

# Global Markets Daily

## Eye on Trump's Decision on Iran Deal

### INR, IDR and PHP Could Suffer Further if Trump Pulls Out

Oil prices eased off recent highs after Trump said in a tweet that he will announce the Iranian decision (early tomorrow morning SG/KL time) ahead of the 12<sup>th</sup> May deadline. A decision for US to stick to the deal (i.e. to continue to waive sanctions) could help to ease some upside pressure on oil prices but we caution a decision to not waive sanctions (i.e. Trump to pull US out of the Iran deal and US sanctions will be re-imposed) could heighten geopolitical tensions and add to upside pressure on oil prices. This could continue to punish currencies of net oil-importing countries such as INR, IDR and PHP, which are also suffering from twin deficits.

### UST Auction This Week Eyed Before US CPI Release

USD firmed overnight but gains continued to show signs of moderation. 10Y UST yield was relatively steady at 2.94% ahead of US CPI data release on Thu and this week's auction of \$73bn in US government papers. Note that this is up from Feb's offer of \$66bn. Nearly half of the planned issuance is in 3Y notes (starts tonight), \$25bn in 10Y notes (9 May) and \$17bn in 30Y bonds (10 May). This could keep UST yields and USD broadly supported. However Trump's announcement on Iran deal ahead of planned decision on 12th May can shape up to be a significant risk event. A deal to pull US out of the Iran deal could reignite geopolitical tensions and send oil prices higher. Such could benefit JPY, CHF and EUR at the expense of USD. As such USDJPY could be subjected to see-saw trade between 108.65 - 109.50 range. Bias to sell on rally.

### Focus on German IP and Australia Budget Today

Key data/events today include AU budget; China trade; Fed's Powell and Evans to speak and German IP and trade.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1922	↓ -0.32	USD/SGD	1.3355	↑ 0.10
GBP/USD	1.3557	↑ 0.19	EUR/SGD	1.5923	↓ -0.21
AUD/USD	0.7517	↓ -0.29	JPY/SGD	1.2241	↑ 0.22
NZD/USD	0.7017	↓ -0.04	GBP/SGD	1.8106	↑ 0.29
USD/JPY	109.09	↓ -0.03	AUD/SGD	1.004	↓ -0.28
EUR/JPY	130.07	↓ -0.33	NZD/SGD	0.9368	↑ 0.06
USD/CHF	1.0027	↑ 0.27	CHF/SGD	1.3319	↓ -0.12
USD/CAD	1.2881	↑ 0.27	CAD/SGD	1.0368	↓ -0.06
USD/MYR	3.9447	↑ 0.13	SGD/MYR	2.9514	↓ -0.12
USD/THB	31.845	↑ 0.26	SGD/IDR	10476.32	↑ 0.13
USD/IDR	14001	↑ 0.40	SGD/PHP	38.8328	↑ 0.11
USD/PHP	51.897	↑ 0.35	SGD/CNY	4.7672	↑ 0.01

Implied USD/SGD Estimates @ 8 May-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3152	1.3419	1.3686

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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 Trump's Announcement and Auctions Tonight.*** USD firmed overnight but gains continued to show signs of moderation. 10Y UST yield was relatively steady at 2.94% ahead of US CPI data release on Thu and this week's auction of \$73bn in US government papers. Note that this is up from Feb's offer of \$66bn. Nearly half of the planned issuance is in 3Y notes (starts tonight), \$25bn in 10Y notes (9 May) and \$17bn in 30Y bonds (10 May). This could keep UST yields and USD broadly supported. However Trump's announcement on Iran deal ahead of planned decision on 12<sup>th</sup> May can shape up to be a significant risk event. A deal to pull US out of the Iran deal could reignite geopolitical tensions and send oil prices higher. Such could benefit JPY, CHF and EUR at the expense of USD. DXY was last seen at 92.71 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 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 remained under pressure as softer retail PMI adds to the list of disappointing data of late. Pair was last seen at 1.1940 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 continues to suggest 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 German IP and trade on Tue
- **GBPUSD - *Chance of Rebound but Not Without Downside Risks.*** GBP's decline since mid Apr continues to show signs of moderation around 200 DMA. Pair inched modestly higher this morning. Last seen at 1.3570 levels. Bearish momentum on daily chart remains intact but shows early signs of waning while 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 sub-1.35 levels may have been overdone in the near term. We do not rule out short term rebound risks towards 1.3690 levels but watch out for risk events this week.** 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). Focus on whether PM May has managed to strike a "compromise" with her "war cabinet" over Britain's future customs relationship with EU after the expiry of the transition agreement on 31 Dec 2020. Government remains split on

what type of customs deal Britain wants with the EU and there are some deliberations among MPs to extend the transition agreement beyond 2020 by up to 5 years. But this is merely just kicking the can down the road. Issue lies with the split views of the government with regards to what Britain wants on future relationship with EU and how PM May can reconcile and re-unite the differences of her pro and anti-EU factions within the party to prevent challenges to her leadership. Signs of renewed weakness on her leadership will be a source of volatility for GBP. Coming up on Thu - BoE MPC policy meeting decision. 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 domestic 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 around 11% (8 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 (52% 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. Week ahead brings House Prices (Apr) on Tue; BRC Sales (Apr) on Wed; BoE Meeting; QIR; Construction output, IP, trade (Mar) on Thu.

- **USDJPY - Eyeing Break Of 100DMA Support-Level.** USDJPY appears to be in consolidation after slipping towards the 109-handle towards the end of last week amid slippages in UST yields. Further downside pressure is possible this week given a handful of political events this week that could trigger safe haven proxy plays, including NAFTA trade talks resuming yesterday and Trump's announcement of his decision on the Iran nuclear deal at 2pm Tue (Washington time). 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 108.95-levels, pair has lost most of its bullish momentum on the daily chart, while stochastic has turned lower from overbought conditions. Bullish bias on the weekly chart remains intact. This suggest that some fatigue could be setting in among USDJPY bulls and see downside pressure on the pair 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 labor cash earnings, leading index (Mar) on Wed; current account (Mar), BOJ summary of opinions of 26-27 Apr policy meeting on Thu.

- **NZDUSD - Tactical Buy on Dips.** NZD consolidated near recent lows. Pair was last seen at 0.7020 levels. Bearish momentum on daily chart is waning while stochastics is showing signs of turning from oversold conditions. 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. Support at 0.6990, 0.6960 levels (76.4% fibo retracement of Dec low to 2018 high). 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 Card spending (Apr) on Wed; RBNZ Meeting; RBNZ Gov speaks; Finance Minister Pre-Budget speech on Thu; Food prices, BusinessNZ Mfg PMI (Apr)
  
- **AUDUSD - Yoyo.** AUDUSD is back from an extended break and eyes are on the Federal Budget for 2018/2019 that is to be delivered by Treasurer Scott Morrison. Last seen around 0.7525, USD strength could keep this pair capped but as we have said, USD gains against the AUD slow. This pair continues to yoyo around the 0.75-figure for now. A failure to impress on the fiscal front could see a downgrade by the S&P who has put Australia's AAA rating on negative watch in 2016. A downgrade could see AUDUSD tests the 0.75-figure towards the low of 0.7440. The loss of the AAA grade may seem serious in terms of credit rating but we think this could liberate the Turnbull government from the pressure of keeping the AAA rating. Still, there is pressure today as the government faces an election that must be held between 4 August 2018 and 18 May 2019 for half of the Senators and on or before 2 Nov 2019 for the House of Rep and the Senators from the territories. Within the budget, economic projections will be scrutinized for over optimism in the future that is meant to translate to higher tax revenue and narrower budget deficit. There are some estimates that the recent rise in commodity prices in the first quarter could even see Morrison announcing a surplus of A\$5bn in 2019-20. 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 RBA's Boge gives speech; Retail Sales (1Q) on Tue; Inflation Expectations on Thu.

- **USDCAD - *Downside Risks Ahead.*** USDCAD remains undecided as it swivels in a tight range ahead of the NAFTA talks. Canada Freeland was supposed to meet US Lighthizer yesterday but the meeting was deferred to Tuesday. The threat of US imposing tariff on steel and aluminium imports from Canada and Mexico by 1 Jun if the NAFTA. The rules of origin remains the most contentious and the focus is on the automobile industry as it “governs how much regional content a car must have to qualify for Nafta’s duty-free benefits, and requiring certain portions of a car to be built by people earning higher wages”. Whatever the outcome, higher inflation is highly likely which could bring rate hikes back to the BOC table. We continue to see downside risks to the USDCAD. 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. It is a matter of when, not if even if a deal is not struck within the next few days. On the charts, 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 today, new housing price for Mar on Thu and jobs report on Fri.

## Asia ex Japan Currencies

- **SGD trades around 0.46% above the implied mid-point of 1.3419. We estimate the top at 1.3152 and the floor at 1.3686.**
- **USDSGD - *Still Consolidating.*** USDSGD trades softer this morning amid a pullback in UST yields and USD. Pair though remains in sideways trades within 1.3278-1.3390 range. Last seen at 1.3347-levels. Bullish momentum on the daily chart remains intact but waning, while stochastics remains in overbought conditions. Weekly technical remains bullish. This suggests that the bullish momentum could take a break from its recent upswing 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. Remaining week has retail sales (Mar) on Fri.
- **AUDSGD - *Upside Bias.*** This cross finished Mon with a doji and hovered around 1.0040 as we write this morning. 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 was last seen at 2.9530 levels. Momentum and stochastics indicators are not showing a clear bias. Cross is likely to trade within recent established range of 2.94 - 2.97 in the lead up to Malaysia polling day (tomorrow) 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 - *Onshore Markets Closed Tomorrow for Polling.*** USDMYR continue to inch modestly higher ahead of polling day tomorrow. Pair was last seen at 3.9470 levels. Mild bullish momentum on daily chart remains intact while stochastics is in overbought conditions. Resistance at 3.9585. Cautious trading amid thin liquidity is expected in the lead up to polling day. 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 remains stuck in recent range. Last seen at 1077 levels. Mild bullish momentum on daily chart remains intact. Compression of moving averages in the 21D, 50D and 100D around 1070 levels. This continues to indicate market indecision and possibly consolidative trade ahead of breakout plays. Suggest 1070 - 1080 range in the interim.
- **USDCNH - Turning Lower.** USDCNH hovered around the 6.36-figure this morning with gains capped by the pause in the crude rally. Stochs in overbought conditions but MACD is still bullish. Support is seen around 6.3430 (23.6% Fibonacci retracement of the Oct-Mar fall) before the next at 6.3060. We see two-way risks to this pair with risks slightly tilted to the upside. 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 unlikely to snowball. More recently, China sent its Economic Chief to Washington for the next round of trade talks. **PBoC fixed the USDCNY reference rate at 6.3674, 90 pips higher than the previous 6.3584. CNYMYR was fixed at 0.6194, steady from the previous. EURCNY was fixed 115 pips lower at 7.5932 vs. the previous at 7.6047.** At home, PBoC skipped OMO, keeps neutral position.
- **1M USDINR NDF - Rangy.** 1M NDF rallied to 14 month high and was last seen around 67.50 after WTI broke the psychological U\$70/bbl-level. Resistance still at 67.60 before the next at 68.20. Support at 66.87 (61.8% fibo). RBI is said to purchase INR100bn of bonds via OMO on 17 May and there are rumours of more purchases this fiscal year. 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 U\$236.4 mn of equities and bought U\$52.1mn of bonds on 4 May. Week ahead has IP on Fri.
- **1m USDIDR NDF - Eye Re-Test Of 2018 High.** 1m USDIDR NDF spiked to a multi-year and 2018 high at 14306 yesterday amid USD strength as well as concerns over emerging markets led by Argentina and Turkey. Even before that 1m NDF had spike above the 14000-handle to 14253 following the release of 1Q GDP, which had underperformed expectations. Economic growth came in at 5.06% in 1Q (vs. 4Q's 5.19%) below consensus' 5.19% and our economic team's 5.13%. Growth was underpinned by more moderate

government spending and exports as well as sluggish private consumption. Since then, pair has eased off from that high, helped by a pullback in USD and possible official agent activities. Comments from Senior Deputy Governor Mirza Adityaswara could also have calmed nerves after he said that the slippage in the IDR was only temporary as macroeconomic indicators remain healthy. Weak investor sentiments saw foreign investors sell off USD47.6mn in equities yesterday. Meanwhile, they had sold USD129.5mn in debt on 4 May (latest data available). Further net foreign portfolio outflows cannot be ruled out given the deteriorating risks sentiments. 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 weigh on its external balances. Concerns over its twin deficits are likely to impact sentiments negatively and keep the 1m NDF supported, though it must be noted that the government has been taking steps to rein in the fiscal deficit. Spot USDIDR remained pressured, gapping slightly higher at the opening to 14004 from yesterday's close of 14001. Last seen around 14267-levels. Daily bullish momentum on the daily charts is rising, while stochastics remains at overbought conditions. Weekly chart shows bullish bias intact and stochastics at overbought conditions. Upside pressure on the 1m NDF is unlikely to dissipate anytime soon and a re-test of recent high cannot be ruled out, though we remain wary of further official agent activities in the currency and debt markets to smooth out IDR volatility. Resistance at 14306 (recent 2018 high), 14400 (14 Dec 2015 high). Support at 14115, 14060 levels (23.6% fibo retracement of the Jan-May rally). JISDOR was fixed at 13956 yesterday, 13 pips higher than the fixing on Fri. Week ahead has 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 - *Bearish Bias Intact.*** 1m USDPHP NDF trades softer this morning amid a pullback in UST yields and USD strength, and rising expectations that the BSP would tighten monetary policy 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. This is above the upper-bound of the central bank's 2-4% inflation target. With inflation still on the upswing and broadening, 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 intense week, foreign investors sold USD26.6mn in equities. Further foreign portfolio outflows are likely to weigh on the PHP and limit downside in the 1m NDF. Last seen around 51.95-levels. Daily momentum indicators shows bearish bias intact but waning, while stochastics is hovering just a tad off oversold conditions. Bearish bias on the weekly chart remains intact. This seem to suggests that risks to the 1m NDF are tilting to the downside. 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 trade (Mar) on Wed; GDP (1Q), BSP meeting on Thu.

- **USDTHB - Limited Downside.** USDTHB traded to a three-month high at 31.876 yesterday amid higher UST yields and USD. Pair has since eased off from that high underpinned by softer USD. THB remained weighed by the foreign sell-off in Thai asset yesterday with USD43.0mn and USD35.5mn in equities and debt sold off. Further sell-off should limit gains in the THB and keep the pair on a slow grind lower. Last seen around 31.826-levels. Bullish momentum on the daily chart remains intact, while stochastics is still at overbought conditions. Weekly chart remains bullish bias. This suggests risks to the pair remains to the upside and further downmoves by the THB intraday could be limited. Support is at 31.750 levels (76.4% fibo retracement of the Feb-Mar downswing). Resistance at 31.957 (2018 high). 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	3.66	-1
5YR MI4/23	3.80	*3.82/79	Not traded
7YR MK3/25	3.92	*3.93/90	Not traded
10YR MO11/27	4.11	4.12	+1
15YR MT11/33	4.63	4.64	+1
20YR MX4/37	4.76	4.75	-1
30YR MZ3/46	4.93	*4.95/90	Not traded
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.76	3.76	-
3-year	3.82	3.82	-
5-year	3.90	3.91	+1
7-year	4.00	4.00	-
10-year	4.17	4.17	-

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Source: Maybank KE

\*Indicative levels

- Muted local government bonds market with MGS benchmarks closing little changed in yields. That said, there were sizeable flows in the off-the-run 15y MGS 4/33 with trading volume just shy of MYR300m. Market is likely to stay cautious over the next few days given the election on Wednesday and MPC meeting on Thursday.
- MYR IRS rates largely stood flat amid a tepid market given the looming general elections. There was no directional bias nor did trades conclude even when 5y IRS was quoted at 3.90% choice. 3M KLIBOR was unchanged at 3.69%.
- Corporate bonds saw balanced flows. AAA and AA curves were unchanged with decent trading volumes at the belly and long end sectors. GGs underperformed at the long end with Prasarana 9/37 trading 10bps wider and given to the bid side, possibly to reduce risk ahead of general elections. Retail demand was rather vibrant on AA names such as Kesturi, SEB and UMW Perps.

## Singapore Fixed Income

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.94	1.95	+1
5YR	2.18	2.20	+2
10YR	2.59	2.60	+1
15YR	2.82	2.84	+2
20YR	2.83	2.86	+3
30YR	2.93	2.95	+2

Source: Maybank KE

- SGD rates started on a quiet note with IRS and SGS yields mostly unchanged at the open. Firm USD against SGD FX, and other regional currencies, pressured short term interest rates. Short dated forwards were better bid and SGS got sold off, mainly at the long end. SGS yields rose 1-3bps in light trading, and so did SGD IRS amid paying interest in the 5y and 10y rates.
- Asian market space was muted. Indonesia sovereign bonds traded slightly higher in cash price, but market was biased to the selling side. Some Malaysian credits were given ahead of Wednesday's election, such as GENTMK'27 at +185bps which is 5bps wider than previous level. China space was active on tech names with some buying interest in TENCNT'28, which closed a tad wider in spreads.

## Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2013	109.72	0.7569	1.3608	6.3847	0.7064	130.9033	82.5987
R1	1.1967	109.41	0.7543	1.3583	6.3722	0.7040	130.4867	82.3033
<b>Current</b>	1.1919	108.99	0.7498	1.3564	6.3656	0.7017	129.9000	81.7100
S1	1.1887	108.77	0.7492	1.3524	6.3460	0.6994	129.8067	81.7693
S2	1.1853	108.44	0.7467	1.3490	6.3323	0.6972	129.5433	81.5307

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3406	n/a	14038	52.1197	31.9950	1.5993	0.6228	2.9649
R1	1.3380	n/a	14020	52.0083	31.9200	1.5958	0.6212	2.9582
<b>Current</b>	1.3365	3.9490	14023	51.9020	31.8520	1.5930	0.6210	2.9550
S1	1.3323	n/a	13966	51.7183	31.7260	1.5900	0.6176	2.9467
S2	1.3292	n/a	13930	51.5397	31.6070	1.5877	0.6157	2.9419

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

## Equity Indices and Key Commodities

	Value	% Change
<b>Dow</b>	24,357.32	-0.39
<b>Nasdaq</b>	7,265.21	-0.77
<b>Nikkei 225</b>	22,467.16	-0.03
<b>FTSE</b>	7,567.14	-0.86
<b>Australia ASX 200</b>	6,084.47	-0.36
<b>Singapore Straits Times</b>	3,532.86	-0.35
<b>Kuala Lumpur Composite</b>	1,828.20	-0.74
<b>Jakarta Composite</b>	5,885.10	-1.60
<b>Philippines Composite</b>	7,533.28	-0.17
<b>Taiwan TAIEX</b>	10,604.91	-0.72
<b>Korea KOSPI</b>	2,461.38	-1.04
<b>Shanghai Comp Index</b>	3,136.65	-1.48
<b>Hong Kong Hang Seng</b>	29,994.26	-0.23
<b>India Sensex</b>	35,208.14	-0.84
<b>Nymex Crude Oil WTI</b>	70.73	-1.45
<b>Comex Gold</b>	1,314.10	-0.05
<b>Reuters CRB Index</b>	203.64	-0.19
<b>MBB KL</b>	10.54	-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	194	3.381	3.406	3.319
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	1	3.548	3.548	3.548
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	1	3.608	3.608	3.608
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	12	3.634	3.634	3.629
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	107	3.702	3.723	3.68
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	81	3.785	3.785	3.727
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	17	3.795	3.795	3.788
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	2	3.662	3.662	3.662
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	51	3.782	3.782	3.754
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	4	3.917	3.917	3.917
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	72	3.971	3.983	3.96
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	19	4.011	4.011	3.958
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	46	4.088	4.088	4.051
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	60	4.041	4.044	4.041
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	143	4.194	4.202	4.154
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	65	4.187	4.194	4.18
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	24	4.123	4.123	4.091
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	4.589	4.589	4.589
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	282	4.614	4.685	4.61
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	10	4.64	4.64	4.64
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	12	4.746	4.754	4.746
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	43	3.45	3.45	3.45
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	4	3.765	3.765	3.658
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	200	3.738	3.738	3.729
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	3	3.845	3.845	3.845
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	3	3.888	3.888	3.888
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	48	3.886	3.892	3.848
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	10	4.163	4.163	4.163
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	1	4.293	4.293	4.293

**Total****1,515**

Sources: BPAM

## MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA SUKUK MURABAHAH 5.01% 14.09.2037 - S4	GG	5.010%	14-Sep-37	10	5.15	5.15	5.15
PUTRAJAYA IMTN 19.09.2023 SERIES 7 TRANCHE 010	AAA IS	4.550%	19-Sep-23	2	4.471	4.473	4.471
TNB WE 5.140% 30.07.2025 - Tranche 3	AAA IS	5.140%	30-Jul-25	2	4.663	4.665	4.663
DANGA IMTN 4.600% 23.02.2026 - Tranche 6	AAA (S)	4.600%	23-Feb-26	12	4.647	4.653	4.639
BPMB IMTN 4.62% 02.03.2027 - Issue No 11	AAA	4.620%	2-Mar-27	20	4.769	4.772	4.769
BPMB IMTN 4.98% 02.03.2032 - Issue No 12	AAA	4.980%	2-Mar-32	10	4.989	4.991	4.989
TTPC IMTN 4.590% 29.01.2021 - Series 15	AA1	4.590%	29-Jan-21	2	4.458	4.462	4.458
CIMBBANK 4.800% 13.09.2023 - Issue No 1	AA1	4.800%	13-Sep-23	1	4.793	4.793	4.793
MAYBANK 4.900% 29.01.2024	AA1	4.900%	29-Jan-24	1	4.705	4.705	4.705
SEB IMTN 5.000% 04.07.2024	AA1	5.000%	4-Jul-24	6	4.68	4.682	4.68
K-PROHAWK IMTN 5.170% 20.06.2025	AA2	5.170%	20-Jun-25	6	4.806	4.807	4.806
CIMB 5.150% 23.12.2025 - Tranche 1	AA	5.150%	23-Dec-25	1	4.922	4.922	4.922
ANIH IMTN 5.70% 27.11.2026 - Tranche 13	AA IS	5.700%	27-Nov-26	4	4.841	4.842	4.841
BFB IMTN 2.500% 24.01.2030	AA2	2.500%	24-Jan-30	77	5.219	5.22	5.219
ACSB IMTN 5.000% 21.11.2018	AA- IS	5.000%	21-Nov-18	5	5.033	5.052	5.033
KT KIRA IMTN 0% 15.07.2020	AA3 (S)	5.720%	15-Jul-20	10	5.573	5.578	5.573
HLA 4.500% 07.02.2025	AA3	4.500%	7-Feb-25	1	5.998	6.498	5.998
MEX II IMTN 5.600% 29.04.2026 - Issue No. 6	AA- IS	5.600%	29-Apr-26	10	4.998	5.001	4.998
TBEI IMTN 5.850% 15.09.2028	AA3	5.850%	15-Sep-28	10	4.959	4.961	4.959
MEX II IMTN 6.100% 29.04.2031 - Issue No. 11	AA- IS	6.100%	29-Apr-31	10	5.389	5.391	5.389
TBEI IMTN 6.200% 16.03.2032	AA3	6.200%	16-Mar-32	10	5.179	5.181	5.179
KESTURI IMTN 5.25% 02.12.2032 - IMTN 14	AA- IS	5.250%	2-Dec-32	3	5.189	5.19	5.189
SPG IMTN 5.490% 28.04.2034	AA- IS	5.490%	28-Apr-34	10	5.359	5.361	5.359
DRB-HICOM IMTN 4.85% 30.11.2018	A+ IS	4.850%	30-Nov-18	20	5.409	5.445	5.409
LCSB IMTN 4.800% 13.01.2020	A1	4.800%	13-Jan-20	12	5.374	5.38	5.374
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	1	5.301	5.301	4.929
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	3	6.146	6.156	6.146
MUAMALAT IMTN 5.500% 25.11.2021	A IS	5.500%	25-Nov-21	10	5.227	5.233	5.227
ALLIANCEB 6.250% 08.11.2117	BBB1	6.250%	8-Nov-17	2	6.07	6.374	6.07
EWIB IMTN 6.650% 27.04.2023	NR(LT)	6.650%	27-Apr-23	2	6.293	6.293	6.293
<b>Total</b>				<b>272</b>			

Sources: BPAM

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