

Global Markets Daily

A Little Inflation Is Good

Macro | FX Research & Strategy

Global

Inflation to Run Near The Symmetric 2% Target

The USD slipped in response to the Fed decision and the release of the FOMC statement, underscoring some hawkish bets. To be clear, the US did have some pretty solid data that could have encouraged some market players to price in some likelihood of Fed aggressive tightening. However, Fed has clearly stayed its course and even dropped the line “but the Committee is monitoring inflation developments closely”. Another new word that is scrutinized is “symmetric”. In the statement, the Fed expects “inflation on a 12-month basis is expected to run near the Committee’s symmetric 2% objective over the medium term”. This suggests that the Fed’s tightening trajectory is likely to be as tolerant to a rate overshooting as how it was when rates were under the 2% target. In other words, a little inflation is good so stay the course for now.

More US data Ahead Underpins the USD

As what we have warned, just as the USD was not fueled by the rise in rates yesterday, USD strength is unlikely to stop overnight (with FOMC). There are quite a number of US data releases for the rest of the week including durable goods order, factory orders and NFP. Upside surprises to these data could lift the UST 10y yields and re-establish the correlation between the USD and the UST yields. Interestingly, 10y yield came off after the ADP release yesterday and the announcement by the US treasury that auction sizes of all nominal coupon debt, FRNSs will be increased (BBG). TIPS auctions are kept unchanged and there is a study on new 5-year sale. 2 and 3yr note auctions will be boosted by U\$1mn for May-Jul. Coupon maturities from 5-30 years will rise by U\$1bn and maintained. There seems to be a focus on the shorter end of the yield curve that could see a narrowing of the 2y10y spread.

Yuan Weakness Inspires The Regional Peers

The USDCNY fixing was higher than expected, raising speculation that China is using yuan as a tool for the trade negotiation that would happen today. North Asian currencies were hit the most with KRW and TWD down -0.1% each vs. the USD. Eyes are on the trade negotiation that happens in Beijing today.

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G7: Events & Market Closure

Date	Ctry	Event
1 May	AU	RBA Meeting
30 Apr, 3-5 May	JN	Golden Week (Market Closure)
1-2 May	US	FOMC Meeting
3 May	US-China	US-China Trade Negotiation

AXJ: Events & Market Closure

Date	Ctry	Event
30 Apr-1 May	CH	Labour Day (Market Closure)
1 May	Asia	Labour Day (Market Closure)

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1951	↓ -0.35	USD/SGD	1.3364	↑ 0.21
GBP/USD	1.3576	↓ -0.28	EUR/SGD	1.5973	↓ -0.11
AUD/USD	0.7493	↑ 0.04	JPY/SGD	1.2167	↑ 0.25
NZD/USD	0.6995	↓ -0.14	GBP/SGD	1.8143	↓ -0.06
USD/JPY	109.84	↓ -0.02	AUD/SGD	1.0014	↑ 0.25
EUR/JPY	131.3	↓ -0.37	NZD/SGD	0.9348	↑ 0.07
USD/CHF	0.9988	↑ 0.22	CHF/SGD	1.3387	↑ 0.06
USD/CAD	1.2884	↑ 0.27	CAD/SGD	1.0373	↓ -0.06
USD/MYR	3.9345	↑ 0.28	SGD/MYR	2.9428	↓ -0.20
USD/THB	31.77	↑ 0.26	SGD/IDR	10450.88	↓ -0.28
USD/IDR	13948	↑ 0.25	SGD/PHP	38.869	↓ -0.05
USD/PHP	51.887	↑ 0.28	SGD/CNY	4.7624	↑ 0.24

Implied USD/SGD Estimates @ 3 May-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3142	1.3409	1.3676

G7 Currencies

- **DXY - Pace of USD Up-Move Shows Signs of Slowing.** Fed kept policy rate unchanged as widely expected at the FoMC meeting overnight. But accompanying statement contained tweaks pertaining to their assessment on inflationary trends - acknowledged that inflation on a 12month basis is expected to run near the committee's symmetric 2% objective over the medium term. This statement replaced the previous one where it said that inflation is expected to move up in coming months and to stabilise around the 2% objective. Fed went on to reiterate that further gradual increases in fed fund rate will be warranted and is likely to remain for some time below levels that are expected to prevail in the longer run. We believe Fed's slight revision on inflationary trends is to pre-empt market that further CPI upticks are likely but the Fed will also be tolerant of inflation temporarily overshooting the 2% symmetric objective. Temporary deviation is not likely to trigger the Fed to quicken its pace of monetary tightening. Gradual pace of rate increases remains - stay the course. We maintain our call for Fed to raise fed fund rate by 25bps at the Jun meeting. DXY was last seen at 92.61 levels. Bullish momentum on daily chart remains intact while stochastics is showing signs of turning from overbought conditions. These could suggest that USD bulls may be running into fatigue. But it is too soon to judge if this could well be an interim top for the DXY. We again caution that sustained price action above 200 DMA (now at 92 levels) could point to further upside for the USD. Next resistance seen at 93.60, 94.2 (38.2% fibo retracement of 2018 high to low). Support at 92 (200 DMA), 91, 90.60 levels (21, 100 DMAs). Week remaining brings Services PMI; Trade, Durable Goods (Mar) on Thu; NFP, Unemployment rate, hourly earnings (Apr); Fed's Dudley speaks on Fri. Slowdown in pace of wage growth (this Fri release) may help to cushion against USD strength. We reiterate that the return of monetary policy divergence thematic is likely to be temporary. Higher energy and commodity prices as well as tightness in labor market in other developed world including UK, AU, EU should feed through to inflation and brings back the case of monetary policy convergence at a later stage. This scenario would see other currencies' strength play catch-up.
- **EURUSD - CPI on Tap.** EUR slipped to a low of 1.1938 overnight amid broad USD strength. Pair has since traded firmer this morning. Market chatters of interbank buy flows. Pair was last seen at 1.1970 levels. Bearish momentum on daily chart remains intact but stochastics is falling into oversold conditions. Support at 1.1920 (76.4% fibo retracement of Dec low to 2018 high). Area of resistance at 1.2020 - 40 (200 DMA). We see range of 1.1920 - 1.2020 intra-day. Week remaining brings PPI (Mar); CPI estimate (Apr); ECB's Constancio, Coeure speak on Thu; Services PMI (Apr); Retail Sales (Mar) on Fri.
- **GBPUSD - Services PMI on Tap.** GBP rose on better than expected construction PMI but gains were soon given up amid broad USD strength overnight. GBP was last seen at 1.3590 levels. Bearish momentum on daily chart remains intact but stochastics is showing tentative signs of turning from oversold condition. We look for opportunity on this decline to buy into. Area of support at 1.3570 - 1.3540 (200 DMA, 76.4% fibo retracement of Dec low to 2018 double-top), 1.3480 levels. Resistance at 1.3710 (61.8% fibo). Week remaining brings Services PMI (Apr) on Thu. Stronger than expected prints should help to cushion against GBP downside.

- **USDJPY - Capped By 200 DMA.** USDJPY briefly crossed the 110-handle overnight at 110.04 amid USD strength ahead of the release of the FOMC statement but failed to sustain above that level before pulling back. With onshore markets out the rest of the week, muted trades are likely. We continue to watch the evolving political saga surrounding PM Abe and caution that failure resolve these issues could undermine support for his government and his position as PM. Further erosion of support for PM Abe could embolden a challenge to his leadership of the ruling LDP in Sep, potentially putting Abenomics and BOJ's massive stimulus programme at risk and puts downside pressure on the pair. Pair was last seen at 109.74-levels. Momentum indicators on the daily chart remains intact but waning, while stochastic remains at overbought conditions. Bullish bias on the weekly chart remains intact. This could suggest that USDJPY bulls fatigue may be setting in and some upside momentum may temporarily lose steam in the near term. Support is around the 109-handle (50% fibo retracement of 2018 high to low), 107.90 (38.2% fibo). Key area of resistance at 110-110.30 (200DMA, 61.8% fibo). An extended move towards 111.30 (76.4% fibo) should not be ruled out if equity risk sentiment stays supported and UST-JGB yield differentials stay wide. We do however caution that rapid pace of UST yield increase could derail risk sentiment. If that happens, risk sentiment could suffer and sell-off in risk assets could trigger risk aversion proxy plays. USDJPY gain could reverse as a result. **Onshore markets are closed for public holidays and re-open on Mon.**

- **NZDUSD - Tactical Buy on Dips.** NZD reclaimed 0.70-handle this morning. Pair was last seen at 0.7010 levels. Bearish momentum on daily chart remains intact but stochastics is entering oversold conditions and is showing tentative signs of turning from oversold conditions. Downside likely to be limited towards 0.6960 levels (76.4% fibo retracement of Dec low to 2018 high). Resistance at 0.7050/60 levels (61.8% fibo). Bias to buy dips towards 0.6980 targeting a move towards 0.7040 intra-day.

- **AUDUSD - Weighed For Now.** AUDUSD remained weighed by USD strength though higher copper and better Caixin PMI-mfg out of China lent some support for the pair. We still view AUDUSD as a buy on dips. AUDUSD is showing some signs of turning as it tests the lower bound of the downward sloping trend channel. 0.7510 is an interim resistance before the next at 0.7553. We see upside risks to the AUDUSD stemming from base metal prices and stronger inflation pressure, even acknowledged by the Fed, could inevitably force the hand of the RBA. While there is "no strong case" in the eyes of RBA Lowe now to adjust the cash target rate, we see a strong case in the near-future for an inflation targeting central bank like RBA to act. We continue to hold on to our call for RBA to raise rates in Aug as we think the recent pace of oil prices is very swift and likens to what we witness in the end of 2008 to mid-2009 where brent rose from around U\$45 to around U\$75. RBA hiked rates thereafter. Headline CPI also rose in tandem but pace and magnitude was likely capped by the successive hikes by the RBA. With brent making a very similar jump from U\$47 to around U\$73 and likely to head higher should OPEC continue to commit to their supply cuts, price pressure has a real risk of heading higher. The recent improvement in retail sales (a proxy for household consumption) also suggests more room for the RBA to act ahead of the curve in Aug. We stick to our view that dips are seen as opportunities to accumulate. We

see Caixin PMI-mfg, the latest print (for Apr) was an improvement from the last one, as a leading indicator of iron prices which softened recently in the backdrop of a USD resurgence. AUD is hurt, alongside other currencies. However, it is no longer the most penalized. On the charts, as we have noted before, the weekly chart is getting increasingly compelling for AUD bulls and we await a rebound above the 0.76-figure for bulls to get back on foot. Support is seen around 0.7466 before the next at 0.7440. Week ahead brings Building Approvals, Trade (Mar) on Thu; RBA Statement of Monetary Policy on Fri.

- **USDCAD - Downside Risks Ahead.** USDCAD has been trading sideways and was last seen around 1.2870. Support is seen around 1.2720 before the next at 1.2630. Resistance at around 1.2830 (50% Fibonacci retracement of the 2017 sell off). CAD had been the most resilient against the USD strength in the past two weeks in the G10 space. With stochs in overbought levels and showing signs of turning, this pair could have more risks to the downside than up. NAFTA negotiations are still ongoing and US Lighthizer said he hopes to reach a deal on 7 May. Support is seen around 1.2815 (50-DMA) before 1.2720/40 (marked by the 21-DMA), next at 1.2625 (200-DMA). The uncertainty surrounding NAFTA has been holding BoC back from hiking policy rates further. We continue to watch NAFTA developments and oil prices. Risks are to the downside in the medium term. Week ahead has Feb GDP tomorrow along with Mfg for Apr.

Asia ex Japan Currencies

- **SGD trades around 0.47% above the implied mid-point of 1.3409. We estimate the top at 1.3142 and the floor at 1.3676.**
- **USDSGD - *Temporary Relief*.** USDSGD touched a high of 1.3371 overnight - a high not seen since the start of the year - tracking the USD movements. Since then, pair has eased off to hover around the 1.3360-levels possibly on profit-taking after being on the uptick for the past three sessions. Last seen at 1.3356 levels. Bullish momentum on daily chart remains intact while stochastics is at overbought conditions. Weekly technical remains bullish. Risks appears to remain tilted to the upside. Support at 1.3280 (38.2% fibo retracement of Oct high to 2018 low), 1.3220 (100 DMA). Rebounds though should meet resistance around 1.3390 (200DMA) ahead of 1.3445 (61.8% fibo). Nikkei PMI (Apr) is on tap tomorrow. In the news, PMI slipped to 52.9 in Apr from 53 in Mar, but this print was still better than the 52.8 market was expecting. Electronics PMI slipped to 52.2 in Apr from 52.4 in Mar. Levels above 50 signals expansion in manufacturing activities while below 50 signals contraction.
- **AUDSGD - *Parity*.** AUDSGD does not tend to linger under the parity for long, the fundamentals just do not support that. As we have warned, moves lower have started to slow as stochs enter oversold levels. Resistance at 1.0160. With stochs and MACD turning lower on the daily chart, we had warned that this cross may extends its pullback before heading higher (possibly last chance to buy). However, we continue to hold the view that RBA would move before the end of this year and this is only a moment of weakness. Resistance is seen around 1.0113 (21-DMA) before the next at 1.0164. Moves up to meet resistance at 1.0060 before the next at 1.01.
- **SGDMYR - *2.94 - 2.96 Range*.** SGDMYR was last seen at 2.95 levels. Daily momentum and stochastics indicators are indicating a mild bearish bias. Key support at 2.94 (interim double bottom). Break below puts 2.9350, 2.9270 support levels in focus. Resistance at 2.9610 (50 DMA), 2.9750 (100 DMA, 61.8% fibo retracement of 2016 low to 2017 high). Suggest 2.94 - 2.96 range intra-day.
- **USDMYR - *Cautious Trading Into Overbought Conditions*.** USDMYR remains cautiously supported amid broad USD strength and in the lead up to General Elections next week. On fed meeting decision overnight, We believe Fed's slight revision on inflationary trends is to pre-empt market that further CPI upticks are likely but the Fed will also be tolerant of inflation temporarily overshooting the 2% symmetric objective. As such temporary deviation is not likely to trigger the Fed to quicken its pace of monetary tightening. USD gains could possibly slow especially if wage growth data tomorrow surprises to the downside. Pair was last seen at 3.9370 levels. Mild bullish momentum on daily chart remains intact while stochastics is in overbought conditions. Resistance at 3.9440 (100 DMA). Cautious trading expected in the lead up to polling day. Bias to lean against strength. Interim support at 3.89. Key area of support at 3.84 - 3.85. While our study of past General elections since 1980 shows that MYR typically appreciates up to 2% (vs. the USD) between parliament dissolution day and polling day, the current period may be slightly unique. For the current episode, MYR has appreciated around 6% vs. the USD in the 90 days prior to the dissolution of

parliament. This is the largest magnitude of gains in the same period (90D before dissolution date) relative to previous episodes of Malaysia GE since 1982. We caution that excessive optimism might already be in the price and the MYR could potentially trade cautiously in the lead up to polling day. External environment of rapidly rising UST yield could extend the USD rebound and that may pose risks to MYR outlook in the near term. That said we maintain our medium term bias for MYR strength on the back of improving domestic factors amid favourable external environment. Some of these factors include (1) sustained growth pick-up backed by consumption, investment and exports; (2) BNM initiatives (Apr-2017) to deepen and broaden domestic financial markets were positive steps to restore foreign investors' confidence; (3) BNM's pre-emptive move in Jan described the hike as pre-emptive to ensure that the stance of monetary policy is appropriate to prevent the build-up of risks that could arise from interest rates being too low for a prolonged period of time; (4) Sustained current account surplus and rising FX reserves to retained imports & short-term debt should also provide an anchor for Ringgit. Current external environment of monetary policy continuity, relative oil price stability and still subdued inflationary pressures in US amid synchronous global economic recovery should continue to bode well for exports recovery and benefit countries that are trade-dependent including the MYR.

- **1m USDKRW NDF - 1070 - 1078 Range.** 1m USDKRW NDF eased off overnight highs. Last seen at 1076 levels. Mild bullish momentum on daily chart remains intact. Compression of moving averages in the 21D, 50D and 100D around 1070 levels. This suggests market indecision and possibly consolidative trade ahead of breakout plays. Suggest 1070 - 1080 range in the interim.
- **USDCNH - Bullish.** USDCNH is on the upmove. We have warned that this pair looks poised to hit 6.42 in the near-term before making a move lower. Last seen around 6.37-figure, 6.41 is a resistance level to watch, 38.2% Fibonacci retracement of the 2017-2016 fall. Momentum remains increasingly bullish. **PBoC fixed the USDCNY reference rate at 6.3732, 62 pips higher than the previous 6.3670. CNYMYR was fixed at 0.6175, 7 pips lower than the previous at 0.6168. EURCNY was fixed 125 pips lower at 7.6149 vs. the previous at 7.6274.** There remains some concerns of yuan devaluation floating around again as focus is back on the US-China trade negotiations and the USDCNY fixing was higher than expected yesterday. We have noted yesterday that US Lighthizer had urged for a deal on IP or US tariff on Chinese imports could be imposed as early as 23 May. That is a threat. And the Chinese responded overnight that "China won't succumb to "threats" from the US". Both sides seem to have hardened their stance before the negotiations. US officials lowered expectations for a breakthrough and even said the trip could be cut short if it's not satisfactory and that Trump will have the final say on accepting any deals (BBG). "China won't compromise on its core interests and is prepared for all possible outcomes of the meeting".
- **1M USDINR NDF - Settling In Range.** 1M NDF slipped and was still seen around 67.00. Oil is back higher again this morning, lending support to the NDF. Support at 66.50 before 66.00. Resistance at 67.60 before the next at 68.20. Risks are to the upside. Investors remain concerned about India's current account deterioration and INR is one of the most

sensitive to UST rates amongst regional peers. Foreign investors sold US\$137.1mn of equities and US\$274.4mn of bonds on 27 Apr.

- **1m USDIDR NDF - *Bias Still To The Upside.*** 1m USDIDR NDF is trading softer after climbing to a new 2018 and two-and-a-half-year high of 14126 overnight amid USD strength. Support for a softer IDR manifested in softer-than-expected CPI print of 3.41% y/y for Apr (Mar: 3.40%) vs. expectations of 3.5%, signaling that there may not be an imminent hike by the BI. At the same time, waning risk appetite continued with foreign investors selling USD36.7mn of equities on Wed. Meanwhile, they had also sold USD208.5mn of debt on 30 Apr (latest available data). In addition, elevated commodity prices, including oil, could translate into a greater financial burden on the government's fiscal position on higher subsidies on fuel. This concern amid current account deficits is likely to impact sentiments and keep the 1m NDF supported. Since then though, pair has eased from that high and is trading below the 14100-levels at the point of writing, tracking the USD moves. Also helping weigh on the 1m NDF was increasing speculation that BI could intervene further in the bond markets to bring down yields and keep liquidity flush in the system. Last seen around 14092 levels. Daily and weekly momentum indicators and stochastics remain bullish bias. This suggests further upside to the 1m NDF remains likely. For now, look for support around 13985 levels (yesterday's low). We caution that a retest of the 14126 levels cannot be ruled out with a break here exposing the next resistance at 14200-levels. Spot USDIDR gapped higher at the opening to 13928 this morning from yesterday's close of 13913, playing catch up to the USD's overnight run higher. Watch for further official agent activities to smooth our IDR volatility. JISDOR was fixed at 13936 yesterday, 59 pips higher than the fixing on Mon.
- **USDPHP - *Risks Tilting Higher.*** 1m USDPHP NDF is trading softer after climbing higher for the past two sessions amid rising UST yields and USD. It did not help that foreigners continue to sell USD6.6mn of equities yesterday on waning risk appetite, which kept the 1m NDF supported. Further sell-off risks upside pressure on the 1m NDF intraday, limiting its downside. Still, we expect the PHP to find support from the S&P upgrade of Philippine's credit rating outlook and expectations of rate hike, helping to cushion the PHP from weakening too much against the USD, relative to regional peers. Last seen around 52.01-levels. Daily momentum indicators shows waning bearish bias, while stochastics is fast approaching oversold conditions. Bearish bias is seen in the weekly chart though. This seem to mean that near-term risks are tilting to the upside. Support is at 51.80 levels, 51.56 (38.2% fibo retracement of the Jan-Feb upswing, 100DMA). Resistance at 52.14 (21DMA), 52.30. Spot USDPHP gapped higher at the opening to 51.957 this morning from yesterday's close of 51.887, playing catch up to the USD moves higher. CPI (Apr) is on tap tomorrow.
- **USDTHB - *Upside Risks Intact.*** USDTHB is tilting lower this morning after climbing higher for the past three sessions. Yesterday's waning risk appetite saw foreign investors sell USD42.4mn and USD154.4mn in equities and debt, which weighed on the THB. Further sell-off, if it continues, should keep the pair supported. Last seen around 31.708-levels. Bullish momentum on the daily chart remains intact but waning, while stochastics is at overbought conditions. Still, there could be still room for further upside to the pair given USD strength. Support is at 31.624 levels (61.8% fibo retracement of the Feb-Mar downswing),

31.520 levels (50% fibo). Resistance at 31.957 (2018 high). Foreign reserves (27 Apr) is due tomorrow.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.64	3.73	+9
5YR MI4/23 WI	3.77	3.85	+8
7YR MK3/25	3.97	3.99	+2
10YR MO11/27	4.13	4.16	+3
15YR MX4/33	4.65	4.67	+2
20YR MX4/37	4.73	4.78	+5
30YR MZ3/46	4.90	4.96	+6
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.77	3.77	-
3-year	3.83	3.83	-
5-year	3.91	3.90	-1
7-year	4.01	4.01	-
10-year	4.16	4.16	-

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Source: Maybank KE

*Indicative levels

- Local government bonds weakened on the back of the USD strength and ahead of the US FOMC outcome, with MGS yields higher by 2-9bps from previous close. Trading volume was decent. Issue size for the new issue of 15y MGS 11/33 came in at MYR3b, smaller than our expectation. There were no trades in WI, quoted at 4.75% on the bid side with no offers.
- Quiet start to the month of May for the IRS market. Nothing was reported traded with the curve shifting 1bp lower at the long end, though no clear indication of direction presently. 3M KLIBOR stayed at 3.69%.
- Corporate bond space was active though selling pressure was seen at the front end and belly areas. GG yields widened 3bps tracking the MGS movement, while bidding interest in AAAs provided some support with its belly widening just 2bps. AA curve saw better buying at the long end which traded unchanged, while the front end widened 1bp. SPG was one of the more active names, continuing to see better buying at the long end of its curve which still offers some pickup.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.95	1.96	+1
5YR	2.18	2.21	+3
10YR	2.60	2.63	+3
15YR	2.79	2.83	+4
20YR	2.80	2.84	+4
30YR	2.91	2.95	+4

Source: Maybank KE

- SGS got sold down right after opening, especially in long dated bonds, while short end was impacted by higher short dated forwards and firm funding rates. SGD IRS rose about 4bps across the curve. SGS weakened further in the afternoon as USTs declined. Trading was light as most players stayed on the sidelines before the US FOMC decision. SGS yields rose 1-4bps higher in a steepening bias. Swap spreads widened at the front end.
- In Asian credit, CDS widened slightly after INDONs and PHILIPs traded 0.50-0.75pts lower and partly attributed to the UST movement. China, HK and India spaces were largely quiet and skewed towards better selling, trading 2bps wider due to selling pressure on the back of weaker sentiment. All eyes turn to the US FOMC meeting, which is likely to be uneventful.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.24	6.30	5.24
5YR	6.35	6.54	18.39
10YR	6.82	6.96	14.19
15YR	7.14	7.27	13.38
20YR	7.42	7.53	10.94
30YR	7.45	7.45	-

* Source: IBPA, Bloomberg, Maybank Indonesia

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- Indonesia bond market closed lower during Wednesday trading session amid better than expected Apr 2018 inflation data. Higher movement of IndoGB yield during the day was supported by depreciating LCY along with expectation of Central Bank hiking reference rate in near future to maintain FX and IndoGB market stability. Indonesia statistics released Apr 2018 inflation number which came in at 3.41% YoY (vs expectation of 3.50% YoY). 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.537%, 6.964%, 7.274% and 7.525% while 2y yield moved higher to 6.297%. During the day, FR0062 (24y) yield decline the most by 8bps while FR0063 (5y benchmark series) yield increased the most by 18bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 25bps). Trading volume at secondary market was noted heavy at government segments amounting Rp31,299b with FR0070 (6y) as the most tradable bond. FR0070 total trading volume amounting Rp6,108b with 21x transaction frequency.
- Indonesian government conducted their sukuk auctions yesterday and received thin incoming bids worth of Rp5.53t versus its target issuance of Rp8.00t or undersubscribed by 0.69x. However, DMO only awarded Rp1.38t bids for its 5mo, 2y, 4y and 8y sukuk offered series. Incoming bids remain clustering at SPNS and PBS016 series. 5mo SPNS was sold at a weighted average yield (WAY) of 4.40385%, 2y PBS016 was sold at 6.21235%, 4y PBS002 was sold at 6.59260% while 8y PBS017 was sold at 7.19918%. PBS012, PBS004 and PBS015 bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.12X - 5.28X.
- Foreign ownership stood at Rp848.2t or 38.5% of total tradable government bond as of Apr 27th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp18.5t from begin month of Apr 18.
- Corporate bond traded moderate amounting Rp844b. FIFA03BCN3 (Shelf Registration III Federal International Finance Phase III Year 2018; B serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp126b yielding 6.918%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2068	110.27	0.7563	1.3710	6.4034	0.7051	132.4200	82.9203
R1	1.2009	110.05	0.7528	1.3643	6.3891	0.7023	131.8600	82.6117
Current	1.1976	109.65	0.7517	1.3594	6.3655	0.7007	131.3400	82.4290
S1	1.1915	109.61	0.7467	1.3532	6.3477	0.6976	131.0000	82.0367
S2	1.1880	109.39	0.7441	1.3488	6.3206	0.6957	130.7000	81.7703
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3405	n/a	13988	52.0750	31.8493	1.6084	0.6343	2.9532
R1	1.3385	n/a	13968	51.9810	31.8097	1.6029	0.6263	2.9480
Current	1.3344	3.9385	13970	51.8950	31.7040	1.5982	0.6196	2.9520
S1	1.3330	n/a	13928	51.7920	31.7027	1.5939	0.6084	2.9373
S2	1.3295	n/a	13908	51.6970	31.6353	1.5904	0.5984	2.9318

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

Equity Indices and Key Commodities

	Value	% Change
Dow	23,924.98	-0.72
Nasdaq	7,100.90	-0.42
Nikkei 225	22,508.03	0.18
FTSE	7,543.20	0.30
Australia ASX 200	6,050.19	0.58
Singapore Straits Times	3,615.28	0.04
Kuala Lumpur Composite	1,852.03	-0.98
Jakarta Composite	6,012.24	0.29
Philippines Composite	7,736.07	-1.06
Taiwan TAIEX	10,618.81	-0.37
Korea KOSPI	2,505.61	-0.39
Shanghai Comp Index	3,081.18	-0.03
Hong Kong Hang Seng	30,723.88	-0.27
India Sensex	35,176.42	0.05
Nymex Crude Oil WTI	67.68	0.27
Comex Gold	1,305.80	0.09
Reuters CRB Index	201.60	0.17
MBB KL	10.66	-1.11

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5070	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	17/5/2018	Neutral
BOT 1-Day Repo	1.50	16/5/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	10/5/2018	Tightening Bias
CBC Discount Rate	1.38	21/6/2018	Neutral
HKMA Base Rate	2.00	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	6/6/2018	Neutral
BOK Base Rate	1.50	24/5/2018	Tightening
Fed Funds Target Rate	1.75	3/5/2018	Tightening
ECB Deposit Facility Rate	-0.40	14/6/2018	Easing Bias
BOE Official Bank Rate	0.50	10/5/2018	Neutral
RBA Cash Rate Target	1.50	5/6/2018	Neutral
RBNZ Official Cash Rate	1.75	10/5/2018	Neutral
BOJ Rate	-0.10	15/6/2018	Easing
BoC O/N Rate	1.25	30/5/2018	Tightening

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	675	3.442	3.517	3.39
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	60	3.459	3.519	3.42
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	40	3.483	3.58	3.483
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	55	3.584	3.605	3.549
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	46	3.583	3.617	3.545
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	48	3.71	3.71	3.627
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	21	3.723	3.723	3.714
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	35	3.706	3.745	3.706
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	28	3.842	3.842	3.826
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	220	3.68	3.725	3.665
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	4	3.942	3.942	3.928
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	11	3.907	3.919	3.907
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	191	4.021	4.021	3.969
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	12	3.79	3.846	3.79
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	35	4.007	4.011	3.968
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	38	4.079	4.116	4.051
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	5	4.041	4.041	4.041
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	110	3.965	4.019	3.965
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	50	4.177	4.185	4.177
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	60	4.198	4.198	4.19
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	76	4.172	4.215	4.133
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	1	4.26	4.26	4.247
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	216	4.156	4.162	4.136
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	2	4.104	4.104	4.073
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	20	4.509	4.514	4.509
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	317	4.683	4.693	4.609
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	109	4.857	4.877	4.857
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	5	4.754	4.778	4.738
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	11	4.935	4.935	4.9
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	6	4.901	4.955	4.901
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	49	3.386	3.386	3.386
PROFIT- BASED GII 4/2008 31.10.2018	4.295%	31-Oct-18	2	3.462	3.462	3.462
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	40	3.681	3.762	3.681
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	1	3.839	3.839	3.839
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	227	3.892	3.892	3.865
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	28	4.022	4.029	3.978
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	10	4.163	4.163	4.163
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	1	4.284	4.284	4.284
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	250	4.345	4.346	4.327

Total

3,115

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MDV IMTN 0% 09.12.2022 - TRANCHE NO 6	GG	4.620%	9-Dec-22	10	4.247	4.257	4.247
DANAINFRA IMTN 4.560% 19.03.2027 - Tranche No 57	GG	4.560%	19-Mar-27	10	4.59	4.59	4.58
CAGAMAS IMTN 5.800% 08.08.2018	AAA	5.800%	8-Aug-18	5	3.89	4.035	3.89
CAGAMAS MTN 4.200% 22.10.2018	AAA	4.200%	22-Oct-18	4	3.746	3.746	3.746
CAGAMAS IMTN 4.050% 20.12.2018	AAA	4.050%	20-Dec-18	2	4.1	4.1	4.1
AMAN IMTN 4.250% 12.04.2024 - Tranche No. 17	AAA IS	4.250%	12-Apr-24	10	4.564	4.566	4.564
AMAN IMTN 4.780% 30.05.2024 - Tranche No 34	AAA IS	4.780%	30-May-24	10	4.564	4.566	4.564
TELEKOM IMTN 4.580% 03.09.2027	AAA	4.580%	3-Sep-27	4	4.638	4.64	4.638
DANGA IMTN 4.520% 06.09.2027 - Tranche 7	AAA (S)	4.520%	6-Sep-27	1	4.633	4.633	4.633
PBSB IMTN 4.600% 10.09.2027	AAA IS	4.600%	10-Sep-27	10	4.718	4.718	4.713
CIMBBANK 4.800% 13.09.2023 - Issue No 1	AA1	4.800%	13-Sep-23	50	4.401	4.401	4.401
CIMBI 5.850% 25.09.2024 - Issue No 1	AA+ IS	5.850%	25-Sep-24	1	5.081	5.081	5.081
NBAD 4.75% 09.12.2027	AA1	4.750%	9-Dec-27	2	4.91	4.912	4.91
SEB IMTN 5.500% 04.07.2029	AA1	5.500%	4-Jul-29	7	5.036	5.037	5.036
UEMED IMTN 4.850% 26.04.2022	AA- IS	4.850%	26-Apr-22	15	4.727	4.738	4.727
AISL IMTN 25.03.2024	AA3	5.050%	25-Mar-24	2	4.527	4.538	4.527
MALAKOFF POW IMTN 5.550% 17.12.2024	AA- IS	5.550%	17-Dec-24	10	4.839	4.841	4.839
SPG IMTN 5.040% 28.04.2028	AA- IS	5.040%	28-Apr-28	10	4.915	4.917	4.915
SPG IMTN 5.210% 31.10.2030	AA- IS	5.210%	31-Oct-30	10	5.061	5.063	5.061
MUAMALAT IMTN 5.500% 25.11.2021	A IS	5.500%	25-Nov-21	10	5.175	5.178	5.175
Total				183			

Sources: BPAM

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