.93	-
9-months	1.94	1.92	-2
1-year	1.94	1.93	-1
3-year	2.30	2.28	-2
5-year	2.54	2.52	-2
7-year	2.83	2.79	-4
10-year	3.03	2.98	-5

Source: Maybank KE

*Indicative levels

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- Solid buying in local government bonds in the morning on the back of the strong UST rally. Medium and long tenor bonds rallied 2-7bps lower in yields, and the curve bull-flattened in line with global rates. Foreigners buying long ends while locals were better sellers, looking to take profit after recent gains. The momentum stalled in the afternoon as UST corrected alongside a rebound in equities. Local govies expected to stay within current range, while the recent UST rally may ebb as corporate earnings season help buoy risk sentiment.
- Onshore IRS curve bull-flattened and lowered by 1-5bps in tandem with the UST movement, albeit in thin liquidity. 3y IRS was taken back higher at 2.30% towards market close as UST yields climbed back up. 3M KLIBOR still flat at 1.94%.
- Local corporate bonds generally mixed with the front end better bid by 2-3bps, while the belly and long end were unchanged to 1bp firmer. Few GGs were dealt such as Prasarana 2025 and MKD 2025. Rated corporate bonds saw trades mostly at the belly area which were unchanged to 1bp firmer, with active names being Infracap, PLUS, QSP and JEP.

Singapore Rates and AxJ USD Credit

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.38	0.37	-1
5YR	0.86	0.83	-3
10YR	1.43	1.39	-4
15YR	1.73	1.69	-4
20YR	1.79	1.75	-4
30YR	1.80	1.75	-5

Source: MAS (Bid Yields)

- In the absence of other catalyst, SGD rates were dragged lower by UST yields. The fall in SGD IRS rates was mainly at the belly, with the 5y down 8bps from previous close before retracing a few basis points by day end. SGS trailed as usual, until a lift at the ultra-long end saw prices marked up higher. SGS yield curve bull-flattened and was lower by 1-5bps.
- Asian credits were mixed. Some tech names tightened as US tech equities rallied overnight, such as Tencent which tightened 3-5bps. For Asian sovereign bonds, prices were unchanged to 0.40pt lower and although the long end was better offered, 30y bonds tightened 3-4bps in spreads as UST corrected. Malaysian IGs remained weak with little bids for PETMK and MALAYS while market was better offered as cash investors looked to sell into UST strength despite spreads being 10bps wider WoW. India, Korea and Japan IGs largely stable and little changed in price. Asia HYs continued weaken, broadly down by 0.5-1.0pt in price, as investors preferred higher quality credits after the recent moves.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.62	3.62	0.00
3YR	4.46	4.88	0.42
5YR	5.29	5.30	0.01
10YR	6.32	6.31	(0.01)
15YR	6.38	6.39	0.01
20YR	7.11	7.12	0.01
30YR	6.90	6.91	0.01

* Source: Bloomberg, Maybank Indonesia

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- Indonesian government bonds slightly weakened on the secondary bond market yesterday. Investors took momentum for realizing their profits on the secondary bond market after seeing strong investors' interest to participate on the government's bond auction. On yesterday's auction, investors recorded hefty amount of total incoming bids by Rp95.55 trillion. It's the highest record since early year of 2021. As expected, investors, mostly local players, have strong interest to seek the next year's benchmark candidates series, such as FR0090, FR0091, and FR0092. Total investors' incoming bids for those three series reached Rp74.97 trillion. It can be a clear indication that investors begin to take earlier investment position for the most promising series. From this auction, the government only absorbed Rp34 trillion. It indicated that the government is being more efficient to apply debt financing strategy. For FR0091, the government only absorbed Rp10.65 trillion with 6.35892% of weighted awarded yields.
- Actually, Indonesian government bonds offer attractive yields amidst recent manageable position on Rupiah against US\$ at below 14,600. Moreover, on the global side, investors also begin to see the safe haven assets due to the latest surging cases of daily COVID-19, especially Delta Variant. Furthermore, we believe that the market players still have short term orientation on their investment position after watching recent results of Indonesian relative high record on daily cases of COVID-19. Indonesian government reported another high record of daily COVID-19 cases, although indicating to lower number than before. There were 33,772 confirmed cases in the 24 hours through midday Wednesday, with 1,383 people dying from the disease known as Covid-19.
- Today, Bank Indonesia is scheduled to decide its monthly policy rate decision. We expect the Central Bank to keep maintaining its policy rate at 3.50% for keeping domestic macroeconomic stability. However, we believe that there are still adequate rooms for the Central Bank to lower its policy rate for boosting domestic economic confidence during recent economic weakening prospects due to high uncertainty on the case of COVID-19 by Delta Variant. Indonesian business players are believed to be more confident if seeing the lending cost to indicate being cheaper. Furthermore, inflation prospect is keeping low recently. The people's purchasing power is under threat due to persisting restriction on social economic activities. On the other side, Indonesian currency is expected to be manageable after we see further prospect of low deficit position on the country's current account. The country's imported goods activities will keep being low during persisting pandemic.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1837	110.75	0.7410	1.3808	6.4990	0.7030	130.8467	81.9173
R1	1.1815	110.52	0.7385	1.3760	6.4817	0.7000	130.4733	81.5347
Current	1.1798	110.13	0.7351	1.3710	6.4695	0.6956	129.9200	80.9490
S1	1.1762	109.93	0.7312	1.3628	6.4543	0.6917	129.4433	80.4297
S2	1.1731	109.57	0.7264	1.3544	6.4442	0.6864	128.7867	79.7073
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3709	4.2514	14573	50.8000	32.9397	1.6124	0.6566	3.1097
R1	1.3673	4.2423	14558	50.5850	32.8963	1.6104	0.6555	3.1027
Current	1.3642	4.2290	14518	50.3230	32.8490	1.6095	0.6540	3.1000
S1	1.3615	4.2258	14529	50.1800	32.8013	1.6071	0.6533	3.0904
S2	1.3593	4.2184	14515	49.9900	32.7497	1.6058	0.6522	3.0851

*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	0.4304	Oct-21	Neutral
BNM O/N Policy Rate	1.75	9/9/2021	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	26/8/2021	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	3/8/2021	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	34,798.00	0.83
Nasdaq	14,631.95	0.92
Nikkei 225	27,388.16	-0.96
FTSE	6,998.28	1.70
Australia ASX 200	7,308.72	0.78
Singapore Straits Times	3,119.00	0.25
Kuala Lumpur Composite	1,516.52	-0.23
Jakarta Composite	6,029.98	0.21
Philippines Composite	6,476.21	-1.68
Taiwan TAIEX	17,458.79	-0.40
Korea KOSPI	3,215.91	-0.52
Shanghai Comp Index	3,562.66	0.73
Hong Kong Hang Seng	27,224.58	-0.13
India Sensex	52,198.51	-0.68
Nymex Crude Oil WTI	70.30	4.27
Comex Gold	1,807.40	-0.43
Reuters CRB Index	212.98	1.91
MBB KL	8.01	-0.25

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	184	1.72	1.736	1.72
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	340	1.731	1.802	1.629
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	538	1.73	1.767	1.619
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	10	1.753	1.753	1.753
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	37	1.9	1.917	1.842
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	2	1.895	1.895	1.855
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	1	1.93	1.93	1.93
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	324	2.229	2.236	2.212
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	99	2.296	2.298	2.222
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	28	2.313	2.319	2.313
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	5	2.469	2.492	2.467
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	11	2.613	2.644	2.613
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	20	2.56	2.56	2.556
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	51	2.83	2.867	2.808
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	62	2.879	2.938	2.879
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	207	2.931	2.958	2.911
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	136	3.129	3.162	3.107
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	2	3.213	3.215	3.213
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	367	3.223	3.223	3.087
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	2	3.271	3.271	3.271
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	4	3.633	3.701	3.633
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	32	3.751	3.808	3.75
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	61	3.65	3.67	3.65
MGS 3/2017 4.762% 07.04.2037	4.762%	07-Apr-37	5	3.84	3.84	3.84
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	35	3.942	3.974	3.942
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	42	4.148	4.157	4.123
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	566	1.954	1.962	1.901
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	3	1.954	1.954	1.954
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	13	2.171	2.171	2.171
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	34	2.24	2.24	2.24
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	174	2.269	2.283	2.256
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	110	2.571	2.578	2.571
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	192	2.577	2.577	2.367
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	12	2.951	2.951	2.898
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	97	2.929	2.932	2.889
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	3	3.033	3.033	3.033
GII MURABAHAH 1/2019 4.130% 09.07.2029	4.130%	09-Jul-29	26	3.177	3.196	3.177
GII MURABAHAH 2/2020 3.465% 15.10.2030	3.465%	15-Oct-30	130	3.2	3.225	3.2
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	6	3.709	3.709	3.693
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	5	3.656	3.709	3.656
GII MURABAHAH 6/2015 4.786% 31.10.2035	4.786%	31-Oct-35	5	3.954	3.954	3.954
GII MURABAHAH 1/2021 3.447% 15.07.2036	3.447%	15-Jul-36	418	3.863	3.914	3.856
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.467%	15-Sep-39	2	4.228	4.228	4.228

GII MURABAHAH 2/2021 4.417% 30.09.2041	4.417%	30-Sep-41	153	4.18	4.18	4.159
GII MURABAHAH 5/2019 4.638% 15.11.2049	4.638%	15-Nov-49	49	4.393	4.393	4.353
Total			4,605			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
JAMB.KEDUA IMTN 3.910% 28.07.2023	GG	3.910%	28-Jul-23	60	2.149	2.158	2.149
MKDK IMTN 4.430% 21.02.2025	GG	4.430%	21-Feb-25	30	2.569	2.569	2.569
PRASARANA IMTN 4.390% 07.03.2025 - Series 4	GG	4.390%	07-Mar-25	140	2.501	2.501	2.501
PTPTN IMTN 25.07.2031	GG	4.500%	25-Jul-31	10	3.499	3.511	3.499
Infracap Resources Sukuk 3.69% 15.04.2026 (T1 S3)	AAA (S)	3.690%	15-Apr-26	10	3.23	3.23	3.23
DIGI IMTN 3.50% 18.09.2026 - Tranche No 4	AAA	3.500%	18-Sep-26	10	3.012	3.012	2.997
SEB IMTN 4.850% 19.01.2027	AAA	4.850%	19-Jan-27	20	3.307	3.309	3.307
PASB IMTN 3.320% 04.06.2027 - Issue No. 21	AAA	3.320%	04-Jun-27	10	3.25	3.25	3.25
Infracap Resources Sukuk 4.12% 14.04.2028 (T1 S4)	AAA (S)	4.120%	14-Apr-28	10	3.58	3.58	3.58
PLUS BERHAD IMTN 5.000% 11.01.2030 - Series 1 (14)	AAA IS	5.000%	11-Jan-30	15	3.68	3.68	3.68
PLUS BERHAD IMTN 5.070% 10.01.2031 - Series 1 (15)	AAA IS	5.070%	10-Jan-31	30	3.794	3.801	3.794
PLUS BERHAD IMTN 5.150% 12.01.2032 - Series 1 (16)	AAA IS	5.150%	12-Jan-32	10	3.869	3.871	3.869
KLK IMTN 3.75% 27.09.2029 - Tranche 1	AA1	3.750%	27-Sep-29	5	3.66	3.66	3.66
GENM CAPITAL MTN 5479D 31.3.2032	AA1 (S)	5.200%	31-Mar-32	2	4.893	4.893	4.694
ANIH IMTN 6.00% 29.11.2028 - Tranche 15	AA IS	6.000%	29-Nov-28	10	3.807	3.843	3.807
PKNS IMTN 3.850% 22.11.2022	AA3	3.850%	22-Nov-22	10	3.221	3.229	3.221
TBE IMTN 5.450% 13.09.2024 (Tranche 7)	AA3	5.450%	13-Sep-24	20	3.125	3.183	3.125
NORTHPORT IMTN 5.780% 19.12.2024	AA- IS	5.780%	19-Dec-24	20	3.63	3.654	3.63
QSPS Green SRI Sukuk 5.760% 05.04.2030 - T23	AA- IS	5.760%	05-Apr-30	10	4.298	4.301	4.298
JEP IMTN 5.790% 04.06.2030 - Tranche 19	AA- IS	5.790%	04-Jun-30	5	4.252	4.252	4.252
QSPS Green SRI Sukuk 5.800% 04.10.2030 - T24	AA- IS	5.800%	04-Oct-30	10	4.349	4.351	4.349
QSPS Green SRI Sukuk 5.840% 04.04.2031 - T25	AA- IS	5.840%	04-Apr-31	10	4.448	4.451	4.448
Total				457			

Sources: BPAM

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