

# Global Markets Daily

## One Direction No More

### The Sinking Feeling

Asian markets awoke to a crash in the US stock markets. The DOW lost 1175 points overnight, down 4.6% for the session. Both S&P and DJI are now in the red for the year. The VIX index more than doubled to 37.3 from last week. Investors fled towards safety (USD, JPY, CHF, gold and even the USTs). UST10yr yield was down 10bps within the second half of NY session, erasing the gains since the start of Feb. As a result, the US treasury curve bull-flattened significantly overnight. The surge in the USD put almost every Asian FX on the backfoot with the exception of JPY and CNY. As we have noted, the CNY and CNH remains resilient to the risk-off move, possibly insulated by China's closed capital market.

### Healthy Correction

For a market that has been rather one-directional for the past few years, the recent equity sell-off looks more like a healthy correction than a meltdown. FX reacted accordingly but there was little sense of panic. After all, this market has seen more mean reversion than the rest. Tellingly, Asian FX (including JPY) moved less than 1% against the USD on Mon. Most G10 currencies also weakened less than 1% vs. the greenback. The GBP and NOK saw a bit more depreciation than the rest, down -1.1% and -1.3% respectively. We could see USDAsians move higher but with fundamentals still looking rather healthy and US rates corrected lower, it is more likely that USDAsian bulls do not have a lot more room to go.

### RBA Should Stand Pat

The day ahead has a few key data including US and AU trade; NZ GDT auction; AU retail sales; PH CPI. **RBA decides on its cash target rate today and we look for the central bank to stand pat. The 4Q inflation report suggests that there is no need for RBA to turn hawkish today but with wage growth likely to have bottomed and employment growth gaining traction, the next inflation report in Apr may prompt RBA to change its tune in May.** We stick to our call for RBA to do a one(hike)-and-done in May. US stock markets had dived into close and the reasons were not apparent. Some pinned it to technical flows or algorithm triggered by a surge in the VIX index. If so, we could see some stabilization in the session ahead. Already, DOW Jones mini futures indicate a possible pause in the selling.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2367	↓ -0.77	USD/SGD	1.3217	↑ 0.14
GBP/USD	1.3959	↓ -1.13	EUR/SGD	1.6345	↓ -0.58
AUD/USD	0.7878	↓ -0.67	JPY/SGD	1.2117	↑ 1.14
NZD/USD	0.7265	↓ -0.48	GBP/SGD	1.845	↓ -0.96
USD/JPY	109.09	↓ -0.98	AUD/SGD	1.0413	↓ -0.43
EUR/JPY	134.92	↓ -1.70	NZD/SGD	0.9602	↓ -0.34
USD/CHF	0.9317	↑ 0.03	CHF/SGD	1.4187	↑ 0.11
USD/CAD	1.2539	↑ 0.89	CAD/SGD	1.0541	↓ -0.77
USD/MYR	3.9	↑ 0.37	SGD/MYR	2.9606	↓ -0.09
USD/THB	31.631	↑ 0.56	SGD/IDR	10258.75	↑ 0.08
USD/IDR	13520	↑ 0.51	SGD/PHP	39.0922	↓ -0.70
USD/PHP	51.494	↓ -0.32	SGD/CNY	4.775	↓ -0.05

#### Implied USD/SGD Estimates @ 6 Feb-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3001	1.3266	1.3530

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### G7: Events & Market Closure

Date	Ctry	Event
6 Feb	NZ	Market Closure
6 Feb	AU	RBA Meeting
7 Feb	NZ	RBNZ Meeting
7 Feb	UK	BoE Meeting

### AXJ: Events & Market Closure

Date	Ctry	Event
7 Feb	IN	RBI Meeting
7 Feb	PH	BSP Meeting

## G7 Currencies

- **DXY - USD-Shorts Unwinding.** Safe haven proxies including USD and JPY remain better bid amid the slump in equity markets and sharp rise in VIX to 37 (29-month high). Dow Jones Industrial Average was down 1841 points over the past 2 days. Over the past 5 days US equities were down more than 7%. The market reaction is in line with our expectation. We shared in our FX Weekly last Fri that *“Rapidly rising yields towards 3% could reinforce the bond sell-off. Spill-over effects onto other asset classes such as equities or commodities should not be ruled out... risk aversion flows may temporarily reverse gains in AXJs, AUD, NZD and possibly lend some support to USD”*. Taken as a whole we think this is a healthy correction on equity gains and a good flush out of short USD/AXJs. As long as corporate earnings/ forward projections continue to be optimistic, and synchronised recovery story stay intact, this USD up-move should provide an opportunity to fade into at some stage. For the time being, we monitor if equity sell-off continues to persist. DXY was last seen at 89.60 levels. Daily momentum has turned bullish and stochastics is rising from oversold conditions. Upside risk is cautioned. We do not rule out move higher towards 89.80 (23.6% fibo retracement of Dec high to Jan-Feb double bottom low), 90.70 (38.2% fibo). Support seen at 88.40 (double-bottom low). Week remaining brings Trade (Dec); Fed’s Bullard speaks on Tue; Fed’s Kaplan, Dudley, Evans speak on Wed; Fed’s Williams, Harker, Kashkari speak on Thu; Fed’s George speaks; Wholesale Inventories, Trade Sales (Dec) on Fri.
- **EURUSD - Still Looking for a Move Lower.** EUR continued to trade lower, in line with our call for further downside. Move lower was due to USD rebound while German coalition talks appear to drag on. Note that a deal between Merkel’s coalition and SPD has not been reached. Even if there is a deal, it needs to be ratified by SPD’s 440,000 members. In addition, there are also other political risks in the region that may pose some volatility to EUR. Italy General Election (4 Mar) is drawing near and opinion polls released between now and then could swing sentiments. Polls are currently suggesting a hung parliament outcome. EUR could drift lower if the balance is tilted towards Berlusconi’s centre-right coalition or Five Star Movement party. EUR bears may only surface with more vigour if these political risks become a reality. We hold to our EUR tactical short (established at spot red 1.2465), targeting objectives at 1.2320, 1.2250. (SL above 1.2540). Pair was last seen at 1.2380 levels. Daily momentum has turned mild bearish while stochastics is falling from overbought conditions. Next support at 1.2340 (23.6% fibo retracement of Dec low to Jan-Feb double top), 1.2210 (38.2% fibo). Resistance at 1.2540 (double top). Week ahead brings ECB’s Weidmann speaks; Retail PMI (Jan) on Tue; ECB’s Nouy, Lautenschlaeger speak on Wed; ECB’s Weidmann, Villeroy, Mersch and Praet speak on Thu.
- **GBPUSD - Downside Risk, Bias to Buy Into.** GBP fell below 1.40-handle, in line with our caution that GBP rally could face a reality check on *Brexit* and economic data. Recent *Brexit* development, which we classified into 2 periods. For early part of Jan, there were signs of constructive engagement from EU members including Spain, Netherlands and Italy but over the past 2 weeks signs of stress are

re-emerging on brexit negotiations and there are renewed doubts over PM May's leadership. Tomorrow and Thu will see a round of meeting for UK cabinet sub-committee members on objectives the UK government will take heading into the next stage of negotiations. Lack of clarity on UK stance, or transition agreement or political instability in UK could dampen markets' high hopes for soft brexit. Renewed fears of disorderly brexit will see GBP longs unwind. For BoE MPC meeting this Thu, focus is on Quarterly Inflation report - whether it will contain any upward revisions to growth, inflation and rates projection given that BoE Carney has recently appeared to be turning slightly hawkish especially in the testimony to the House of Lords Economics Affairs Committee last Tue. The hurdle for him to reiterate his hawkish stance this Thu is that recent economic data including, mfg, services, construction PMIs, retail sales all disappointed to the downside. Though 4Q growth surprised slightly to the upside, annual growth for 2017 slowed to the lowest level in 5 years. This validates our caution that growth momentum is decelerating amid brexit uncertainties and this could pose some downside risks to GBP. Pair was last seen at 1.3970 levels. Daily momentum is turning mild bearish while stochastics is falling from overbought conditions. Risk of pullback towards 1.3940 (21 DMA) should not be ruled out. Further extension of downside puts next support at 1.3805 (61.8% fibo retracement of EU referendum high to Oct-2016 low). We look for opportunity to buy into. Resistance at 1.4270 (76.4% fibo). Week remaining brings BRC Sales (Jan) on Tue; Halifax House Price (Jan) on Wed; BoE Meeting, Quarterly Inflation Report on Thu; IP, Construction Output, Trade (Dec) on Fri.

- **USDJPY - *Safe Haven Plays Weigh***. USDJPY slipped below the 109-levels this morning as markets continue to seek safe havens amid a sell-off in both UST and equities. This was reflected in the Topix falling 3.2% at the opening this morning. Comments by both BOJ Governor Kuroda and PM Abe failed to provide significant support for the pair. PM Abe had said that he expected the BOJ to continue its "dynamic monetary easing with a steady hand" as Japan has yet to escape deflation. Governor Kuroda also reiterated before Parliament yesterday the need to maintain quantitative easing as the BOJ was only halfway to achieving stable 2% inflation. Last seen at 108.82 levels, pair has lost most of its bullish momentum, while stochastics continue to climb higher. Momentum indicators and stochastics on the weekly chart remains bearish bias. Support around 108.30 (2018 low on 26 Jan), 107.30 (2017 low). Resistance is around 109.50 levels, 110.20 (21DMA). Week ahead has labor cash earnings (Dec) on Wed; current account (Dec), BOJ Suzuki to speak on Thu; tertiary industry index (Dec). Note that BOJ Governor Kuroda will appear in parliament from 1pm (Tokyo time) today.
- **NZDUSD - *Downside Pressure***. NZD remains on the decline amid slump in risk appetite. Pair was last seen at 0.7270 levels. Bearish momentum on daily chart remains intact. Downside pressure remains. Next support at 0.72 levels (38.2% fibo retracement of Dec low to Jan high), 0.7160 levels. Resistance at 0.7320 levels. Golden cross pattern (50 DMA cuts 200 DMA to the upside) appears to be in the making - bullish signal. Week ahead brings GDT Auction on Tue; Unemployment rate, hourly earnings (4Q) on Wed; RBNZ meeting; RBNZ Spencer press conference/ parliament on Thu; QV House Prices (Jan) on Fri. Focus this week on RBNZ meeting this Thu. It is widely

expected that RBNZ will keep rates unchanged at 1.75% but we think **MPS will be of interest**. Since the last MPS (in Nov 2017), NZD has strengthened by nearly 9% (vs. USD) since mid-Dec 2017, and NZ TWI has risen by more than 4% in the same period to 75 levels, we see risks of acting and outgoing Governor Grant Spencer reiterating “the need for weaker exchange rate to achieve more robust growth”. He may also take a **cautious stance on the dip in 4Q inflation**. Overall we see **risks skewed to the downside in the upcoming RBNZ (possibly turning neutral from slight hawkish in Nov)**. In addition, NZ Treasury’s monthly Economic Indicators report (released yesterday) showed inflation will fall to around 1% in 1Q before picking up.

- **AUDUSD - Buy on dips towards 0.7820**. The AUD sell-off continues and was last seen around 0.7880 this morning. Risks are still to the downside for now but we are not fundamentally bearish on the AUD and we look to accumulate long as the pair heads towards the next support at 0.7820. Dec retail sales came in much weaker than expected at -0.5%*m/m*, down from 1.3% in the month prior. Ex inflation, retail sales actually accelerated to 0.9%*q/q* from 0.1%. Although the release was a little softer than the average forecasts (by Bloomberg), the numbers still shows a pick-up in the momentum of retail sales in the second half of last year. The macro prudential measures could continue to slow home prices and housing debt. 4Q inflation narrowly missed consensus as well. The trimmed mean CPI steadied at 1.8%*y/y* for the quarter, indicating benign and healthy price pressure. **The recent inflation report suggests that there is no need for RBA to turn hawkish today but with wage growth likely to have bottomed and employment growth gaining traction, the next inflation report in Apr may prompt RBA to change its tune in May**. Week ahead brings PMI (Jan) on Mon; RBA Meeting; Trade, retail sales (Dec) on Tue; Foreign Reserves (Jan) on Wed; RBA Governor Lowe speaks; NAB Business Confidence (4Q) on Thu; RBA Statement of Monetary Policy on Fri.
- **USDCAD - Rally**. USDCAD extends its rally, buoyed by the broad USD strength and fall in crude prices. Last seen around 1.2542. This pair has broken the resistance at 1.2510 (38.2% Fibonacci retracement of the Dec-Feb sell-off) and we look for further upmove towards 1.2588 (50%). Support levels now at 1.22410, 1.2380 and 1.2256 (Jan/Feb low). Week ahead has Dec trade tonight, building permits on Wed, housing starts on Thu and Jan jobs report on Fri.

## Asia ex Japan Currencies

- **SGD trades around 0.38% above the implied mid-point of 1.3266.** We estimate the top at 1.3001 and the floor at 1.3530.
- **USDSGD - *Upside Bias*.** USDSGD is trading mildly bid this morning. Pair had slipped to an overnight low of 1.3161 before rebounding back above the 1.32-levels, tracking USD moves. UST yields have also rebounded this morning after slipping below the 2.70% levels overnight and should the upmove be sustained could see 3-month SOR stay rebound intraday. This comes after the 3-month SOR fell by 6.1% to 1.05% yesterday evening. Last seen around 1.3220 levels. Daily chart shows bullish bias while bearish momentum on the weekly chart remains intact. Resistance at 1.3260 levels, 1.3330 (50DMA). Support nearby at 1.3200 (61.8% fibo retracement of the 2014 low to 2017 high), 1.3130 levels. Remaining week has foreign reserves (Jan) tomorrow.
- **AUDSGD - *A Likely Pause*.** We look for this cross to head lower towards 1.0390 (50% fibo retracement of the Dec-Jan rally, 55-SMA) anytime now. There could be a pause in its downmove thereabouts. If not, 1.0330 (61.8%) is seen as the next support. Moves lower might not be as swift as what was seen in the past few sessions.
- **SGDMYR - *Lean against Strength*.** SGDMYR continues to trade near recent lows. Last seen at 2.9610 levels. Shorter term technical is not indicating a clear bias but underlying momentum (as indicated on weekly and monthly charts) still suggest a bearish bias. Support at 2.95, 2.93 levels. We **retain our bias to lean against strength**. Resistance at 2.9750, 2.99 levels.
- **USDMYR - *Rebound Risks but Bias to Fade*.** USDMYR inched higher, in line with our call for rebound risks. Move higher came amid USD rebound and risk-off sentiment. Pair was last seen at 3.9150 levels. Daily momentum is mild bullish while stochastics shows signs of turning higher from oversold conditions. We still caution for rebound risks in the near term. Resistance at 3.92, 3.94 (21 DMA) levels. Bias to fade. Support seen at 3.8660 (previous low) before 3.85 levels. Broader term, we believe MYR strength should continue in early part (next few months) of 2018 amid expectations for announcement for Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, widening current account surplus against supporting external environment - synchronous global economic recovery benefitting Asian exports including Malaysia and possibly see this extending into investment recovery in 2018. Furthermore there are also signs of stabilising commodity prices amid OPEC production cut extension and steady demand for oil prices. And we expect these drivers - both external and domestic to provide the near term support for MYR. Our fair value estimate for USDMYR is around 3.70 levels.
- **1m USDKRW NDF - *Upside Risk*.** 1m USDKRW NDF remains well bid, in line with our caution for rebound risks. Pair was last seen at 1096 levels. Bullish momentum on daily chart remains intact while stochastics is rising into overbought conditions. Resistance at 1100 (100 DMA), 1103 (50% fibo). Support at 1092 (38.2% fibo), 1078 levels

(23.6% fibo retracement of Oct high to Jan low), 1075 (50 DMA). We caution there could be more room for USDKRW to run higher if sell-off in global bonds continue (resulting in spill-over effects onto other asset classes such as equities and commodities).

- **USDCNH - Capped.** USDCNH remains on the upmove, albeit lagging its regional peers, last seen around 6.3150. Eyes remain on bond yields around the world - whether bond bears can have the steam to continue this rout. However, as we have stated, CNH is resilient to this risk-off move given China's closed capital account. The capital controls ensure that that financial markets and CNY is insulated from global market volatility. Upmove to meet resistance around 6.3510. **PBoC fixed the USDCNY reference rate at 6.3072, 53 pips higher than previous 6.3019. CNYMYR was fixed 14 pips higher at 0.6188 vs. previous at 0.6174.** The CFETS RMB index rose above the 96-figure. At home, PBOC skips OMO for the ninth session. There are plenty of data due this week with forex reserves for Jan due Wed, trade on Thu, inflation on Friday.
- **1m USDINR NDF - Moving higher.** 1m USDINR NDF rose to 64.60 this morning. Next resistance is seen at 64.78 (50% fibo retracement of the Sep-Jan). On the daily chart, momentum indicators seem to be gaining. Resistance at 64.45 (38.2% fibo). Support at 64.00 (23.6% fibo), 63.37 (2018 low). Week ahead has RBI meeting on Wed. We do not expect RBI to move. After the RBI cut reverse repo and repo rates last Aug, further easing seem unlikely as we see inflation at risk of overshooting median targets. Minutes of the last Monetary Policy highlighted concerns on housing, oil, and food prices and that "the moderation in inflation excluding food and fuel... has reversed". The MPC also saw risks of an extension in the upward trajectory of inflation. That said, rate hikes may only happen in the second half of the year given the fact that recent growth numbers have been softer than expected. The government's advance estimate of FY2018 GDP is 6.5% compared to 7.1% in the year prior. While this is broadly in line with consensus, downside risks to demand may mean that the RBI would prefer to act with more evidence of growth stabilization.
- **1m USDIDR NDF - Bullish Bias.** 1m USDIDR trades mildly bid this morning extending gains from the previous two sessions amid USD strength. Spot USDIDR though gapped higher at the opening to 13570 this morning from yesterday's close of 13520 on UST yields and USD upmoves. Waning risk appetite yesterday saw foreign investors sell USD48.7mn in equities. Meanwhile, they had also sold-off of USD405.8mn in debt on 1 Feb (latest data available). Further sell-off in Indonesia assets should be supportive of the 1m NDF intraday. Some support for the IDR could have come from the faster-than-expected economic growth in 4Q17 and 2017. The economy had expanded by a faster 5.19% y/y in 4Q17 (3Q: 5.06%), coming in in-line with our economic team's projection. 4Q17 growth was driven largely by private consumption, government spending and investment (4Q: +4.79%, +3.81% & +7.27% y/y respectively). Growth would have been much stronger had it not been the drag from net exports (which contracted 44.69% y/y). For the full-year, the economy expanded by 5.07% (as expected by both cons. and Maybank) in 2017, a tad better than 2016's 5.02%. For 2018, our economic team is looking for real GDP to expand by 5.30% on

continued government spending (especially ahead of regional elections and Asian Games (18 Aug-2 Sep in Palembang)). Last seen around 13585 levels. Momentum indicators on the daily chart remain bullish bias, while stochastics is now in overbought conditions. Weekly chart shows waning bearish bias still and stochastics climbing higher. Resistance remains around 13600 (23.6% fibo retracement of the Sep-Oct upswing), 13660 levels. Support nearby is around 13490 (50DMA), 13440 (50% fibo, 200DMA). JISDOR was fixed at 13498 yesterday; 70 pips higher than the fixing on Fri. Remaining week has foreign reserves (Jan) tomorrow.

- **1m USDPHP NDF - Near Term Correction Risks.** 1m USDPHP NDF is trading softer this morning after headline CPI rose at its fastest pace since Oct 2014, increasing the risks that BSP could hike its policy rate to anchor inflationary expectations. Headline inflation rose 4.0% y/y in Jan (Dec: 3.3%), beating market estimates of 3.5%. This is at the upper bound of the BSP inflation target of 2-4% for 2018. Our house view is for the BSP to maintain the status quo at its policy meeting on Thu to support growth. Any move to normalise policy rate is expected sometime in 2Q and 3Q. The 1m NDF though remained weighed by the sell-off in the equity market on risk aversion with foreign investors selling USD48.7mn yesterday. Further risk aversion triggering another round of sell-off in Philippines equities is likely to limit downside to the 1m NDF. Last seen around 51.62 levels. Momentum indicators on the daily chart remains intact but waning, while stochastics is still at overbought conditions. Weekly chart remains bullish bias. Support nearby is at 51.60 levels (23.6% fibo retracement of the Apr-Oct 2017 upswing) with a clean break of this level exposing the next support at 51.15 (38.2% fibo). Resistance is around the 52-handle, 52.30 (2017 high). Remaining week has foreign reserves (Jan) on Wed; BSP meeting on Thu, trade (Dec) on Fri.
- **USDTHB - Upside Pressure.** USDTHB remains bid amid a rebound in USD. At the same time, the continued sell-off in Thai assets is supportive of the THB. Foreign investors sold USD163.4mn and USD43.5 in equities and debt yesterday. The continued sell-off in Thai asset today should keep the pair elevated intraday. Last seen around 31.671 levels. Momentum indicators are now shows bullish bias, while stochastics is climbing higher from oversold conditions. Weekly momentum indicators though remain bearish bias and stochastics at oversold conditions. This suggests risks are still to the downside though in the near term risks are to the upside. Resistance remains around 31.750 levels (21DMA), 32.110 levels. Support remains at 31.256. Quiet data week with just foreign reserves (2 Feb) on tap this Fri.

## Malaysia Fixed Income

### Rates Indicators

### Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.37	*3.40/37	Not traded
5YR MI3/22	3.62	3.58	-4
7YR ML9/24	3.91	3.92	+1
10YR MO11/27	3.92	3.95	+3
15YR MX4/33	4.41	*4.43/38	Not traded
20YR MX4/37	4.60	4.64	+4
30YR MZ3/46	4.85	4.85	Unchanged
IRS			
6-months	3.70	3.70	-
9-months	3.72	3.72	-
1-year	3.78	3.77	-1
3-year	3.84	3.84	-
5-year	3.92	3.92	-
7-year	4.03	4.03	-
10-year	4.14	4.14	-

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Source: Maybank KE

\*Indicative levels

- Malaysian government bonds traded weaker with the MGS yield curve rising 1-4bps higher. Players turn to Tuesday's new 7.5y Islamic GII 8/25 auction for market leads. Expect the issuance to be supported by local end investors.
- Quiet start to the week for MYR IRS as rates begin to stabilize. The IRS curve was little changed with only -1bp movement at the 1y point, and no trades concluded. 3M KLIBOR still at 3.69%.
- Local corporate credit space still quiet. There was the usual buying interest on infrastructure and power names, while GG papers only saw offers and no bids due to the slight selloff in the govvy space. Bids higher by about 2-3bps.



## Singapore Fixed Income

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.58	1.58	-
5YR	1.94	1.95	+1
10YR	2.30	2.31	+1
15YR	2.58	2.61	+3
20YR	2.61	2.64	+3
30YR	2.72	2.75	+3

Source: Maybank KE

- SGS market started weaker following the much lower UST, with yields 4bps higher and curve steeper in a muted opening. But there was no panic selling and instead, PDs dip buying supported SGS. Long end issues remained under more pressure given the month-end 30y benchmark auction, with selling seen from the 20y tenor onwards. SGS yields ended 1-3bps higher and SGD IRS moved in tandem as well.
- Asian credit space mostly saw trading activity in thin volumes. China IGs underperformed on the back of the UST selloff, while INDONs and PHILIPs were down by about 1-1.5pts. MALAYS also widened 2-3bps, but PETMKs mostly saw bids. On rating changes, Lippo Karawaci's rating was affirmed at B1 but the outlook changed from stable to negative by Moody's, citing increased execution and financing risk which are likely to weaken debt metrics.

## Indonesia Fixed Income

### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.31	5.36	4.19
5YR	5.72	5.77	4.22
10YR	6.22	6.32	10.81
15YR	6.70	6.75	5.12
20YR	6.97	7.04	7.78
30YR	7.11	7.13	1.51

\* Source: Maybank Indonesia

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- Indonesia bond market closed lower during Monday trading session amid 4Q GDP grew by 5.19% yoy or came in higher than consensus expectation. Selling pressure enveloped the IGB market on the note of better U.S. labour data (released last Friday) and UST10y yield above the 2.8% level. As a result, most of 10y LCY govvy yield within Asia region was noted heading north. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.765%, 6.324%, 6.748% and 7.044% while 2y yield moved higher to 5.357%. During the day, FR0067 (26y) yield decline the most by 4bps while FR0059 (9y) yield increase the most by 12bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 30bps). Trading volume at secondary market was noted heavy at government segments amounting Rp17,771b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp2,068b with 65x transaction frequency.
- DMO will conduct their bi-weekly sukuk auction today with six series to be auctioned which are SPN-S07082018 (Coupon: discounted; Maturity: 7 Aug 2018), PBS016 (Coupon: 6.250%; Maturity: 15 Mar 2020), PBS002 (Coupon: 5.450%; Maturity: 15 Jan 2022), PBS017 (Coupon: 6.125%; Maturity: 15 Oct 2025), PBS012 (Coupon: 8.875%; Maturity: 15 Nov 2031) and PBS004 (Coupon: 6.100%; Maturity: 15 Feb 2037). We believe that the auction will be oversubscribing by 2.0x - 3.0x from its indicative minimal target issuance of Rp8t while our view on the indicative yield are as follows SPN-S07082018 (range: 4.370% - 4.470%), PBS016 (range: 5.620% - 5.720%), PBS002 (range: 5.900% - 6.050%), PBS017 (range: 6.400% - 6.510%), PBS012 (range: 6.900% - 7.050%) and PBS004 (range: 7.400% - 7.515%).
- Foreign ownership stood at Rp864.3t or 41.1% of total tradable government bond as of Feb 1<sup>st</sup>. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp26.2t from begin month Jan 18.
- Corporate bond traded moderate amounting Rp643b. BMTP01B (Bank Mandiri Taspen POS Year 2017; B serial bond; Rating: AA<sub>(idn)</sub>) was the top actively traded corporate bond with total trading volume amounted Rp150b yielding 8.192%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2514	110.76	0.7981	1.4218	6.3391	0.7356	138.0800	88.0683
R1	1.2440	109.92	0.7930	1.4088	6.3255	0.7310	136.5000	87.0077
<b>Current</b>	1.2379	108.76	0.7860	1.3961	6.3128	0.7265	134.6400	85.4840
S1	1.2328	108.62	0.7851	1.3892	6.2906	0.7240	134.1300	85.3927
S2	1.2290	108.16	0.7823	1.3826	6.2693	0.7216	133.3400	84.8383

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3258	n/a	13556	51.7893	31.8010	1.6492	0.6235	2.9745
R1	1.3238	n/a	13538	51.6417	31.7160	1.6418	0.6216	2.9675
<b>Current</b>	1.3229	3.9150	13597	51.5700	31.7110	1.6376	0.6221	2.9601
S1	1.3179	n/a	13492	51.3907	31.4740	1.6306	0.6168	2.9470
S2	1.3140	n/a	13464	51.2873	31.3170	1.6268	0.6139	2.9335

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

**Equity Indices and Key Commodities**

	Value	% Change
<b>Dow</b>	24,345.75	-4.60
<b>Nasdaq</b>	6,967.53	-3.78
<b>Nikkei 225</b>	22,682.08	-2.55
<b>FTSE</b>	7,334.98	-1.46
<b>Australia ASX 200</b>	6,026.23	-1.55
<b>Singapore Straits Times</b>	3,482.93	-1.33
<b>Kuala Lumpur Composite</b>	1,853.07	-0.93
<b>Jakarta Composite</b>	6,589.68	-0.59
<b>Philippines Composite</b>	8,616.00	-2.21
<b>Taiwan TAIEX</b>	10,946.25	-1.62
<b>Korea KOSPI</b>	2,491.75	-1.33
<b>Shanghai Comp Index</b>	3,487.50	0.73
<b>Hong Kong Hang Seng</b>	32,245.22	-1.09
<b>India Sensex</b>	34,757.16	-0.88
<b>Nymex Crude Oil WTI</b>	63.43	-2.51
<b>Comex Gold</b>	1,342.40	0.54
<b>Reuters CRB Index</b>	195.67	-1.35
<b>MBB KL</b>	10.02	-0.79

**Policy Rates**

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.1267	Apr-18	Neutral
BNM O/N Policy Rate	3.25	7/3/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	15/2/2018	Neutral
BOT 1-Day Repo	1.50	14/2/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	8/2/2018	Tightening Bias
CBC Discount Rate	1.38	22/3/2018	Neutral
HKMA Base Rate	1.75	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	7/2/2018	Neutral
BOK Base Rate	1.50	27/2/2018	Easing Bias
Fed Funds Target Rate	1.50	22/3/2018	Tightening
ECB Deposit Facility Rate	-0.40	8/3/2018	Easing Bias
BOE Official Bank Rate	0.50	8/2/2018	Neutral
RBA Cash Rate Target	1.50	6/2/2018	Neutral
RBNZ Official Cash Rate	1.75	8/2/2018	Neutral
BOJ Rate	-0.10	9/3/2018	Easing
BoC O/N Rate	1.25	7/3/2018	Tightening

## MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2003 4.2400% 07.02.2018	4.240%	7-Feb-18	3	3.432	3.432	3.432
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	120	3.133	3.247	3.133
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	104	3.129	3.256	3.079
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	35	3.197	3.197	3.015
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	80	3.206	3.206	3.206
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	51	3.286	3.286	3.202
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	81	3.335	3.353	3.253
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	26	3.378	3.378	3.32
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	35	3.393	3.393	3.359
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	34	3.402	3.402	3.391
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	15	3.378	3.378	3.343
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	52	3.475	3.552	3.475
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	64	3.606	3.606	3.6
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	177	3.478	3.492	3.212
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	13	3.577	3.58	3.576
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	15	3.723	3.723	3.723
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	13	3.795	3.838	3.784
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	26	3.932	3.932	3.862
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	293	3.912	3.939	3.903
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	43	3.981	3.993	3.981
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	37	4.07	4.07	4.07
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	103	3.948	3.948	3.876
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	13	4.403	4.407	4.403
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	31	4.477	4.482	4.463
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	3	4.408	4.408	4.38
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	5	4.578	4.578	4.541
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	124	4.635	4.635	4.567
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	3	4.85	4.85	4.85
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	60	3.293	3.293	3.293
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	2	3.387	3.387	3.387
PROFIT-BASED GII 3/2012 30.09.2019	3.704%	30-Sep-19	10	3.454	3.454	3.454
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	10	3.56	3.56	3.56
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	110	3.678	3.678	3.633
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	8	3.797	3.797	3.797
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	128	3.905	3.921	3.856
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	40	4.219	4.219	4.219
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	20	4.64	4.646	4.64

<b>Total</b>	<b>1,983</b>
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Sources: BPAM

## MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PASB IMTN (GG) 4.42% 05.02.2021 - Issue No. 14	GG	4.420%	5-Feb-21	20	3.945	3.952	3.945
PASB IMTN (GG) 4.63% 05.02.2026 - Issue No. 23	GG	4.630%	5-Feb-26	20	4.402	4.402	4.398
ALDZAHAB ABS-IMTN 21.06.2019 (Class A S1)	AAA	5.000%	21-Jun-19	8	4.441	4.449	4.441
PPB IMTN 4.750% 28.04.2020	AAA (FG)	4.750%	28-Apr-20	10	4.725	4.73	4.725
TNB WE 5.060% 30.07.2024 - Tranche 1	AAA IS	5.060%	30-Jul-24	10	4.498	4.503	4.498
TENAGA IMTN 03.08.2037	AAA	5.180%	3-Aug-37	30	5.099	5.102	5.09
SCC IMTN 4.780% 08.10.2019	AA1	4.780%	8-Oct-19	10	4.424	4.43	4.424
SCC IMTN 4.700% 08.05.2020	AA1	4.700%	8-May-20	3	4.466	4.471	4.466
NGISB MTN 1459D 27.8.2021 (SERIES 2)	AA1	4.650%	27-Aug-21	1	4.53	4.533	4.53
SDBB MTN 1826D 11.5.2022 - Tranche No 16	AA1	5.300%	11-May-22	20	4.997	5.003	4.997
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	10	4.9	4.901	4.9
EDRA ENERGY IMTN 5.610% 05.01.2022 - Tranche No 1	AA3	5.610%	5-Jan-22	10	5.168	5.174	5.168
BGSM MGMT IMTN 7.100% 28.12.2022 - Issue No 6	AA3	7.100%	28-Dec-22	2	4.618	4.62	4.618
EDRA ENERGY IMTN 5.700% 05.07.2023 - Tranche No 4	AA3	5.700%	5-Jul-23	10	5.261	5.261	5.261
EDRA ENERGY IMTN 5.730% 05.01.2024 - Tranche No 5	AA3	5.730%	5-Jan-24	5	5.291	5.291	5.291
CIMB THAI 5.600% 05.07.2024 - Tranche No 1	AA3	5.600%	5-Jul-24	30	4.847	4.873	4.847
EDRA ENERGY IMTN 5.760% 05.07.2024 - Tranche No 6	AA3	5.760%	5-Jul-24	10	5.32	5.32	5.32
KESTURI IMTN 4.75% 02.12.2026 - IMTN 8	AA- IS	4.750%	2-Dec-26	20	4.784	4.791	4.784
LDF3 IMTN 5.860% 23.08.2033	AA- IS	5.860%	23-Aug-33	5	5.134	5.135	5.134
SPG IMTN 5.490% 28.04.2034	AA- IS	5.490%	28-Apr-34	10	5.349	5.352	5.349
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	1	4.88	4.88	4.829
MUMTALAKAT IMTN 5.350% 30.04.2018	A3	5.350%	30-Apr-18	5	5.448	5.492	5.448
MAH SING 6.900% PERPETUAL SECURITIES - SERIES NO 1	NR(LT)	6.900%	2-Apr-17	1	6.342	6.617	6.342
<b>Total</b>				<b>251</b>			

Sources: BPAM

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