Macro | FX Research & Strategy

Global

Global Markets Daily

Fear The Inflation

Analysts

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

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

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

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

Inflation Fears

UST 10yr yield made a return to the Mon-high of 2.8831% on Thu as bond investors remained jittery over inflation fears. While RBNZ downgraded its inflation forecasts, other central banks have upgraded either their inflation or rates forecast including BoE and BSP yesterday. BoE was surprisingly hawkish yesterday with Governor Carney stating that "*interest rates may need to rise at a steeper pace than previously thought to prevent the Brexit-weakened economy from overheating*". In other words, ***GBP is too cheap***. That drove cable (GBPUSD) to a high of 1.4067 before the pair came crashing down soon after, last seen around 1.3920. The move lower could be due to a number of factors – the stronger USD, the news on UK investment firms to lose MiFID authorization in the EU if there is not Brexit transition deal, risk-off amid the global bond sell-off.

RBA Lowe Joins RBNZ in Managing Expectations

AUDNZD has been whippy, swung by rate expectations of the two respective central banks. The cross reversed its gains after Lowe spoke at an event in Sydney, stating that there is "no strong case for near-term adjustment in policy" and even expects the "pick-up in inflation" to be "gradual". Note that the quarterly SoMP released this morning gave a rather upbeat assessment on the Australian economy, revising its jobless rate lower to 5.25% for the year ending Jun 2018. Inflation forecast was retained at 2% for year ending Jun, unchanged from the projections in the November Statement. AUDUSD was hardly changed at the release.

China Inflation Softens; US Shutdown, CPI

China inflation numbers came in softer. CPI slowed to 1.5%y/y from 1.8% while PPI decelerated as well to 4.3%y/y from 4.9%. The rest of the day has UK IP, construction output and trade; Malaysia IP; PH trade and ID current account. Eyes are also on whether US will strike a deal on lifting the debt ceiling and keeping the government from shutting down (again). Rates might push higher ahead of the US CPI data next Wed and consensus expects a sequential pick up in Jan.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2247	-0.14	USD/SGD	1.3312	0.45
GBP/USD	1.3913	0.23	EUR/SGD	1.6303	0.31
AUD/USD	0.7781	-0.54	JPY/SGD	1.2241	0.99
NZD/USD	0.7218	-0.29	GBP/SGD	1.8521	0.67
USD/JPY	108.74	-0.54	AUD/SGD	1.0358	-0.10
EUR/JPY	133.19	-0.67	NZD/SGD	0.9609	0.18
USD/CHF	0.9362	-0.82	CHF/SGD	1.4219	1.29
USD/CAD	1.2603	0.28	CAD/SGD	1.0563	0.18
USD/MYR	3.9268	0.46	SGD/MYR	2.9543	-0.35
USD/THB	31.852	0.63	SGD/IDR	10237.02	-0.51
USD/IDR	13605	0.37	SGD/PHP	38.794	-0.04
USD/PHP	51.553	0.82	SGD/CNY	4.7567	0.07

Implied USD/SGD Estimates @ 9 Feb-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3047	1.3314	1.3580

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 – *Gaining Traction*.** USD rebound gained momentum as risk of deeper correction (referring to the sell-off) in risk assets such as equities and bonds into the weekend grows, resulting in risk aversion flows (typically favouring USD and JPY longs). Pace of yield increase matters as we have emphasized, as that may spook financial markets and result in tightening of financing conditions. Furthermore next week brings US CPI data – a key indicator to watch to see if inflation picks up. A confirmation of sequential pick-up could reinforce the bond sell-off and spill-over to equities. FX could play catch up, notably higher JPYKRW – a proxy for risk sentiment (inversely correlated). To add, next week starting Thu will see the start of Lunar New Year holidays in Asia and will last till 21 Feb for China. Market liquidity is expected to thin next week and we do not rule out further lightening of positions (i.e. USD shorts may be further reduced and that lends support the USD in the interim). DXY was last seen at 90.30 levels. Daily momentum and stochastics indicators are mild bullish. Next resistance at 90.70 (38.2% fibo retracement of Dec high to Jan-Feb double bottom low), 91.40 (50% fibo). Support seen at 89.80 (23.6% fibo), 88.40 (double-bottom low). Day ahead brings Fed's George speaks; Wholesale Inventories, Trade Sales (Dec). As of writing, US funding lapse now likely and house is expected to vote between 3am and 6am (US time) today. No vote risks a government shutdown. This may add to risk aversion but matters of American politics are fluid. We will reassess the situation if matters blow up.

- **EURUSD – *Downside Pressure*.** German SPD members (about 440,000 members) are scheduled to vote on the coalition deal with results made known on 4 Mar, which is also the same day as Italy General Elections (which we had cautioned that 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. On German politics, we highlighted that former Hamburg Mayor Olaf Scholz takes the Finance Minister role. There are also talks that he could be appointed as vice-Chancellor and could be poised to mount a leadership challenge (to replace Merkel at some stage). He is known to be a moderate and business friendly (according to media) in comparison to Wolfgang Schauble (former Finance Minister to take up the role of parliamentary president). Talks are he could adopt more expansionary fiscal policies for Germany. **We believe EUR bears may only surface with more vigour if these political risks become a reality (hence these risks are viewed as short term hurdles to EUR's uptrend).** EUR traded to a low of 1.2211 overnight before rebounding. The move lower was in line with our short term call and was a whisker away from our support at 1.2210. Pair was last seen at 1.2255 levels. Daily momentum is bearish while stochastics is falling. Key support still at 1.2210 (38.2% fibo retracement of Dec low to Jan-Feb double top), 1.2120 (50% fibo). Resistance at 1.2240 (23.6% fibo), 1.2540 (double top).

- **GBPUSD – *Focus on Economic Data Today*. GBP had a choppy session overnight, driven higher by hawkish BoE and dumped lower by news report on Mifid2. The night of 2 halves began with GBP being pumped above 1.**4050 yesterday on a hawkish-leaning

QIR. BoE said it is likely to raise interest rates earlier and faster than previously expected in Nov-2017(2 hikes in 3 years) to dampen inflationary pressures. QIR report also upgraded growth and inflation projections. BoE Carney reiterated that rate path remains contingent on resilience of domestic economic data and further progresses in Brexit negotiations. But GBP gave up gains on a bloomberg report that said UK investment firms will no longer benefit from the MiFID authorisation if there is no Brexit deal. This means that those investment firms will no longer be allowed to provide services in the EU on the basis of their current authorisations. This brings back fear that banks/financial/ investment firms may exit London to other parts of European cities – risk of investment outflow pressures could weigh on GBP. Pair was last seen at 1.3940 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Support at 1.3810 (61.8% fibo retracement of EU referendum high to Oct-2016 low), 1.3670 (50 DMA). Resistance at 1.3970 (21 DMA), 1.4270 (76.4% fibo). Day ahead brings IP, Construction Output, Trade (Dec) on Fri.

- **USDJPY – *Sideways*.** USDJPY traded to the downside earlier this morning, extending overnight losses, on global risk aversion after the Dow corrected 10% from its Jan record high. Since then, the paring of risks aversion has led the JPY to be sold off against most of the majors, helping to put upside pressure on the pair. Comments by BOJ governor Kuroda and board member Suzuki yesterday reiterated that the central bank will continue its easy monetary policy and this should continue to provide support for the pair ahead. It is interesting to note that Suzuki proposed raising the yield target on 10Y JGB but this is unlikely to gain traction in the BOJ as growth remains a ways from the BOJ target. Furthermore, both reaffirmed that an exit from current policy is not in sight yet. However, the sell-off in the Nikkei this morning could limit upside to the pair intraday. Last seen around the 108.87 levels. Pair shows mild bullish bias, while stochastics is out of oversold conditions. Momentum indicators and stochastics on the weekly chart remains bearish bias. Note that a death cross has formed with the 50DMA cutting both the 100DMA and 200DMA to the downside, a bearish signal. Support is around 108.30 (2018 low on 26 Jan), 107.30 (2017 low). Resistance is around 109.20, 109.80 (21DMA). Tertiary industry index (Dec) is on tap this afternoon.

- **NZDUSD – *Temporary Downside Pressures*.** Kiwi's decline somewhat stabilised overnight. Last seen at 0.7220 levels. Daily momentum and stochastics indicators remain bearish bias. Support at 0.72 levels (38.2% fibo retracement of Dec double-bottom low to Jan double-top high). Decisive close below this puts next support at 0.7130 – 40 levels (50, 200 DMAs, 50% fibo). However we observe a golden cross pattern (50D cuts 200 DMA to the upside, typically a bullish signal) may form around 0.7130 – 40 levels but remains too soon to conclude. We do not rule out buying interests around those levels. That said we see bigger support around 0.7060 levels (61.8% fibo). Resistance at 0.7290, 0.7440 levels. Following RBNZ recent meeting, we think shifts in policy bias could temporarily exert downside pressures on NZD (bias to sell NZD to rallies). However we interpret the last MPS as managing expectations. While inflation forecasts and near term growth forecasts were revised lower, policy rate projections were maintained. We believe policy bias and expectations could change in light of upcoming changes to leadership (Adrian Or to assume position as Governor on 27 Mar and first meeting he chairs will not happen till May), dual mandate (to target full employment in addition to price stability) and potentially a new decision-making structure (policy decision to be decided by a committee via voting aka Fed style).

- **AUDUSD – *Buy on Dips, Eyes on Lowe (5pm SGT)*.** This pair slipped below the 0.78-figure in post Asian session yesterday, last seen around 0.7780. There could be further weakness ahead as risk appetite remains curbed but we still look for opportunities to accumulate long positions. On the daily charts of the AUDUSD, momentum is increasingly bearish. A break below the 0.7820-support could bring the next at 0.7750 in focus. Rebounds to meet resistance at 0.7820 before the next at 0.7900. As we have indicated, we are not fundamentally bearish on the AUDUSD and we continue to look for opportunities to buy on dips. Lowe spoke at an event in Sydney yesterday, stating that there is "no strong case for near-term adjustment in policy" and even expects the "pick-up in inflation" to be "gradual". Note that the quarterly SoMP released this morning gave a rather upbeat assessment on the Australian economy, revising its jobless rate lower to 5.25% for the year ending Jun 2018. Inflation forecast was retained at 2% for year ending Jun, unchanged from the projections in the November Statement. We watch the wage price index on 21st Feb.

- **USDCAD – *Capped at 55-DMA*.** USDCAD remains capped by the 55-DMA at 1.2595 (last seen), buoyed by overnight USD strength and oil declines. Bullish momentum persists and this pair could retain upside bias. Key resistance remains at 1.2588 (50% Fibonacci retracement of the Dec-Feb sell-off, 50DMA). A decisive break could see pair head towards 1.2600, 1.2613 (100DMA) levels. Support is now at 1.2510 (38.2% fibo). The labour report is due tonight. Consensus expects an addition of 10k hires in Jan vs. the previous 64.8k. Before that, we have housing starts tonight.

Asia ex Japan Currencies

- **SGD trades around 0.12% *below* the implied mid-point of 1.3314. The top is estimated at 1.3047 and the floor at 1.3580.**

- **USDSGD – *Tilting Higher***. USDSGD has broken out of its downwards trend channel that has been in place since Jan 2017, extending gains for the third consecutive session. Pair is now trading above the 1.33-levels amid the rise in UST yields and USD. Firmer UST yields yesterday lifted the 3-month SOR higher by 11% to 1.13%, the sharpest surge in 2018. Further firmer UST yields should keep 3-month SOR supported intraday. Last seen around 1.3316 levels. Daily momentum indicators show bullish bias, while stochastics is now at overbought conditions. Bearish momentum on the weekly chart remains intact but waning. We watch for a weekly close above the 50DMA to reaffirm bullish extension towards 1.3455 levels (50% fibo retracement of the 2014 low to 2017 high, 100DMA). Support remains around the 1.32-levels (61.8% fibo).

- **AUDSGD – *Signs of Bearish Momentum Weakening***. This cross remains biased to the downside, last seen at 1.0360 with support at 1.0330 (61.8% fib retracement of the Dec-Jan rally). Bearish momentum seems to be weakening and stochs have entered oversold conditions. Further moves lower could be a grind but this cross is bias to the downside for now. We prefer to accumulate long on dips.

- **SGDMYR** – ***Bias to Sell Rallies***. SGDMYR was a touch softer this morning. Last seen at 2.9580 levels. Daily momentum and stochastics indicators are not showing a clear bias but underlying momentum remains bearish. Trend is your friend; bias to stay short. We retain our bias to lean against strength. Resistance at 2.9750 (21 DMA), 2.99 levels. Support at 2.95, 2.93 levels.

- **USDMYR – *Bullish Momentum Gains Traction; Bias to Fade* .** USDMYR rose, in line with our caution for upside risks. Last seen at 3.9390 levels. Mild bullish momentum remains intact while stochastics is rising from oversold conditions. Resistance at 3.9510 levels (38.2% fibo retracement of Jan high to low), 3.9770 (50% fibo). Support seen at 3.92 (23.6% fibo), 3.8660 (previous low). 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.

- **1m USDKRW NDF – *Temporary Upside Risks May Persist***. 1m USDKRW NDF traded high of 1098 overnight amid risk-off sentiment. But has since eased lower in Asian hours amid recovery in futures. Pair was last seen at 1092 levels. Bullish momentum on daily chart remains intact though stochastics is rising into overbought conditions.

Key resistance at 1098 (100 DMA). We caution a break of this to the upside puts next level at 1103 (50% fibo retracement of Oct high to Jan low), 1113 (200 DMA). Support at 1085, 1078 levels (23.6% fibo). We do not rule out temporary upside risk to persist into the weekend and ahead of Lunar New Year holidays next Thu- Fri for S.Korea. Persistent rise in bond yields especially in the DM world could weigh on risk sentiment. Just scheduled, BoK Governor Lee and Finance Minister Kim will hold meeting to discuss on economy today. Officials could potentially attempt to calm nervous markets.

- **USDCNH – *Could See Some Upside Risk Ahead of CNY*.** USDCNH slipped from its overnight highs this morning after another roller coaster ride yesterday. Last seen around 6.3440. We note that USDCNH is increasingly sensitive to market risk sentiments. Apart from the Jan FX reserves which came in firmer than the previous month BUT lower than consensus, the larger-than-expected imports growth and news of a revival of the QDLP spurred a frenzy buying of the USDCNH and USDCNY. USDCNY was last seen at 6.3188. The USDCNH-USDCNY spread widened more than 500pips before narrowing thereafter. **The short squeeze might be welcomed by PBoC to flush out short USDCNY positions. RMB has to find a way to break away from one-way bets so as to prevent excessive capital flows.** On the charts, USDCNH could still head higher but moves could continue to be choppy before onshore and most of offshore break of Chinese New Year market closures. Beyond the new year, USDCNY could head lower towards 6.21. **PBoC fixed the USDCNY reference rate at 6.3194, 372 pips higher than the previous 6.2882. CNYMYR was fixed 16 pips higher at 0.6214 vs. previous at 0.6229.** Data-wise, China inflation numbers came in softer. CPI slowed to 1.5%y/y from 1.8% while PPI decelerated as well to 4.3%y/y from 4.9%. PBoC keeps neutral position in OMO.

- **1m USDINR NDF – *Upside Bias*.** 1M NDF remains biased to the upside and was last seen around 64.68, off its overnight highs. This pair is buoyed by the strong USD and risk-off mood amid the global bond and equity sell-offs. While most of Asian equities take the lead from the soft US session, USDAsians seem to be coming off highs as investors take profit from overnight trades. On the daily chart, momentum indicators are still bullish. Resistance at 64.78 (50% fibo retracement of the Sep - Jan) has been tested and could be broken again. Support at 64.00 (23.6% fibo), 63.37 (2018 low). No more data for the rest of the week.

- **1m USDIDR NDF** – ***Lower But Could Be Temporary*.** 1m USDIDR NDF trades soft this morning, possibly on profit-taking. As we had cautioned yesterday, the clean break of our resistance level at 13660 could see the 1m NDF back towards the 13700-levels. 1m NDF had spiked overnight to 13734 – off the 2017 high of 13740 - amid higher UST yields and USD. The rise in vols and UST yields have made IDR carry trade plays less attractive and this has affect foreign portfolio flows into Indonesian assets. Foreign investors has sold USD56.3mn in equities yesterday and had sold USD288.2mn in debt on 7 Feb (latest data available). Waning risk appetite and rising vols could continue to see a sell-off in Indonesian assets and keep the 1m NDF supported, capping upside gains intraday. This suggests that 1m NDF downmoves could be short-lived. Spot USDIDR again gapped higher at the opening to 13639 this morning from yesterday's close of 13605 amid firmer UST yields and USD. Spot USDIDR is currently edging towards the 2017 high of 13651 and was last seen around 13645. Last seen around 13687 levels. Momentum indicators on the daily chart remain bullish bias, while stochastics is at overbought conditions. Weekly chart shows bearish bias intact but waning and stochastics still climbing higher. This suggests risks are tilting higher. Support is around 13660 levels before 13600 levels (23.6% fibo retracement of the 2017 low to high). Resistance is around 13740 levels. JISDOR was fixed at 13602 yesterday; 69 pips higher than the fixing on Wed.

- **1m USDPHP NDF - *Limited Downside*.** 1m USDPHP NDF spiked yesterday to an intraday high of 51.89 after the BSP held its benchmark policy rate steady at 3.0% despite inflation at the upper bound of the central bank's inflation forecast range of 2-4%. *According to BSP governor, the central bank is watching for more evidence of inflationary pressure before acting. The BSP did raise its inflation outlook for 2018 and 2019 though, pencilling in headline inflation to average 4.34% and 3.5% respectively (from 3.4% and 3.2% previously). Our economic team has revised their 2018 inflation forecast to 4.3% (from 3.6%) but maintains its 2019 projection at 3.4% for 2019. The drop off in inflation in 2019 from 2018 suggests that the BSP views the uptick in inflation as temporary over the policy horizon. Still the BSP remains watchful for any signs of second round effects and inflation becoming broader-based or persistent. Our economic team continues to expect two rate hikes of 25bp each this year to anchor inflationary expectations and mitigate PHP weakness against the USD.* Since then, 1m NDF has pared some of its losses on profit-taking but further downside could be limited given renewed concerns over the deteriorating current account deficit. The trade deficit for Dec had widened to USD4bn (Nov: USD3.85bn) – the largest on record - compared to estimates for a USD3bn shortfall after imports rose by a faster 10.2% y/y and exports by 9.5% y/y. Also supportive of the 1m NDF today and keep limit its downside intraday is the likely continued sell-off in equities. Yesterday, foreign investors had sold off USD10.9mn in equities. USDPHP gapped higher at the opening to 51.752 from yesterday's close of 51.553 amid firmer UST yields and USD. Last seen around 51.84 levels. Daily momentum indicators show bullish bias rising and stochastics still at overbought conditions. Weekly chart remains bullish bias. Support is at 51.60 (23.6% fibo retracement of the 2017 low to high). Any rebounds should meet resistance around the 52-handle, 52.30 levels (2017 high).

- **USDTHB - *Bullish Bias*.** USDTHB climbed to a three-week high of 31.957 this morning amid firmer UST yields and USD. Pair continues to face upside pressures from the sell-off in Thai assets by foreign investors. Foreign investors had sold USD106.9mn and USD231.3mn in equities and debt yesterday. Further sell-off should keep the pair supported intraday. Last seen around 31.855 levels. Momentum indicators and stochastics are bullish bias. 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 remains to the upside. Resistance is around 31.170 (50DMA), 32. 420 (23.6% fibo retracement of the 2016 high to 2018 low). Support still at 31.670 (21DMA), 31.256 (2018 low). Foreign reserves (2 Feb) is on tap today.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.37	3.39	+2
5YR MI3/22	3.62	3.62	Unchanged
7YR ML9/24	3.93	3.93	Unchanged
10YR MO11/27	3.96	3.95	-1
15YR MX4/33	4.43	*4.45/40	Not traded
20YR MX4/37	4.62	4.61	-1
30YR MZ3/46	4.85	*4.89/86	Not traded
IRS			
6-months	3.70	3.70	-
9-months	3.72	3.72	-
1-year	3.77	3.76	-1
3-year	3.83	3.82	-1
5-year	3.90	3.90	-
7-year	4.01	4.01	-
10-year	4.13	4.13	-

Source: Maybank KE
**Indicative levels*

Analysts

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

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

- In MYR govvies, trading remained thin with mixed yields. Among the benchmark govvies, more volume was seen on 5y Islamic GII 4/22, which ended unchanged from previous day at 3.89%. The 10y benchmark MGS 11/27 appears to be trading somewhat rich, ending 1bp lower, given an upcoming retap auction on the series.

- Another muted day for MYR IRS market. Rates were taken 1bp lower around the front end and belly of the curve. Amid this, the 3y and 4y IRS were dealt. 3M KLIBOR stayed at 3.69%.

- In local corporate bond market, trading liquidity remained thin. Of note, buyers have started to emerge in the GG space as some credits are trading very close to AAA levels. PTPTN 2024s was last dealt at 4.35%.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.54	1.56	+2
5YR	1.89	1.91	+2
10YR	2.20	2.23	+3
15YR	2.52	2.55	+3
20YR	2.56	2.59	+3
30YR	2.67	2.70	+3

Source: Maybank KE

- SGD IRS opened 2-3bps higher, with paying interest at the 5y point, after USD rates rose overnight. SGS yields also opened higher but dealers were buying on dips again, particularly at the long end. The strong demand for SGS continued throughout the day, even as SGD IRS rose as much as 7bps higher and short dated forwards moved right after USDSGD jumped. SGS yields continued to outperform SGD IRS as the former rose 2-3bps while the latter increased 4-6bps.

- In Asian credit, sovereign INDONs lowered on the back of the UST selloff overnight, while Malaysian sovereign and quasi sovereign bonds saw increased buyers. New DAEGUB outperformed and was last seen dealing around 117/115 level (priced at +135). A reverse from previous day, China IGs saw better selling in AMC and Tech names with most wider by 2-3bps.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.33	5.30	(2.60)
5YR	5.76	5.78	2.29
10YR	6.32	6.32	(0.61)
15YR	6.77	6.78	1.22
20YR	7.04	7.06	1.35
30YR	7.15	7.12	(2.66)

** Source: Maybank Indonesia*

Analysts

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

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

- Indonesia bond market moved mixed during Thursday trading session amid Japan Credit Rating (JCR) Agency upgraded Indonesia sovereign credit rating to BBB/Stable outlook from BBB-/Positive outlook. JCR is the first rating agency that upgraded Indonesia rating this year (Fitch rating agency upgraded Indonesia Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDR) to 'BBB' with stable outlook on Dec 20th, 2017). However, local currency seems to be under pressured during the day. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.779%, 6.318%, 6.782% and 7.057% while 2y yield moved lower to 5.305%. During the day, FR0070 (6y) yield decline the most by 5bps while FR0063 (5y benchmark series) yield increase the most by 2bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 28bps). Trading volume at secondary market was noted heavy at government segments amounting Rp23,168b with FR0071 (11y) as the most tradable bond. FR0071 total trading volume amounting Rp2,449b with 78x transaction frequency.

- Foreign ownership stood at Rp867.6t or 41.4% of total tradable government bond as of Feb 6th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp0.4t from begin month Feb 18.

- Corporate bond traded moderate amounting Rp755b. BIIF01ACN4 (Shelf registration I Maybank Finance Phase IV Year 2017; A serial bond; Rating: AA+$_{(idn)}$) was the top actively traded corporate bond with total trading volume amounted Rp150b.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2334	110.23	0.7867	1.4163	6.4275	0.7279	135.5033	86.5087
R1	1.2291	109.49	0.7824	1.4038	6.3961	0.7248	134.3467	85.5583
Current	1.2242	108.87	0.7764	1.3924	6.3532	0.7206	133.2800	84.5290
S1	1.2208	108.29	0.7757	1.3817	6.3145	0.7182	132.4867	84.0893
S2	1.2168	107.83	0.7733	1.3721	6.2643	0.7147	131.7833	83.5707

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3377	n/a	13667	51.8723	32.0907	1.6374	0.6320	2.9688
R1	1.3344	n/a	13636	51.7127	31.9713	1.6339	0.6262	2.9615
Current	1.3332	3.9450	13648	51.7500	31.8600	1.6320	0.6239	2.9595
S1	1.3257	n/a	13579	51.2907	31.6713	1.6254	0.6145	2.9484
S2	1.3203	n/a	13553	51.0283	31.4907	1.6204	0.6087	2.9426

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

Equity Indices and Key Commodities

	Value	% Change
Dow	23,860.46	-4.15
Nasdaq	6,777.16	-3.90
Nikkei 225	21,890.86	1.13
FTSE	7,170.69	-1.49
Australia ASX 200	5,890.70	0.24
Singapore Straits Times	3,415.90	0.95
Kuala Lumpur Composite	1,839.44	0.15
Jakarta Composite	6,544.63	0.15
Philippines Composite	8,645.08	-0.26
Taiwan TAIEX	10,528.52	-0.22
Korea KOSPI	2,407.62	0.46
Shanghai Comp Index	3,262.05	-1.43
Hong Kong Hang Seng	30,451.27	0.42
India Sensex	34,413.16	0.97
Nymex Crude Oil WTI	60.42	-2.12
Comex Gold	1,320.80	0.02
Reuters CRB Index	191.77	-0.29
MBB KL	10.08	0.20

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.1274	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	22/3/2018	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	5/4/2018	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	22/3/2018	Neutral
RBA Cash Rate Target	1.50	6/3/2018	Neutral
RBNZ Official Cash Rate	1.75	22/3/2018	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 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	50	3.214	3.214	3.214
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	129	3.215	3.215	3.022
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	50	3.064	3.064	3.064
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	592	3.344	3.356	3.32
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	15	3.358	3.368	3.358
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	45	3.358	3.358	3.358
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	9	3.416	3.416	3.416
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	315	3.423	3.423	3.385
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	507	3.503	3.567	3.501
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	162	3.486	3.503	3.486
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	137	3.583	3.642	3.583
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	130	3.758	3.758	3.746
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	24	3.782	3.782	3.735
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	1	3.818	3.818	3.809
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	30	3.824	3.824	3.824
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	5	3.932	3.939	3.932
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	113	3.912	3.929	3.903
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	178	3.985	4.001	3.978
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	43	3.955	3.955	3.932
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	4	4.433	4.433	4.433
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	2	4.482	4.482	4.472
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	71	4.432	4.432	4.432
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	33	4.599	4.631	4.599
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	11	4.812	4.812	4.812
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	120	3.26	3.271	3.26
PROFIT- BASED GII 4/2008 31.10.2018	4.295%	31-Oct-18	50	3.28	3.28	3.28
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	8	3.587	3.587	3.587
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	418	3.641	3.641	3.641
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	153	3.881	3.9	3.881
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	12	3.995	4.015	3.995
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	20	4.21	4.21	4.21
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	20	4.96	4.96	4.96
Total			**3,456**			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PTPTN IMTN 4.550% 20.12.2024	GG	4.550%	20-Dec-24	20	4.35	4.35	4.35
IESB MTN 2191D 29.11.2019	AAA (BG)	4.580%	29-Nov-19	10	4.358	4.363	4.358
BPMB IMTN 4.28% 02.03.2022 - Issue No 10	AAA	4.280%	2-Mar-22	10	4.49	4.49	4.49
SBPC 4.300% 03.07.2018 (SERIES 4)	AA1	4.300%	3-Jul-18	10	3.943	3.943	3.943
UOBM 4.650% 08.05.2025	AA1	4.650%	8-May-25	1	4.95	4.97	4.95
KESAS IMTN 4.380% 10.10.2018	AA2	4.380%	10-Oct-18	10	4.092	4.092	4.092
K-PROHAWK IMTN 4.880% 21.12.2018	AA2	4.880%	21-Dec-18	5	4.188	4.188	4.188
UMWH IMTN 4.820% 04.10.2019	AA2	4.820%	4-Oct-19	6	4.391	4.397	4.391
KESAS IMTN 4.470% 10.10.2019	AA2	4.470%	10-Oct-19	10	4.252	4.262	4.252
BGSM MGMT IMTN 6.600% 27.12.2019 - Issue No 5	AA3	6.600%	27-Dec-19	30	4.345	4.353	4.345
SINAR KAMIRI IMTN 4.960% 30.01.2020	AA- IS	4.960%	30-Jan-20	5	4.937	4.937	4.937
SINAR KAMIRI IMTN 5.200% 30.01.2023	AA- IS	5.200%	30-Jan-23	5	5.172	5.172	5.172
UEMS IMTN 5.000% 19.05.2023	AA- IS	5.000%	19-May-23	10	4.909	4.909	4.905
MALAKOFF POW IMTN 5.650% 17.12.2025	AA- IS	5.650%	17-Dec-25	20	4.771	4.772	4.771
SINAR KAMIRI IMTN 5.600% 28.01.2028	AA- IS	5.600%	28-Jan-28	5	5.56	5.56	5.56
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	1	5.251	5.251	5.251
ALLIANCEB MTN 3653D 27.10.2025	A2	5.750%	27-Oct-25	1	4.869	4.869	4.869
Total				**160**			

Sources: BPAM

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Published by:

Malayan Banking Berhad
(Incorporated In Malaysia)

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

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

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

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

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

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

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

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

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

Sales
Malaysia
Md. Farid Kairi
Head of Sales
mdfarid.k@maybank.com.my
(+60) 3 27869111, (+60) 17 6719185

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

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

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

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