

Global Markets Daily

Escalating US-China Trade Tensions vs. Receding NAFTA Concerns

USD/AXJs Caught in Recent Ranges

USD index was a touch firmer in subdued trading overnight. Most USD/AXJs remained well-behaved and range-bound despite the release of tariff lists from US and China. Equities rebounded overnight, with S&P500 rising 1.3%. Recovery in risk sentiment was attributed to a report that White House was not seeking to put pressure on Amazon.com and better than expected earnings report from US automakers. Price action on the S&P500 saw a recovery back above 200DMA - in line with our caution yesterday that sentiment is fickle and charts can be misread. Recall that the close below 200 DMA back in Jun-2016 proved to be a false break as the index subsequently rebounded 9% over the next 2 weeks. We believe markets remain caught in an environment of fear of trade tensions escalating, UST yield curve compression and whether stock sell-off seen past days have legs (focus on corporate earnings release mid to late next week).

Tactical Long CADCNH

US proposed imposing 25% import tariff on a range of Chinese-made high-tech products worth about US\$50bn. The list of items includes lithium batteries, medical devices, communication satellites, etc. amongst the list of about 1,300 items. Earlier China said it would impose tariffs on 128 American products in retaliation to US's import tariffs on steel and aluminum. China had previously communicated that it will respond to new US import tariffs with the "same proportion, scale and intensity". Elsewhere, White House appears to be pushing for a preliminary NAFTA deal in Peru next week. Receding concerns with NAFTA and rising US-China trade tensions could suggest a long CADCNH tactical trade targeting for a move towards 4.96, 4.99 objective. (spot ref at 4.91; SL below 4.8750).

Focus on EU CPI and US ADP Employment Today

Key data/events we watch today include US ADP employment, ISM non-mfg; EU CPI estimate; UK construction PMI.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2302	↓ -0.18	USD/SGD	1.3124	↑ 0.07
GBP/USD	1.4044	↑ 0.21	EUR/SGD	1.6145	↓ -0.12
AUD/USD	0.7663	↓ -0.21	JPY/SGD	1.2393	↑ 0.43
NZD/USD	0.7213	↓ -0.33	GBP/SGD	1.8431	↑ 0.27
USD/JPY	105.89	↓ -0.37	AUD/SGD	1.0056	↓ -0.17
EUR/JPY	130.27	↓ -0.53	NZD/SGD	0.9467	↓ -0.23
USD/CHF	0.9551	↑ 0.12	CHF/SGD	1.3741	↓ -0.01
USD/CAD	1.2913	↑ 0.10	CAD/SGD	1.0164	↓ -0.04
USD/MYR	3.862	↓ -0.04	SGD/MYR	2.949	↓ -0.03
USD/THB	31.23	↑ 0.16	SGD/IDR	10496.95	↑ 0.13
USD/IDR	13753	↑ 0.18	SGD/PHP	39.7346	↓ -0.32
USD/PHP	52.04	↓ -0.31	SGD/CNY	4.7884	↓ -0.02

Implied USD/SGD Estimates @ 4 Apr-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2945	1.3207	1.3469

Analysts

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

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

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

Leslie Tang
(65) 6320 1378
leslietang@maybank.com.sg

G7: Events & Market Closure

Date	Ctry	Event
2 Apr	AU, NZ, UK, HK	Market Closure
3 Apr	AU	RBA Meeting
4 Apr	EU	Italy President Starts talks on government formation

AXJ: Events & Market Closure

Date	Ctry	Event
4 Apr	TW	Market Closure
5 Apr	CN, HK, TW	Market Closure
	IN	RBI Meeting
6 Apr	TW, TH	Market Closure

G7 Currencies

- **DXY - ADP Employment on Tap.** USD index was a touch firmer in subdued trading overnight. Equities rebounded overnight, with S&P500 rising 1.3%. Recovery in risk sentiment was attributed to report that White House was not seeking to put pressure on Amazon.com and better than expected earnings report from US automakers. Price action on the S&P500 saw a recovery back above 200DMA - in line with our caution yesterday that sentiment is fickle and charts can be misread. Recall that the close below 200 DMA back in Jun-2016 proved to be a false break as the index subsequently rebounded 9% over the next 2 weeks. We believe markets remain caught in an environment of fear of trade tensions escalating, UST yield curve compression and whether stock sell-off seen past days have legs (corporate earnings release sometime mid to late next week will serve as a barometer). DXY was last seen at 90.10 levels. Daily momentum and stochastics are indicating a mild bullish bias. Resistance at 90.5 still holds while support levels are seen at 89.28 (61.8% fibo retracement of Feb low to Mar high) before 88.25 (2018 low). Week ahead brings ADP Employment (Mar); ISM non-Mfg (Mar); Durable Goods (Feb); Fed's Bullard, Mester speak on Wed; Trade (Feb); Fed's Bostic speaks on Thu; NFP, unemployment rate, average hourly earnings (Mar); Fed Chair Powell speaks; Fed's Evans speaks on Fri.
- **EURUSD - CPI in Focus.** Italy President Mattarella is expected to start talks with political leaders in both houses of Parliament later today on who to nominate to lead the next government. Coalition talks is expected to take up to several months (some senior officials believe the deadline to be sometime in July but we do not rule out an extension of the deadline given that Germany even took nearly 6 months to form a coalition government). We believe the process is likely to be long-drawn and is a source of volatility for the currency. We do not rule out renewed talks of another election (another source of volatility weighing on EUR if it happens). EUR was a touch softer overnight; last seen at 1.2275 levels. Daily momentum and stochastics are showing a mild bearish bias. Further downside risks possible on decisive break below 1.2280. Support seen at 1.2235 (38.2% fibo retracement of Dec low to 2018 high). Resistance at 1.2360 (23.6% fibo), 1.2450 levels. Suggest 1.2250 - 1.2350 range intra-day. Week ahead brings CPI estimate (Mar); Unemployment rate (Feb) on Wed; Services PMI (Mar); PPI, Retail Sales (Feb) on Thu; Retail PMI (Mar) on Fri.
- **GBPUSD - Bias to Buy on Dips.** GBP inched higher in subdued trade. Pair was last seen at 1.4080 levels. Daily momentum and stochastics indicators are not suggesting a clear bias. Support at 1.3990 (21, 50 DMAs). Resistance at 1.41, 1.4190. We reiterate our bias to buy on dips on firmer signs of material progress with Brexit negotiations. We maintain our "more optimistic" outlook than street consensus for GBP on the back of our expectation for orderly Brexit (boost to sentiment), continued improvement in labor market (upward pressure for wage growth providing room for BoE to tighten) and potentially greater tolerance (from policymakers) for GBP appreciation (to help curb imported inflation) and rising market expectation for BoE rate increase to come earlier than expected. That said we do not expect a one way trade and still see a great deal

of variability on GBP exchange rate, driven by headlines on Brexit progress (which can be improvement or deterioration). We see a range of 1.3950 - 1.45 in the coming weeks; maintain our bias to buy on dips. Week ahead brings Construction PMI (Mar) on Wed; Services PMI (Mar) on Thu; Unit Labor costs (4Q on Fri).

- **USDJPY - Softer.** USDJPY is giving up some of its overnight gains amid softer USD. Pair had climbed to an overnight high of 106.66 amid easing trade tensions that led some unwinding of safe-haven plays. Still, the US announcement of possible tariffs on USD50bn of Chinese products risks a tit-for-tat retaliatory response from China that could increase trade tensions. This could worsen risk sentiments and reignite flight to safe havens including the JPY, weighing on the pair. BOJ governor Kuroda acknowledged during his appearance in Parliament yesterday that the central bank is discussing options for its eventual exit from its massive stimulus programme. He said that the BOJ is not sharing details currently as the central bank is not yet at the stage to withdraw its monetary stimulus. Instead, he reiterated the BOJ's stance of continuing with its monetary stimulus until its inflation target is achieved. This should be supportive of the USDJPY. Meanwhile, the political scandal surrounding PM Abe continues to simmer and which has pulled the cabinet's popularity lower in recent opinion polls. Further slippage in support could undermine PM Abe and possibly see a challenge to his presidency of the LDP in Sep. Such a scenario could put Abenomics in doubt and weighs on the pair. Last seen at 106.55-levels. Momentum indicators and stochastics on the daily chart show bullish bias. Weekly chart continues to indicate a bearish bias but waning with stochastics showing tentative signs of climbing higher from oversold conditions. Support is around the 106-levels (23.6% fibo retracement of the Feb high to Mar low). Immediate resistance is around 106.80 levels (38.2% fibo) ahead of the 107.50 levels (50% fibo). Week ahead has Nikkei services & composite (Mar) on Wed; household spending, labor cash earnings, leading index (Feb) on Fri.
- **NZDUSD - Buy Dips.** NZD rose this morning despite the fourth consecutive decline in GDT auction overnight. Pair was last seen at 0.7290 levels. Daily momentum and stochastics indicators are showing some signs of mild bullish bias. Area of resistance at 0.7290 - 0.7310. Decisive break above this could trigger further upside towards 0.7355 (Mar high). Support seen at 0.7250 (21 DMA). Suggest 0.7250 - 0.7310 range intra-day with bias to buy on dips. Week remaining brings Government 6-M Financial Statements on Wed; Commodity Prices (Mar) on Thu.
- **AUDUSD - Falling Wedge Broken.** AUD bulls lost steam into European session with the AUDUSD pairing slipping towards 0.7660 before settling around 0.7690 as we write this morning. This pair has broken out of the first falling wedge, a bullish correction in the works. 50% retracement of the Jan-Mar fall could bring this pair towards 0.7890. Interim resistance is seen around 0.7760 (23.6%). MACD on the daily chart is rising from oversold levels. **We see tactical opportunity to buy this pair at current spot at 0.7690. Target first level at 0.7760 before the next at 0.7830. Stop-loss at 0.7640.** RBA held cash target rate at 1.50%, to nobody's surprise. Key takeaway from the statement include the rise in US dollar short-term interest rates that has flowed through to higher short-term

interest rates to Australia - which we have noted in this space yesterday and we do not see the rise in US labor rates to sustain. As we had stated before, the iron ore outlook matters for the pair. The iron ore affects the economic outlook of market players with AU 10y yields tracking rather well with the metal prices. The drop in iron ore prices has soured the outlook for the economy and bull flattened the sovereign yield curve. That said, industrial profitability in China seemed to have stabilized in the first two months of the year from the decline seen in Dec. Sustained global growth should continue to buoy demand for base metals even as China fights against pollution. The structural correction in iron ore prices has long begun and we see it likely already in the price of AUD and the recent improvement in the China PMI-mfg numbers could see AUD move higher. We warn that bullish moves might take this pair towards the 0.79-figure. Our mildly bullish medium term view for AUD remains, as domestic and external demand continues to strengthen and we look for the AUDUSD pair to break above 0.80 within this half of the year. We continue to see signs that RBA is poised to hike this Aug after a recent observation by RBA that the “rate of wage growth appears to have troughed”. This is something that we have been observing for the past few months and back our call for RBA to raise cash rate in May (now in Aug). Week ahead has Feb building approvals and retail sales on Wed, trade on Thu.

- **USDCAD - Neckline Broken.** The pair is last seen around 1.2790 and has broken the neckline at 1.28. Our view for USDCAD to head south has been realized in overnight moves. Bullish CAD view is based on the global growth story that remains intact and we see a potential for a comeback in risk (which came back overnight). **CAD was also lifted by rumours that Trump is pushing for a preliminary NAFTA deal to announce in Peru next week.** That is the fundamental underpinning for a bearish head-and-shoulder pattern that we saw forming. At this point, the right shoulder might be formed at around the 21-DMA and we stick to our bearish call. **We like to sell this pair on the uptick towards 1.30 for the first objective of 1.2670 before the ultimate objective of 1.25. Stoploss at 1.31.** Fundamentally, we had looked for a downside given the fact that this pair has retraced around 61.8% of the BoC rate hike play in 2017 and BOC’s rate pause is likely to have been well in the price. Week ahead has trade on Thu.

Asia ex Japan Currencies

- **SGD trades around 0.81% above the implied mid-point of 1.3207. We estimate the top at 1.2945 and the floor at 1.3469.**
- **USDSGD - Consolidation.** USDSGD is trading softer this morning amid a pullback in the USD. Concerns that trade tensions could escalate when China respond to the possible US' imposition of tariffs on USD50bn of Chinese products, which could see a knee-jerk sell-off in trade-dependent currencies including the SGD. There could be also be some downside pressure on the pair on some market speculation for a MAS policy move in mid-Apr. Expectations of a shift to a "slight appreciation bias" could be spurring some reduction in long USDSGD positions and lifting the SGD higher. There is a risk that market could be underpricing risk of a MAS move, which could suggest upside risks to the SGD. Last seen around 1.3109-levels. Daily and weekly momentum indicators still show no strong bias in either direction. Pair appears trading back within the symmetrical triangle that had formed since Jan suggesting consolidative trades ahead. Note that though symmetrical triangles tend to signal a trend reversal, they are also associated with a continuation of current trend - in this case a downtrend. A break of the lower bound of the triangle at 1.3110 could see bearish extension towards 1.3060 before 1.3010 (2018 low). We do not rule out a move lower towards 1.28-levels in the coming weeks as we inch closer to MAS semi-annual policy meeting in Apr. Resistance around 1.3150 (upper bound of the triangle) ahead of 1.3175 (23.6% fibo retracement of the Oct 2017 high to Jan 2018 low). Note that the Adv. Est. of 1Q18 GDP and MAS meeting are expected sometime 6-13 Apr.
- **AUDSGD - Retracement towards 1.0188 eyed.** AUDSGD hovered around 1.0080 buoyed by the firm AUD. Iron ore declines seem to be decelerating, taking the cue from the better China PMI-mfg numbers. Recent price action formed a downward sloping channel that could project into Apr. This month is thus possibly another bearish month for this cross. Downward sloping trend channels typically last for at least three months and if this time frame holds for the current one, there could be risk of AUDSGD heading towards 0.9920, which coincides with the low seen in 2016 before the big rally towards 1.0800. We start accumulating on dips towards parity. **With the falling wedge broken, current retracements could take this cross towards 1.0188 (50% Fibonacci retracement of the Mar decline) which coincides with the upper bound of the downward sloping trend channel.**
- **SGDMYR - Double-Bottom Still Holding.** SGDMYR continued to trade near its double-bottom (lows of Feb and Apr around 2.94 levels). Cross was last seen at 2.9480 levels. Bearish momentum on daily chart remains intact while stochastics is falling into near over-sold conditions. Support at 2.94 - a potential double bottom - remains intact for now. Decisive break below this could open way for further downside towards 2.90. Resistance at 2.97 (21, 50 DMAs).
- **USDMYR - Bearish Bias but In Near Oversold Conditions.** USDMYR opened a touch softer this morning. Pair was last seen at 3.8630 levels. Bearish momentum remains intact while stochastics is falling into near-oversold conditions. Area of support at 3.84 - 3.85 remains

a key level to watch. Decisive break below this area of support puts next key support at 3.81. Resistance at 3.9050 (21, 50 DMAs). 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) **General election could lend further support for Ringgit**. Typically **Malaysian equities, MYR tend to strengthen in the lead-up to elections due to rising confidence and a date could be called soon** ; (5) 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 - Sell on Rally**. 1m USDKRW remains little changed, near its recent lows. Last seen at 1055 levels. Bearish momentum on daily chart remains intact while stochastics is falling into oversold conditions. Key area of support for USDKRW at 1050 - 1055 remains intact. We caution that a break below could trigger more downside play towards 1040 levels. Resistance at 1065, 1072 levels. Bias to sell on rallies. Unwinding of geopolitical tensions, receding fears of trade war and commitment from China to improve CN-KR relations are some of the factors supporting a more optimistic outlook on KRW. Verbal intervention remains a key factor slowing the pace of KRW gains.
- **USDCNH - Moving Higher**. USDCNH edged higher again this morning, underpinned by the firmer USD. Bearish momentum is waning and this pair is poised to test the resistance at 6.2820 before the next at 6.3050 (21-DMA). Key support at 6.24 before the next at 6.2130. **PBoC fixed the USDCNY reference rate at 6.2926, 93 pips higher than the previous 6.2833. CNYMYR was fixed at 0.6147, 9 pips lower than 0.6156. EURCNY was fixed 25 pips lower at 7.7274 vs. the previous at 7.7299.** The US has released the tariff list for Chinese-made products, imposing 25% tariff on about US\$50bn of Chinese-made products and the list is mainly on high-tech items from semiconductors to lithium batteries. According to the US Trade Representative office, this level of tariff is appropriate in light of the estimated harm to the US economy and to obtain elimination of China's harmful acts, policies and practices. This was meant to aim at products that benefit from Chinese industrial policies and include those "Made in China 2025". Specifically, the products affected include advanced technologies such as communication satellites, various types of steel, television components, medical devices, dishwashers, snow blowers and flame throwers. China has already responded, saying it "strongly condemns and firmly opposes". The release of this list is followed by a 60-day period for public feedback. The government will also hold hearings on the tariff. Some business

groups already denounced the proposed tariffs (BBG). A full-fledged trade war is not our base case scenario and CNY is likely to remain somewhat resilient to this tit-for-tat exchange. The latest move by the US, in our view, is more likely to be setting the tone for bargain at the negotiation table in order to gain more “trade concessions”. During this 60 -day grace period, we look for the two world largest economies to reach a deal which could possibly foster even stronger trade relations.

- **1M USDINR NDF - *Poised To head Lower.*** 1M slipped towards the 65-figure yesterday and hovered around 65.20 as we write this morning. We continue to look for the 21-DMA to turn lower to cut the 50-DMA, a bearish signal. Support at 65.10 and the next is 64.78 (50% Fibonacci retracement of the Sep-Jan sell off). This pair is weighed by cheer in bond and equity markets yesterday. Foreigners sold US\$39.7mn of equities on Wed (28 Mar) and bought US\$320mn of bonds. **We stick to our call to short the pair at the break of 65.00 towards 64.45. Stoploss at 65.50.** Eyes on RBI decision this Thu and consensus are for the central bank to stand pat as cost pressure remains in check. In a statement from the Ministry of Road Transport and Highways, India is supposed to invest a record of US\$18bn in the financial year ended Mar to develop highways and improve road connectivity across the nation (BBG). Separately, India is said to have sold INR110.45bn of government debt quota to foreign institutional investors yesterday. Bonds were boosted yesterday after RBI allowed banks to spread their bond-trading losses.

- **1m USDIDR NDF - *Firmer But Within Range.*** 1m USDIDR NDF is trading bid this morning despite softer USD as markets focused on potential for escalation of trade tensions. This as market awaits China’s response to the possible US’ imposition of tariffs on USD50bn of Chinese products that could worsen risk sentiments and put upside pressure on the 1m NDF. For now, pair continues to trade well-within its recent trading range of 13680-13820. Firmer UST yields this morning could make Indonesian assets less attractive to foreign investors. Foreign investors continued to sell equities with USD27.9mn sold yesterday. Latest data for debt purchases by foreign fund remains unavailable. Further outflows are likely to weigh on the IDR and keep the 1m NDF supported intraday. There was some short-lived support from the comments from the incoming BI Governor Perry Warjiyo after Parliament confirmed his nomination yesterday. He had pledged to ensure IDR stability amid rising volatility underpinned by rising global interest rates and would intervene when necessary. Last seen around 13784-levels. Momentum indicators and stochastics are still to the downside on the daily chart. Weekly momentum remains bullish bias but waning, while stochastics is in oversold conditions. In the absence of fresh catalyst, trades within 13680-13820 range should continue to hold. JISDOR was fixed at 13765 on Tue, 15 pips higher than yesterday’s fixing. Remaining week has foreign reserves (30 Mar) on Fri.

- **1m USDPHP NDF - *Rebounding.*** 1m USDPHP NDF is re-gaining some of its losses from the past several sessions amid concerns that trade tensions could escalate after the US proposed tariffs on USD50bn of Chinese goods. Retaliatory tariffs by China could increase concerns of a trade war and see knee-jerk sell-off in the PHP. Weakening risk sentiments could weigh on Philippines assets as they did yesterday

where foreign investors sold USD4.6mn. Expectations of a further sell-off in equities though could keep the 1m NDF supported. Upside pressure on the 1m NDF could also be coming from market expectations BSP is unlikely to move on its benchmark policy rate for now despite inflation creeping higher. Mar CPI due tomorrow is expected to remain on the uptick with consensus expecting headline inflation (based on 2006=100) to rise 4.7% y/y from 4.5% in Feb. Spot USDIDR gapped lower at the opening to below the 52-levels to 51.960 from yesterday's close of 52.054 amid softer UST yields and USD, but has since rebounded to hover around 52.033 levels at last sight on trade concerns. 1m NDF though was last seen around 52.17-levels. Daily momentum indicators are showing very mild bearish bias, while stochastics continues to fall. Weekly chart [shows no strong bias in either direction, while](#) stochastics remains in overbought conditions. Support remains around the 52-handle. Resistance around 52.30 (21DMA), 52.50 levels. CPI (Mar) is on tap tomorrow; foreign reserves (Mar) on Fri.

- **USDTHB - *Stuck-In-Range***. USDTHB is little changed this morning amid concerns that trade tensions could escalate following the US announcement of a potential tariffs on USD50bn of Chinese goods. On the flip-side, expectations of further foreign inflows into Thai debt is putting upside pressure on the THB. Yesterday, foreign investors purchased USD230.3mn in debt but sold USD15.5mn in equities. Last seen around 31.181-levels. Daily momentum indicators shows very mild bullish bias, though stochastics shows signs of turning lower. Weekly chart shows no strong bias in either direction. Look for range-bound trades within 31.090 (2018 low) to 31.300 range to hold intraday. Remaining week has foreign reserves (30 Mar) on Fri. **Note that onshore markets are closed for a public holiday on Fri.**

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.46	3.46	Unchanged
5YR MI3/22	3.55	3.53	-2
7YR MK3/25	3.83	3.83	Unchanged
10YR MO11/27	3.95	3.95	Unchanged
15YR MX4/33	4.39	4.41	+2
20YR MX4/37	4.53	4.54	+1
30YR MZ3/46	4.80	4.79	-1
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.76	3.76	-
3-year	3.80	3.80	-
5-year	3.85	3.86	+1
7-year	3.96	3.96	-
10-year	4.08	4.08	-

Winson Phoon
(65) 6231 5831
winsonphoon@maybank-ke.com.sg

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

Source: Maybank KE

*Indicative levels

- Malaysian government bonds continued to trade thinly throughout the day. The 5y benchmark GII 4/22 was among the more actively traded, posting total volume of MYR150m. MGS yields largely moved within the range of +/-2bps.
- Another sluggish day for MYR IRS. Market saw more bids this time around, but no trades were concluded. Range bound trading likely to continue pending election date announcement. 3M KLIBOR stayed at 3.69%.
- Activity in corporate bonds picked up as the Ringgit and local bond market remained resilient despite another selloff in US equities triggering some risk-off sentiment. GG was the most active curve, widening 2bps at the front end while long end was flat. AA's long end firmer with 15y SPG bonds trading another 2bps tighter, while the front end was unchanged with some interest in BGSM bonds.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.90	1.89	-1
5YR	2.05	2.07	+2
10YR	2.31	2.33	+2
15YR	2.57	2.60	+3
20YR	2.61	2.65	+4
30YR	2.77	2.80	+3

Source: Maybank KE

- SGS started firmer as USTs rose overnight. But the gains were shortlived as risk sentiment eventually recovered during Asian hours. SGS prices retreated to around previous levels, and SGD IRS stayed soft. In the afternoon, more selling emerged, particularly at the long end, as UST futures traded lower. Short dated SGS outperformed on some buying after the MAS bill auction was fairly well received, supported by flushed short term liquidity. SGS yields closed -1bp at the front end and up 2-4bps from the 5y onwards. Swap spreads narrowed as SGD IRS only rose about 1bp.
- Asian credit market more active as most have returned from the Easter break. INDONs benefited from the UST move, higher by 0.50-0.75pts. On the other hand, market was selling IG credits causing spreads to widen overall. RBA left rates unchanged as expected, but the Aussie credit space was rather muted. Demand continued, albeit small, on financial names, primarily for their 5y tenor bonds.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.52	5.51	(1.03)
5YR	5.95	5.91	(3.87)
10YR	6.57	6.56	(0.69)
15YR	6.81	6.81	0.23
20YR	7.27	7.25	(1.87)
30YR	7.37	7.38	1.00

* Source: Maybank Indonesia

Analysts

Anup Kumar (Fixed Income Analyst)
(62) 21 2922 8888 ext 29692
akumar@maybank.co.id

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

- Indonesia bond market closed higher during Tuesday trading session amid heavy demand during first sukuk auction in 2Q18. During the day, Indonesia Parliament approved Mr. Perry Warjiyo as the next Indonesia Central Bank Governor. A golden cross on IndoGB 10y yield is expected to occur in coming days. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.910%, 6.562%, 6.808% and 7.247% while 2y yield moved lower to 5.511%. During the day, FR0039 (5y) yield decline the most by 10bps while FR0036 (1y) yield increased the most by 11bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 44bps). Trading volume at secondary market was noted heavy at government segments amounting Rp16,255b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp3,256b with 171x transaction frequency.
- Indonesian government conducted their first bi-weekly sukuk auctions in 2Q18 yesterday and received heavy incoming bids worth of Rp11.20t versus its target issuance of Rp8.00t or oversubscribed by 1.40x. However, DMO only awarded Rp6.79t bids for its 5mo, 2y, 4y, 14y, 19y and 30y sukuk offered series. Incoming bids remain clustering at SPNS and PBS016 series. 5mo SPNS was sold at a weighted average yield (WAY) of 4.29427%, 2y PBS016 was sold at 6.05982%, 4y PBS002 was sold at 6.38984%, 14y PBS012 was sold at 7.35799%, 19y PBS004 was sold at 7.66682% while 30y PBS015 was sold at 7.80173%. PBS017 bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.01X - 1.98X.
- Foreign ownership stood at Rp861.4t or 39.4% of total tradable government bond as of Apr 2nd. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp18.8t from begin month of Mar 18.
- Corporate bond traded heavy amounting Rp1,300b. WSKT03ACN2 (Shelf Registration III Waskita Karya Phase II Year 2018; A serial bond; Rating: A_(idn)) was the top actively traded corporate bond with total trading volume amounted Rp146b yielding 7.631%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2373	106.79	0.7714	1.4106	6.2905	0.7252	131.8367	82.2360
R1	1.2337	106.34	0.7689	1.4075	6.2798	0.7232	131.0533	81.6870
Current	1.2303	105.81	0.7667	1.4052	6.2759	0.7209	130.1700	81.1190
S1	1.2274	105.55	0.7644	1.4016	6.2567	0.7202	129.7333	80.7090
S2	1.2247	105.21	0.7624	1.3988	6.2443	0.7192	129.1967	80.2800

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3153	n/a	13779	52.2387	31.3220	1.6199	0.6177	2.9546
R1	1.3138	n/a	13766	52.1393	31.2760	1.6172	0.6163	2.9518
Current	1.3122	3.8700	13756	52.0510	31.2240	1.6143	0.6154	2.9496
S1	1.3101	n/a	13738	51.9903	31.1670	1.6118	0.6129	2.9441
S2	1.3079	n/a	13723	51.9407	31.1040	1.6091	0.6108	2.9392

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

Equity Indices and Key Commodities

	Value	% Change
Dow	23,644.19	-1.90
Nasdaq	6,870.12	-2.74
Nikkei 225	21,388.58	-0.31
FTSE	7,056.61	NA
Australia ASX 200	5,759.37	NA
Singapore Straits Times	3,430.76	0.08
Kuala Lumpur Composite	1,858.35	-0.27
Jakarta Composite	6,240.57	0.83
Philippines Composite	8,039.45	0.75
Taiwan TAIEX	10,888.27	-0.29
Korea KOSPI	2,444.16	-0.07
Shanghai Comp Index	3,163.18	-0.18
Hong Kong Hang Seng	30,093.38	NA
India Sensex	33,255.36	0.87
Nymex Crude Oil WTI	63.01	-2.97
Comex Gold	1,346.90	1.48
Reuters CRB Index	193.38	-1.02
MBB KL	10.52	-0.75

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5071	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	19/4/2018	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	5/4/2018	Neutral
BOK Base Rate	1.50	12/4/2018	Tightening
Fed Funds Target Rate	1.75	3/5/2018	Tightening
ECB Deposit Facility Rate	-0.40	26/4/2018	Easing Bias
BOE Official Bank Rate	0.50	10/5/2018	Neutral
RBA Cash Rate Target	1.50	3/4/2018	Neutral
RBNZ Official Cash Rate	1.75	10/5/2018	Neutral
BOJ Rate	-0.10	27/4/2018	Easing
BoC O/N Rate	1.25	18/4/2018	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	151	3.174	3.174	3.135
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	9	3.163	3.163	3.087
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	107	3.26	3.273	3.25
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	5	3.29	3.29	3.29
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	5	3.297	3.31	3.297
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	6	3.376	3.402	3.376
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	2	3.413	3.421	3.413
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	4	3.466	3.466	3.411
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	2	3.556	3.556	3.556
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	74	3.458	3.458	3.452
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	6	3.532	3.543	3.532
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	2	3.705	3.705	3.698
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	9	3.71	3.71	3.697
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	28	3.759	3.759	3.73
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	5	3.789	3.789	3.779
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	50	3.887	3.887	3.887
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	6	3.88	3.883	3.866
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	2	3.832	3.832	3.825
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	4	3.962	3.962	3.962
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	40	3.947	3.948	3.936
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	4.328	4.328	4.328
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	6	4.321	4.337	4.316
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	1	4.413	4.413	4.411
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	14	4.541	4.547	4.529
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.788	4.788	4.788
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	4	4.788	4.801	4.788
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	60	3.237	3.255	3.192
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	3	3.365	3.365	3.365
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	130	3.73	3.744	3.73
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	2	3.774	3.774	3.774
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	150	3.822	3.823	3.822
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	120	3.964	3.964	3.96
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	60	4.153	4.153	4.153
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	1	4.62	4.62	4.62
SPK 2/2012 3.691% 12.07.2022	3.691%	12-Jul-22	100	3.949	3.949	3.947
SPK 1/2014 4.731% 21.02.2024	4.731%	21-Feb-24	70	4.123	4.123	4.123

Total**1,240**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.08% 12.03.2019 - Tranche 1	GG	4.080%	12-Mar-19	20	3.693	3.704	3.693
PASB IMTN (GG) 4.06% 07.06.2019 - Issue No. 16	GG	4.060%	7-Jun-19	30	3.801	3.81	3.793
LPPSA IMTN 4.100% 05.04.2023 - Tranche No 18	GG	4.100%	5-Apr-23	10	4.1	4.1	4.1
GOVCO IMTN 4.270% 06.06.2023	GG	4.270%	6-Jun-23	60	4.208	4.215	4.208
KHAZANAH 0% 27.08.2024	GG	0.000%	27-Aug-24	35	4.361	4.361	4.361
PRASARANA IMTN 4.940% 08.03.2033 - Series 6	GG	4.940%	8-Mar-33	10	4.839	4.85	4.839
AMAN IMTN 4.300% 30.05.2019 - Tranche No 32	AAA IS	4.300%	30-May-19	5	4.099	4.099	4.099
CAGAMAS MTN 3.750% 18.10.2019	AAA	3.750%	18-Oct-19	5	4	4	4
NBAD 4.9% 28.12.2020	AAA	4.900%	28-Dec-20	50	4.278	4.278	4.275
MACB IMTN 4.680% 16.12.2022 - Tranche No 2	AAA (S)	4.680%	16-Dec-22	20	4.414	4.419	4.414
PBSB IMTN 4.500% 24.03.2023	AAA IS	4.500%	24-Mar-23	5	4.45	4.45	4.45
PLUS BERHAD IMTN 4.720% 12.01.2026 - Series 1 (10)	AAA IS	4.720%	12-Jan-26	10	4.517	4.522	4.517
PUTRAJAYA IMTN 26.05.2026 SERIES 14 TRANCHE 017	AAA IS	4.580%	26-May-26	20	4.559	4.561	4.559
GENM CAPITAL MTN 3652D 31.3.2027	AAA (S)	4.980%	31-Mar-27	10	4.921	4.923	4.921
TELEKOM IMTN 4.580% 03.09.2027	AAA	4.580%	3-Sep-27	5	4.578	4.578	4.578
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	15	4.949	4.951	4.949
WESTPORTS IMTN 5.15% 03.05.2023	AA+ IS	5.150%	3-May-23	10	4.548	4.552	4.548
PUBLIC SUB-NOTES 4.80% 25.9.2023	AA1	4.800%	25-Sep-23	15	4.284	4.284	4.284
PUBLIC SUB-NOTES 4.77% 27.10.2023	AA1	4.770%	27-Oct-23	15	4.332	4.332	4.332
HLBANK 4.800% 21.06.2024 (Tranche 1)	AA1	4.800%	21-Jun-24	1	5.188	5.188	5.145
FRL IMTN 4.350% 05.06.2020	AA2	4.350%	5-Jun-20	20	4.445	4.455	4.445
BEWG IMTN 5.200% 19.07.2021	AA IS	5.200%	19-Jul-21	10	4.895	4.905	4.895
PBFIN 7.500% 05.06.2059 - Tranche No.1	AA2	7.500%	5-Jun-59	1	4.933	4.951	4.933
SEGI ASTANA MTN 365D 08.1.2019	AA-	4.800%	8-Jan-19	20	4.723	4.723	4.723
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	10	4.455	4.465	4.455
BGSM MGMT IMTN 5.250% 24.12.2020 - Issue No 8	AA3	5.250%	24-Dec-20	6	4.452	4.455	4.452
CMS IMTN 4.800% 05.05.2022 - Series No 1	AA3	4.800%	5-May-22	20	4.596	4.596	4.586
BGSM MGMT IMTN 7.100% 28.12.2022 - Issue No 6	AA3	7.100%	28-Dec-22	10	4.598	4.598	4.598
SPG IMTN 5.410% 29.04.2033	AA- IS	5.410%	29-Apr-33	10	5.19	5.19	5.19
CIMB 6.35% 05.04.2060 - Tranche No. 3	AA3	6.350%	5-Apr-60	50	4.799	4.815	4.799
AMMB HLDG MTN 3652D 15.3.2027 (SUB-NOTES)	A1	5.200%	15-Mar-27	10	4.903	4.911	4.903
ALLIANCEB MTN 3653D 27.10.2025	A2	5.750%	27-Oct-25	1	4.747	4.747	4.747
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.462	6.473	6.462
Total				519			

Sources: BPAM

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank") and consequently no representation is made as to the accuracy or completeness of this report by Maybank and it should not be relied upon as such. Accordingly, no liability can be accepted for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those companies whose securities are mentioned in this report. Any information or opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the use of Maybank's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank. Maybank accepts no liability whatsoever for the actions of third parties in this respect. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 6320 1379

Leslie Tang

Senior FX Strategist
leslietang@maybank.com.sg
(+65) 6320 1378

Christopher Wong

Senior FX Strategist
Wongkl@maybank.com.sg
(+65) 6320 1347

Fiona Lim

Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 6320 1374

Fixed Income

Malaysia

Winson Phoon Wai Kien
Fixed Income Analyst
winsonphoon@maybank-ib.com
(+60) 3 20747176

Se Tho Mun Yi

Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

Indonesia

Juniman

Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Anup Kumar

Fixed Income Analyst
akumar@maybank.co.id
(+62) 21 2922 8888 ext 29602

Myrdal Gunarto

Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales

Malaysia

Adoni Mastura Bte Mohamed Idris
Head of Global Markets, KL
adonimastura@maybank.com
(+60) 3 27869106

Singapore

Loo Hin Chong
Head of Corporate Sales, Singapore
Loohc@maybank.com.sg
(+65) 6320 1339

Indonesia

Sales, Indonesia
(+62) 21 29936399
(+62) 21 2300888 ext 22122

China (Shanghai)

Eddy Lui
GM Head, Greater China
eddy.lui@maybank.com.hk
(+852) 35188816

Joyce Ha

Senior Sales Dealer
joyce.ha@maybank.com.cn
(+86) 21 28932588