

Global Markets Daily

USD Gains to Moderate

Macro | FX Research & Strategy

Global

USD to be Softer vs. JPY, EUR and CHF

Pace of USD rally since mid-Apr continued to show signs of moderation. Better than expected US employment rate saw some USD up-move but gains were soon reversed into Fri NY close. Other components of the labor report surprised to the downside - wage growth slowed on sequential terms while NFP gained less than expected. We believe recent FoMC's statement which somewhat suggests that temporary deviation above the Fed's 2% symmetric inflation goal is not likely to trigger the Fed to quicken its pace of monetary tightening should serve as "speed regulating strips" to slow the pace of USD rally. This week brings a handful of geopolitical/trade event (see below). Geopolitical and trade war tensions could negate USD strength, and we see potential USD weakness against JPY, CHF and EUR. Bias to buy AUD on dips.

Plenty of Geopolitical/Trade Risks to Key an Eye On

There are a handful of event risks this week including NAFTA talks resuming today - Successful re-negotiation of a deal with Mexico and Canada should ease trade tensions and support gains in MXN and CAD; 12th May deadline for US to waive sanctions on Iran - a decision to waive sanctions could help to ease some upside pressure on oil prices while a decision to not waive sanctions could heighten geopolitical tensions and add to upside pressure on oil prices; UK PM Theresa May's political career is at risk as she seeks to strike a "compromise" with her "war cabinet" over Britain's future customs relationship with EU - an outcome is expected this week; (5) Closer to home, Malaysia General Elections on Wed. Results are expected to be announced around midnight - better than 2013 GE outcome could support the MYR.

Week's Focus on China Data, US CPI, Central Bank Meetings

Key data/events this week include FX reserves data from China, SG, MY, PH; Indonesia GDP and BoJ minutes today. For Tue, AU retail sales and budget; China trade. For Wed, US PPI, UK BRC Sales and PH trade. For Thu, China CPI, PPI; UK Quarterly Inflation Report, trade, IP; US CPI; Malaysia IP; PH GDP. Thu also brings BoE, RBNZ, BNM and BSP monetary policy decisions. We expect BoE, RBNZ and BNM to keep their monetary policy stance status quo while BSP may raise rates by 25bps. RBNZ post-meeting press conference (10th May) would be of interest as it could offer some insights into Adrian Orr's perspectives. For Fri, NZ PMI; SG retail sales.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.196	↓ -0.23	USD/SGD	1.3341	↑ 0.25
GBP/USD	1.3531	↓ -0.32	EUR/SGD	1.5957	↑ 0.01
AUD/USD	0.7539	↑ 0.09	JPY/SGD	1.2214	↑ 0.19
NZD/USD	0.702	↓ -0.31	GBP/SGD	1.8054	↓ -0.06
USD/JPY	109.12	↓ -0.06	AUD/SGD	1.0068	↑ 0.45
EUR/JPY	130.5	↓ -0.32	NZD/SGD	0.9362	↓ -0.12
USD/CHF	1	↑ 0.25	CHF/SGD	1.3335	↓ -0.03
USD/CAD	1.2846	↓ -0.01	CAD/SGD	1.0374	↑ 0.14
USD/MYR	3.9395	↑ 0.17	SGD/MYR	2.9549	↓ -0.09
USD/THB	31.762	↑ 0.46	SGD/IDR	10462.88	↑ 0.02
USD/IDR	13945	↑ 0.04	SGD/PHP	38.7885	↓ -0.01
USD/PHP	51.714	↑ 0.07	SGD/CNY	4.7669	↑ 0.04

Implied USD/SGD Estimates @ 7 May-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3125	1.3392	1.3658

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G7: Events & Market Closure

Date	Ctry	Event
7 May	UK	Bank Holiday (Market Closure)
	US, CA, MX	NAFTA talks Resume
10 May	UK	BOE MPC Meeting
	NZ	RBNZ Meeting
12 May	US, Iran	Deadline on US decision on extension of waiver of sanctions on Iran
This Week	US, North Korea	Potential announcement of US-North Korea Meeting Date

AXJ: Events & Market Closure

Date	Ctry	Event
7 May	KR	Children Day (Market Closure)
9 May	MY	General Election (Market Closure)
		BNM Meeting
10 May	PH	BSP Meeting
	ID	Market Closure

G7 Currencies

- **DXY - Of CPI and Geopolitical/Trade Events This Week.** Pace of USD rally since mid-Apr continued to show signs of moderation. Better than expected US employment rate (3.9% in Apr vs. 4% consensus vs. 4.1% prior) saw some USD upmove but gains were soon reversed into Fri NY close. Other components of the labor report surprised to the downside - wage growth slowed on sequential terms (+0.1% vs. +0.3% prior) while NFP gained less than expected (+168k vs. +190k consensus). We believe recent FoMC's accompanying statement which somewhat suggests that temporary deviation above the Fed's 2% symmetric inflation goal is not likely to trigger the Fed to quicken its pace of monetary tightening should serve as "speed regulating strips" to slow the pace of USD rally. This week brings a handful of geopolitical/trade event risks including NAFTA talks on Mon, 12th May deadline for US to waive sanctions on Iran and whether PM May can strike a compromise next week with her "war cabinet". Geopolitical and trade war tensions could negate USD strength, and we see potential USD weakness against JPY, CHF and EUR. DXY was last seen at 92.48 levels. Bullish momentum on daily chart remains intact but shows early signs of waning while stochastics is showing signs of turning lower from overbought conditions. These suggest risk of USD pullback from recent gains. Key support at 92 (200 DMA). Decisive move below that could open way for further downside towards 91.40, 90.60 levels (21, 100 DMAs). Resistance seen at 92.80, 93.60, 94.2 (38.2% fibo retracement of 2018 high to low). Week ahead brings Fed's Bostic and Quarles speak on Mon; Fed's Powell and Evans to speak on Tue; PPI (Apr); Fed's Bostic speaks on Wed; CPI (Apr) on Thu; Import, Export price Index (Apr); Univ. of Michigan Sentiment (May) on Fri.
- **EURUSD - Rebound Risks.** EUR rebounded off Friday's lows this morning. Pair was last seen at 1.1970 levels. Bearish momentum on daily chart remains intact but shows tentative signs of waning while stochastics is showing signs of rising from oversold conditions. Technical suggests chance of rebound at some stage. Area of support at 1.1920 (76.4% fibo retracement of Dec low to 2018 high) - 1.1940. Risk of deeper correction towards 1.1850 should not be ruled out on the break below area of support. Bias remains to buy dips. Immediate resistance at 1.2020 - 40 (200 DMA) before 1.2140 levels. Relatively quiet week ahead with focus on EU retail PMI on Mon; German IP and trade on Tue
- **GBPUSD - Big Week for GBP.** GBP losses since mid-Apr showed tentative signs of slowing. Nonetheless **uncertainties on Britain's future relationship with EU and PM May's leadership are sources of volatility for GBP this week.** PM Theresa May has about a few days to strike a "compromise" with her "war cabinet" over Britain's future customs relationship with EU or face a choice staying in EU after Brexit or leaving the EU without a pre-agreed deal on hand. A decision is expected sometime this week. For the upcoming BoE MPC meeting on 10th May, we see room for BoE to keep policy rate on hold at 50bps as inflation decelerated faster than expected amid concerns on global growth momentum and trade war. While growth and activity indicators show momentum is decelerating. OIS futures showed that implied probability of hike at the upcoming meeting in May has been dramatically cut to under 20% (3 May) from 99.9% (early Apr). A rate hike was thought to be a done deal until the poor run of inflation, wage

growth, retail sales, 1Q GDP, PMI data as well as Carney's comments which were interpreted as dovish-leaning. The earliest market is pricing in a rate hike is now in Aug (59% probability). We maintain our call for a 25bps rate hike possibly as early as August. Unemployment rate falling to 43-year low and signs of real wages rising underscores the tightness of labor market conditions and this could generate domestic price pressures and builds the case for BoE to normalize policies at some stage in 2H 2018. GBP was last seen at 1.3550 levels. Bearish momentum on daily chart remains intact but stochastics is showing tentative signs of turning from oversold condition. **The more than 5% decline since mid-Apr from highs above 1.43-handle in mid-Apr to overnight low of 1.35-handle may have been overdone. We do not rule out short term rebound risks and look for opportunity to buy into.** Immediate support at 1.3540 (200 DMA, 76.4% fibo retracement of Dec low to 2018 double-top), 1.3480 levels. Break below this could trigger further downside towards 1.33 levels (Dec lows). Resistance at 1.3710 (61.8% fibo). Week ahead brings House Prices (Apr) on Tue; BRC Sales (Apr) on Wed; BoE Meeting; QIR; Construction output, IP, trade (Mar) on Thu.

- **USDJPY - Downside Risks.** USDJPY reversed its gains towards the end of last week with the pair trading back below the 109-handle to 108.65 on 4 May, tracking the 10Y UST yield move ahead of the payrolls data release. Dip in US unemployment rate sent UST yields and with it, the USDJPY, higher to end the week back above the 109-handle. Since then, softer UST yields and USD is weighing on the USDJPY and dragging the pair back below the 109-handle. Geopolitical and trade tensions could trigger safe haven proxy plays and continue to weigh on the pair in the week ahead given handful of external political events ahead. These events include the NAFTA trade talks starting on 7 May, 12 May deadline for US to waive Iran sanctions and the ability of PM May to hold her cabinet together with a compromise Brexit plan later this week. Meanwhile, the political scandals surrounding PM Abe continues to simmer. We continue to watch the evolving political saga 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 108.85-levels. Daily bullish momentum is dissipating, while stochastic shows signs of turning lower from overbought conditions. Bullish bias on the weekly chart remains intact. This suggest that fatigue is settling in among USDJPY bulls and some upside momentum could be losing steam temporarily in the near term. Break below interim support at 108.70 (100DMA) could point to further downside towards the 108-levels. Resistance seen around 110.20 (200DMA). Week ahead has BOJ minutes of 8-9 Mar policy meeting on Mon; household spending (Mar) on Tue; labor cash earnings, leading index (Mar) on Wed; current account (Mar), BOJ summary of opinions of 26-27 Apr policy meeting on Thu.
- **NZDUSD - RBNZ Meeting This Thu.** Kiwi losses (more than 5%) since mid-Apr slowed this week. Pair was last seen at 0.7010 levels. Bearish momentum on daily chart is waning while stochastics is showing signs of turning from oversold conditions. Support at 0.6990, 0.6960 levels (76.4% fibo retracement of Dec low to 2018 high). We stick to our tactical bias to buy on dips. Resistance at 0.7050/60 levels (61.8% fibo). Break above could test 0.7130 levels. We expect RBNZ to keep OCR on hold at 1.75% at its upcoming meeting on 10 May amid softer inflation

outlook and signs of moderation in activity. This MPC will see Adrian Orr chairing for the first time since appointment in late-Mar. Focus will be on his tone and bias in the press conference. Week ahead brings 2Y inflation outlook on Tue; Card spending (Apr) on Wed; RBNZ Meeting; RBNZ Gov speaks; Finance Minister Pre-Budget speech on Thu; Food prices, BusinessNZ Mfg PMI (Apr)

- **AUDUSD - Downsides Limited.** The NFP-triggered USD rise pressed the AUDUSD pairing below the 0.75 for only a moment before a rebound in later hours of NY session last Fri. Last seen around 0.7525, USD strength could keep this pair capped but as we have said, USD gains against the AUD have come to a grind. As such, we still view AUDUSD as a buy on dips. AUDUSD is showing some signs of turning as it rebounded from the lower bound of the downward sloping trend channel. Next resistance at 0.7553 is eyed. Onshore markets are closed today for an extended weekend but in the near-term, 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 swift and likens to what we witnessed between 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 and risks of Iranian Sanction waivers to expire on 12 May, 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. On the charts, AUDUSD seems to have rebounded from lows of 0.7466. Stochs seem to be turning higher, along with the MACD on the daily chart. Support is seen around 0.7466 before the next at 0.7440. Rebounds to meet resistance around 0.758/7600. Week ahead brings NAB Business Confidence (Apr) on Mon; RBA's Boge gives speech; Retail Sales (1Q) on Tue; Inflation Expectations on Thu.

- **USDCAD - Downside Risks Ahead.** USDCAD has been trading sideways as NAFTA talks loom on 7th May and was last seen around 1.2860. 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 will resume on 7th May and US Lighthizer said he hopes to reach a deal on 7 May. Canada Foreign Minister Freeland commented over the weekend that the country's position “has always been our objective is a good deal, not just any deal”. She even said that she has “no fixed departure time” from Washington and a “win-win-win outcome is absolutely possible”. Her comments suggest that Canada may not be rushed to accept just any deal with the US. 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 towards 1.2720 and then perhaps, 1.2638 before 1.2560. Week ahead has housing starts tomorrow, new housing price for Mar on Thu and jobs report on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.48% above the implied mid-point of 1.3392 with the top estimated at 1.3125 and the floor at 1.3658.**
- **USDSGD - Consolidation.** USDSGD traded higher above the 1.33-levels last week amid higher UST yields and USD and appears to be in consolidation mode around current levels. Last seen at 1.3329-levels. Bullish momentum on the daily chart remains intact but waning, while stochastics shows tentative signs of turning lower from overbought conditions. Weekly technical remains bullish. This suggests a pause in the recent rally is possible with risks temporarily tilting lower for now. Area of resistance is around 1.3360 (50% fibo retracement of Oct high to 2018 low) - 1.3390 (200DMA). Failure to break above this area of resistance could encourage USDSGD bears and push the pair towards support levels around 1.3278 (38.2% fibo), 1.3210 (21, 100DMAs). For now, look for the pair to consolidate around current levels. Week ahead brings foreign reserves (Apr) on Mon; retail sales (Mar) on Fri..
- **AUDSGD - Upside Bias.** This cross came off from last Fri highs to levels around 1.0040. MACD and stochs still looks to head higher. Support now seen around 1.0020 and this cross could head higher towards 1.0093 (21-DMA) before the next at 1.0149 (50-DMA). We look for AUDSGD to head towards the 1.01-figure before the next resistance at 1.0160. Stochs and MACD turning higher now and intra-day risks are to the upside.
- **SGDMYR - 2.94 - 2.97 Range.** SGDMYR remains caught in 2.94 - 2.97 range over the past few weeks. Last seen at 2.9570 levels. Momentum and stochastics indicators are not showing a clear bias. Cross is likely to trade recent established range in the lead up to Malaysia polling day before a clearer bias for be established. Meantime resistance seen at 2.9750 (61.8% fibo retracement of 2016 low to 2017 high). Support at 2.94 before 2.9320 (50 DMA). Our bias remains to lean against strength.
- **USDMYR - Cautious Trading Into Overbought Conditions.** USDMYR continue to inch higher this week. Pair was last seen at 3.94 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. Watch election results 9/May - stronger margin of victory than 2013 should add to MYR strength. Interim support at 3.8970 (21, 50 DMAs). Key area of support at 3.84 - 3.85. 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 - 1080 Range.** 1m USDKRW NDF continues to drift lower. Last seen at 1074 levels. Mild bullish momentum on daily chart remains intact but shows signs of waning while stochastics is falling. 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 - Turning Lower.** USDCNH touched a high of 6.3696 before coming off in NY session. Last seen around 6.3515, this pair seems to be weighed by the fixing this morning. The US-China trade ended with little done except for commitments to keep the conversation open. The clock is ticking as US Lighthizer had warned about imposing the tariff on Chinese imports as early as 23 May. Even so, China had demonstrated that it has the ability to affect the yuan and concomitantly, the rest of the FX space including G7 and Asia. So yuan depreciation for a closed capital account economy is likely to snowball. Momentum remains bullish though stochs are turning from overbought conditions. We see some risks of USDCNH turning lower. Support at 6.3433 (23.6% Fibonacci retracement of the Oct-Mar fall) before the next at 6.3060. **PBoC fixed the USDCNY reference rate at 6.3584, 63 pips higher than the previous 6.3521. CNYMYR was fixed at 0.6194, 2 pips higher than the previous at 0.6193. EURCNY was fixed 90 pips lower at 7.6047 vs. the previous at 7.6137.** At home, the China Banking and Insurance Regulatory Commission (CBIRC) has penalized three commercial banks for “improper practices in wealth management” (China Daily). China Merchants Bank was fined more than CNY65.7mn for 14 violations including guaranteeing principle on some wealth management products. Week ahead has trade numbers tomorrow, inflation on Thu, liquidity numbers between 10-15th.
- **1M USDINR NDF - Rangy.** 1M NDF hovered around 67.10, rather bid but gains are capped thus far. This pair is trapped between lofty oil prices and softer USD, leaving this pair within the 66.70-67.40 range. Resistance at 67.60 before the next at 68.20. Beyond the current calm in the FX space, risks are to the upside. RBI is said to purchase INR100bn of bonds via OMO on 17 May. 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\$13.5mn of equities and bought US\$5.9mn of bonds on 3 May. Week ahead has IP on Fri.
- **1m USDIDR NDF - Still Sideways.** 1m USDIDR NDF rose last week amid higher UST yields and USD, touching a 2018 and two-and-a-half-year high of 14126 on 2 May. Official agent activities probably have helped to ease the 1m NDF from that high last week. The sell-off in equities amid weak corporate earnings especially for those reliant on domestic consumption weighed on the IDR last week. Foreign investors sold USD192.9mn of equities last week. Meanwhile, they had sold USD173.4mn in debt on 30 Apr-3 May (latest data available). Further net foreign portfolio outflows should weigh on the IDR and keep the 1m NDF supported. 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 as well as its external balances. Concerns over its twin deficits are likely to impact sentiments and keep the 1m NDF supported, though it must be noted that the government has been taking steps to rein in the fiscal deficit. Last seen around 14093-levels. Daily bullish momentum on the daily charts remains intact but waning, while stochastics is now at overbought conditions. Weekly chart still shows bullish bias, and stochastics remains at overbought conditions. We look for the 1m NDF to trade sideways within the 13985-14126 range for now in the absence of fresh catalyst and market wariness of further official agent activities in the currency and debt markets. Eyed today will be 1Q 2018 GDP release later today could provide directional cues for the IDR and hence the 1m ND. Should economic growth outperform expectations, we could see IDR supported and 1m NDF possibly heading lower and vice-versa. Market is expecting GDP to come in around 5.19%, while our economic team is less bullish and penciling in just 5.13%. JISDOR was fixed at 13965 yesterday, 29 pips higher than the fixing on Wed. Week ahead has GDP (1Q) on Mon; foreign reserves (Apr) on Tue; current account (1Q) on Fri. **Note that onshore markets are closed for a public holiday on Thu.**

- **1m USDPHP NDF - *Eyeing BSP Meeting.*** 1m USDPHP NDF traded lower towards the end of last week amid increasing expectations that the BSP would tighten rates as soon as this Thu when it meets to decide monetary policy. Elevated headline inflation (above the 4.0% levels for two straight months and four straight months using 2012 and 2016 as base year respectively) underpinned this speculation. With inflation still on the upswing, this has increase speculation for a BSP move at its upcoming policy meeting next Thu, which we cannot rule out. Still, failure to move in May puts the BSP even under more scrutiny and pressure to move at its Jun meeting. The sell-off in equities by foreign investors has limited downside to the 1m NDF. Last week, foreign investors sold USD26.6mn in equities. Improving risks sentiments could see foreign portfolio inflows, supportive of the PHP. Last seen around 51.80-levels. Daily momentum indicators shows bearish bias, while stochastics is fast approaching oversold conditions. Bearish bias is also seen in the weekly chart. This seem to suggests that risks are tilting to the downside for the 1m NDF. Though some profit-taking activities are possible, we remain bias to sell the 1m NDF for a move toward first objective at 51.56 (38.2% fibo retracement of the Jan-Feb upswing, 100DMA) and then the next at 51.20 (50% fibo) into the BSP meeting on 10 May. Stop-loss at 52-handle (23.6% fibo). 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. Week ahead has foreign reserves (Apr) on Mon; trade (Mar) on Wed; GDP (1Q), BSP meeting on Thu.
- **USDTHB - *Consolidation.*** USDTHB traded higher last week amid higher UST yields and USD, extending gains temporarily in the new week with the pair climbing to a recent high of 31.797 before easing off. Last week's THB weakness was largely due to the continued sell-off in Thai assets by foreign investors of USD355.3mn and USD362.8mn in equities and debt. Further sell-off this week could limit gains in the THB and keep the pair on a slow grind lower. Last seen around 31.732-levels. Bullish momentum on the daily chart remains intact but waning, while stochastics is still at overbought conditions. Weekly chart remains bullish bias. We look for the pair to consolidate around within 31.520

(50% fibo retracement of the Feb-Mar downswing) - 31.957 (2018 high)
range for now. Quiet week ahead with no Tier 1 data on tap.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ11/21	3.67	3.67	Unchanged
5YR MI4/23	3.80	*3.80/77	Not trade
7YR MK3/25	3.95	3.92	-3
10YR MO11/27	4.12	4.11	-1
15YR MT11/33	4.66	4.63	-3
20YR MX4/37	4.76	4.76	Unchanged
30YR MZ3/46	4.91	4.93	+2
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.77	3.76	-1
3-year	3.82	3.82	-
5-year	3.91	3.90	-1
7-year	4.02	4.00	-2
10-year	4.17	4.17	-

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Source: Maybank KE

*Indicative levels

- MGS yields edged lower on the back of a strong auction for 15.5y MGS 11/33. The new 15y MGS benchmark garnered a commendable bid/cover of 2.72x and averaged 4.642% in yield. After auction there were no trades on the bond in secondary space. Market's focus this week will be on the general elections and MPC meeting the day after.
- Muted day for MYR IRS market with no trades concluded, though the curve lowered slightly amid firmer government bonds. Likely a quiet week ahead given general elections. 3M KLIBOR stayed at 3.69%.
- Corporate bonds were supported taking cue from firmer govies with levels more or less unchanged. AAA credits better bid at the long end, with real money buying Danga 2030s. AA space saw good demand in MEX II and SPG long end bonds. GG space was muted, lacking bids. Corporate bond yields seem attractive, but spreads are tight against MGS. All eyes turn to the election this week.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.95	1.94	-1
5YR	2.20	2.18	-2
10YR	2.61	2.59	-2
15YR	2.82	2.82	-
20YR	2.84	2.83	-1
30YR	2.94	2.93	-1

Source: Maybank KE

- SGD IRS rates marked down by 1-3bps at the open with the curve flatter. SGS prices started higher but soon slipped back close to previous levels amid tepid buying interest. Players remained cautious ahead of the US job data and sellers capped any upside in bond prices. SGS yields and SGD IRS ended 1-2bps lower. Swap spreads have been tightening with most spreads now at single digits to low teens.
- In Asian credit, CDS continued to widen with 5y Indonesia CDS the worst hit, resulting in better selling of Indonesia's USD bonds and the curve lowering 1.00-1.25pts. Asian credits generally underperformed UST with China and India bonds widening another 2-3bps amid thin market liquidity, and HY credits trading 0.5pts lower..

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.44	6.37	(6.76)
5YR	6.51	6.52	1.27
10YR	6.97	6.95	(2.04)
15YR	7.23	7.27	3.97
20YR	7.50	7.49	(0.98)
30YR	7.46	7.46	(0.03)

* Source: IBPA, Bloomberg, Maybank Indonesia

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- Indonesia bond market closed stronger during Friday trading session as most of IndoGB series yield moved lower along the yield curve. There were minimal catalyst during the day as bond participant might focus on labour data which will be released post market close. The U.S. labour data release was rather mixed as NFP rose by 164K (vs consensus of 192K) and average hourly earnings grew by 2.6% yoy (vs consensus 2.7% yoy), missing consensus expectation. However, the U.S. unemployment rate came in at 3.9% (vs consensus of 4.0%). This week will be busy with economic data releasing domestically. Today, Indonesia Statistic will be releasing Indonesia 1Q18 GDP which is expected to grow by 5.19% yoy. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.524%, 6.949%, 7.266% and 7.490% while 2y yield moved lower to 6.372%. During the day, FR0036 (1.5y) yield decline the most by 5bps while FR0065 (20y benchmark series) yield increased the most by 4bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 22bps). Trading volume at secondary market was noted heavy at government segments amounting Rp21,624b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp3,700b with 75x transaction frequency.
- Foreign ownership stood at Rp847.1t or 38.5% of total tradable government bond as of May 30th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp19.6t from in the month of Apr 18.
- Corporate bond traded heavy amounting Rp904b. BBRI01BCN3 (Shelf Registration I Bank BRI Phase III Year 2016; B serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp250b yielding 6.535%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2041	109.63	0.7600	1.3634	6.3837	0.7081	131.5133	82.9247
R1	1.2000	109.38	0.7569	1.3582	6.3700	0.7051	131.0067	82.5973
Current	1.1965	108.98	0.7526	1.3541	6.3570	0.7024	130.4000	82.0170
S1	1.1915	108.76	0.7500	1.3483	6.3423	0.6992	129.9467	81.8083
S2	1.1871	108.39	0.7462	1.3436	6.3283	0.6963	129.3933	81.3467

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3398	n/a	13953	51.8253	31.9193	1.6032	0.6239	2.9612
R1	1.3370	n/a	13949	51.7697	31.8407	1.5995	0.6216	2.9581
Current	1.3329	3.9400	13947	51.7410	31.7380	1.5949	0.6196	2.9563
S1	1.3303	n/a	13939	51.6027	31.6387	1.5915	0.6168	2.9529
S2	1.3264	n/a	13933	51.4913	31.5153	1.5872	0.6145	2.9508

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

Equity Indices and Key Commodities		
	Value	% Change
Dow	24,262.51	+1.39
Nasdaq	7,209.62	+1.71
Nikkei 225	22,472.78	NA
FTSE	7,502.69	-0.54
Australia ASX 200	6,062.89	-0.58
Singapore Straits Times	3,545.38	-0.85
Kuala Lumpur Composite	1,841.83	-0.54
Jakarta Composite	5,792.35	-1.13
Philippines Composite	7,546.19	+0.15
Taiwan TAIEX	10,529.37	+0.14
Korea KOSPI	2,487.25	-0.73
Shanghai Comp Index	3,091.03	-0.32
Hong Kong Hang Seng	29,926.50	-1.28
India Sensex	34,915.38	-0.53
Nymex Crude Oil WTI	69.72	+1.89
Comex Gold	1,314.70	+0.15
Reuters CRB Index	203.25	+0.57
MBB KL	10.62	-0.75

Policy Rates			
Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5070	Oct-18	Modest and Gradual Appreciation
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	17/5/2018	Tightening Bias
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	14/6/2018	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	412	3.306	3.386	3.306
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	207	3.431	3.491	3.431
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	143	3.527	3.611	3.527
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	108	4.209	4.209	3.578
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	3	3.667	3.667	3.667
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	255	3.716	3.765	3.716
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	73	3.782	3.782	3.772
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	162	3.809	3.809	3.794
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	371	3.659	3.686	3.65
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	227	3.853	3.867	3.74
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	41	3.86	3.878	3.86
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	14	3.869	3.919	3.869
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	64	3.983	3.983	3.959
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	10	3.79	3.79	3.79
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	55	4.051	4.051	4.051
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	5	4.08	4.08	4.08
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	89	3.915	3.94	3.915
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	54	4.15	4.179	4.113
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	70	4.19	4.19	4.183
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	109	4.138	4.187	4.138
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	54	4.108	4.11	4.097
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	8	4.148	4.148	4.148
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	9	4.503	4.504	4.503
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	18	4.537	4.589	4.527
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	199	4.614	4.634	4.61
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	580	4.644	4.653	4.587
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	2	4.754	4.754	4.754
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	4	4.762	4.762	4.762
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.907	4.907	4.907
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	4	4.969	4.969	4.932
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	155	3.45	3.45	3.45
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	5	3.522	3.522	3.522
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	155	3.432	3.432	3.432
PROFIT-BASED GII 3/2011 30.04.2021	4.170%	30-Apr-21	2	3.829	3.829	3.829
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	90	3.854	3.854	3.848
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	10	4.021	4.021	4.021
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	60	4.326	4.328	4.326
GII MURABAHAH 9/2013 06.12.2028	4.943%	6-Dec-28	2	4.39	4.392	4.39

Total**3,829**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MECURO CLASS E GUARANTEED BONDS 4.300% 31.07.2019	AAA (FG)	4.300%	31-Jul-19	20	4.413	4.438	4.413
GIC IMTN 5.100% 20.06.2022	AAA	5.100%	20-Jun-22	6	5.167	5.169	5.167
BPMB IMTN 4.62% 02.03.2027 - Issue No 11	AAA	4.620%	2-Mar-27	20	4.772	4.772	4.769
GIC IMTN 5.300% 18.06.2027	AAA	5.300%	18-Jun-27	1	5.407	5.409	5.407
DANGA IMTN 4.880% 29.01.2030 - Tranche 4	AAA (S)	4.880%	29-Jan-30	130	4.839	4.841	4.839
ASIANFIN IMTN 4.600% 29.05.2019	AA1	4.600%	29-May-19	2	4.533	4.543	4.533
PUBLIC SUB-NOTES 4.73% 15.11.2023	AA1	4.730%	15-Nov-23	25	4.358	4.358	4.358
CIMBI 5.850% 25.09.2024 - Issue No 1	AA+ IS	5.850%	25-Sep-24	1	4.794	4.794	4.645
KEVSB IMTN 4.870% 04.07.2025	AA+ IS	4.870%	4-Jul-25	10	4.769	4.771	4.769
NGISB MTN 2922D 29.8.2025 (SERIES 6)	AA1	4.950%	29-Aug-25	5	4.823	4.823	4.823
TMSB Senior Sukuk Murabahah 23.10.2031(Tranche 10)	AA1	5.400%	23-Oct-31	3	5.011	5.012	5.011
TANJUNG BP IMTN 4.660% 14.08.2020	AA2	4.660%	14-Aug-20	6	4.452	4.456	4.452
ANIH IMTN 5.70% 27.11.2026 - Tranche 13	AA IS	5.700%	27-Nov-26	10	4.842	4.842	4.839
BFB IMTN 2.500% 24.01.2030	AA2	2.500%	24-Jan-30	4	5.218	5.22	5.218
KT KIRA IMTN 0% 15.07.2020	AA3 (S)	5.720%	15-Jul-20	20	5.573	5.578	5.573
MMC CORP IMTN 5.200% 12.11.2020	AA- IS	5.200%	12-Nov-20	10	5.016	5.024	5.016
IJM IMTN 4.600% 17.10.2024	AA3	4.600%	17-Oct-24	1	4.782	4.784	4.782
MEX II IMTN 5.600% 29.04.2026 - Issue No. 6	AA- IS	5.600%	29-Apr-26	10	5.001	5.001	4.998
TBEI IMTN 5.850% 15.09.2028	AA3	5.850%	15-Sep-28	10	4.962	4.963	4.962
MEX II IMTN 6.100% 29.04.2031 - Issue No. 11	AA- IS	6.100%	29-Apr-31	10	5.391	5.391	5.388
SPG IMTN 5.290% 31.10.2031	AA- IS	5.290%	31-Oct-31	20	5.138	5.151	5.138
MEX II IMTN 6.200% 29.04.2032 - Issue No. 12	AA- IS	6.200%	29-Apr-32	26	5.499	5.502	5.458
MEX II IMTN 6.400% 28.04.2034 - Issue No. 14	AA- IS	6.400%	28-Apr-34	12	5.619	5.622	5.579
SPG IMTN 5.570% 30.04.2035	AA- IS	5.570%	30-Apr-35	20	5.379	5.381	5.379
CIMB 6.35% 05.04.2060 - Tranche No. 3	AA3	6.350%	5-Apr-60	1	5.599	5.599	5.599
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	1	6.013	6.013	5.86
LCSB IMTN 4.800% 13.01.2020	A1	4.800%	13-Jan-20	5	5.373	5.379	5.373
AFFINBANK SUBORDINATED MTN 3650D 05.2.2027	A1	5.450%	5-Feb-27	30	4.887	4.893	4.887
AFFINBANK SUBORDINATED MTN 3652D 20.9.2027	A1	5.030%	20-Sep-27	30	4.928	4.933	4.928
RHBBANK HYBRID TIER 1 6.75% 16.12.2039	A1	6.750%	16-Dec-39	1	4.699	4.948	4.699
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	10	5.146	5.149	4.889
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	1	6.55	6.55	6.55
EWIB IMTN 6.650% 27.04.2023	NR(LT)	6.650%	27-Apr-23	1	6.849	6.849	6.849
Total				462			

Sources: BPAM

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