

Global Markets Daily

EUR Pressured

EUR Remains Under Pressured

The rest of the world digested the Macron win and continued to take profit on the EUR, pressing the currency towards the 1.09-figure as we write. USDJPY made a U-turn higher, guided by the rebound in UST 10yr yields. We recall that May is a particularly bullish month for the USD in terms of seasonality. We remain constructive on USD/Asians including USDSGD, USDCNH, USDJPY, USDKRW, USDMYR and USDTWD, USDIDR, USDINR.

Koreans Go to the Polls

Koreans head to the polls today. Front-runner Moon advocates a softer stance on North Korea which may anger the Americans and subject the US-South Korean alliance to risks. His caution against the installation of THAAD may anger US but appease China leading to a removal of travel ban to South Korea. Geopolitical tensions may ease in this scenario since China is playing a greater role in regional security. Korea's exports recovery (Korea's exports is about 50% of GDP), continued foreign fund inflows into KOSPI and hopes of Trump's spending and tax reforms (support for appetite for risk) amid well contained Fed rate hike expectation for 2017 are plus factor for KRW to stay supported while May seasonality trends may negate some positivity.

Australia's Budget, Plenty of Fed Speaks

The data calendar in the region is rather empty, save for retail sales out of Australia and Australia's Federal Budget for 2017-2018. Treasurer Scott Morrison has promised record infrastructure spending, funded by "good debt". The budget's economic forecast is key as RBA had already flagged slower growth rate, weak wages increments, consumer spending and low productivity growth. That said, AUDUSD seems to be flagging bullish divergence on the daily chart. We caution a rebound in the near-term. Beyond the region, the US will see Kashkari, Rosengren, Kaplan speaking.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.0924	-0.67	USD/SGD	1.4059	0.07
GBP/USD	1.2940	-0.32	EUR/SGD	1.5358	-0.60
AUD/USD	0.7387	-0.50	JPY/SGD	1.2414	-0.40
NZD/USD	0.6908	-0.14	GBP/SGD	1.8192	-0.27
USD/JPY	113.26	0.49	AUD/SGD	1.0384	-0.40
EUR/JPY	123.72	-0.17	NZD/SGD	0.9711	-0.12
USD/CHF	0.9988	1.12	CHF/SGD	1.4076	-1.10
USD/CAD	1.3691	0.29	CAD/SGD	1.0268	-0.23
USD/MYR	4.3360	-0.06	SGD/MYR	3.0871	-0.08
USD/THB	34.65	-0.09	SGD/IDR	9,468	-0.32
USD/IDR	13,295	-0.26	SGD/PHP	35.52	-0.20
USD/PHP	49.88	-0.14	SGD/CNY	4.9126	-0.11
USD/CNY	6.9045	0.02	CNY/MYR	0.6280	-0.08

Implied USD/SGD Estimates @ 9-May-17, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3689	1.3970	1.4251

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G7: Events & Market Closure

Date	Ctry	Event
11 May	NZ	RBNZ Meeting
11 May	UK	BoE Meeting

Emerging Asia: Events & Market Closure

Date	Ctry	Event
9 May	KR	Korean Presidential Elections (Onshore Market Closure)
10 May	SG, MY, TH, IN	Market Closure
11 May	ID	Market Closure
12 May	MY	BNM Meeting
12 May	PH	BSP Meeting

G7 Currencies

- **DXY - An Interim Base.** USD traded higher overnight, tracking the jump in UST yields and the steepening of the UST curve (5Y-10Y tenors saw bigger jump). Post-French Presidential election sell-off in EUR (sell on fact) also supported the move higher for USD. This week brings a handful of Fed speaks and could support rate hike expectations. Though Fed fund futures are already pricing in 100% chance of a 25bps rate hike being for Jun meeting, we think Fed speaks this week, in particular from NY Fed President William Dudley (on Thu) could be interesting. NY Fed traditionally provides leadership on policy issues relating to balance sheet and he has been vocal on this topic of late. Overnight, the NY Fed also announced plans to conduct 4 small value operations this month in the repo markets including one for O/N reverse repos that will use mortgage bonds from its portfolio as collateral for the first time since Aug-2013. The Fed mentioned that this is an exercise for operational-readiness and no inference should be drawn about the timing of any change in the stance of the monetary policy in the future. We think the focus next, apart from rate normalisation (which is rather entrenched) - potentially 1 hike in Jun and another hike in Sep, followed by a pause in Dec which could bring about the announcement of balance sheet reduction. Further details as to the terminal size of Fed's balance sheet, how Fed will reduce its balance sheet, when will Fed announce tapering, etc. remain sketchy at this stage. But as a guide, Fed's balance sheet went from less than \$900bn before the GFC to about \$4.5tn today. In terms of GDP, Fed's balance sheet grew from 6% to over 23% of GDP. Quantitative easing is normally thought to affect market prices and yields through a portfolio rebalancing effect: the central bank reduces the supply of relatively risky assets from markets, resulting in an increase in market prices, and decline in yields. So a balance sheet reduction is expected to reverse these effects (i.e. lower market prices and potentially higher yields). DXY was last seen at 99.15 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of rising from oversold conditions. Support remains at 98.80 (61.8% fibo retracement of Nov low to 2017 high), 98.50 levels. Resistance at 99.20 (200 DMA), 99.80 levels and 100.20 (50 DMA). We look for USD to strengthen in coming days, and against the Asians, in particular JPY, SGD, IDR, INR and KRW. Week ahead brings JOLTS Jobs opening (Mar); Fed's Kashkari, Rosengren, Kaplan speak on Tue; Import, Export Prices (Apr); Fed's Rosengren speaks on Wed; PPI (Apr); Fed's Dudley speaks on Thu; CPI, Retail Sales (Apr); Fed's Evans, Harker speak; Uni of Mich Sentiment (May) on Fri.
- **EURUSD - Can Macron Form a Parliamentary Majority?** EUR came under renewed selling pressure on sell-the-fact (Presidential election outcome priced in). Focus now shifts to Legislative elections (11 and 18 Jun). Question remains whether he can form a parliamentary majority, failing which, the socialists may well take control and President Macron's intent to push through reforms (promised during election campaign) could stall. Another risk to watch is whether Italy may call for early elections in Jun-2017 (Italians are expected to hold an election before Jun-2018). Such worries could re-exert downside pressure on the EUR, in the short

term. EUR was last seen at 1.0922. Bullish momentum on daily chart is waning while stochastics has fallen from overbought conditions. Next support at 1.0920 (23.6% fibo retracement of the recent run-up) before 1.0850 (38.2% fibo), 1.08 (50% fibo). Resistance at 1.0980 before 1.1030. Expect downside pressure to exacerbate on break below 1.0920. Week ahead brings ECB Draghi speaks on Wed; EU's Brexit negotiator Barnier speaks on Thu; Industrial Production (Mar) on Fri.

- **GBPUSD - BoE Meeting, QIR Thu.** For the upcoming BoE meeting on Thu, we expect the MPC to vote 8 - 1 to keep rate unchanged at 0.25%. Focus on the quarterly inflation report (QIR) which will also be released and may contain fresh updates to growth and inflation projections. We expect the BoE to paint a cautious outlook on the economy and continue to caution that it expects business investments and consumer spending to slow as inflation eats into household budgets. We have shared that recent deceleration in wage growth and sharp pick-up in inflation is weighing on real wages and this is expected to crimp household spending. GBP was last seen at 1.2950 levels. Bullish momentum on daily chart is waning while stochastics remains at near-overbought conditions. We expect upside to be limited towards 1.30. Bias to lean against strength, looking for a move towards 1.28 objective. Week ahead brings IP, Trade (Mar); BoE Meeting; RICS House Price Balance (Apr) on Thu.
- **USDJPY - Upside Capped.** USDJPY climbed above the 113-handle, tracking the UST yields higher overnight. Even the climb in 10Y JGB to 0.027% as 10Y UST rose to 2.3868% did not deter the widening in yield differentials in favour of the US. BOJ governor Kuroda, speaking in Parliament, reiterated that the central bank needs to continue with 'powerful monetary easing' to ensure that the price momentum towards 2% target is maintained. He continues to expect the 2% price goal to be achieved in FY2018. Further upside intraday though could be capped as waning political risks in Europe could see the continued sell-off in the EUR against the JPY. Last seen around 113.23 levels. Though nothing new was espoused, his comments should still be supportive of the pair intraday. Bullish momentum indicators remain bullish bias and stochastics remains at overbought conditions. This suggests the potential for a retracement ahead. With our resistance level at the 112.80 levels taken out, we await a weekly close above that level to confirm bullish extension towards 113.40 levels (50% fibo retracement of the 2016 high to 2017 low), 114.65 (61.8% fibo). Failure to move higher could see the pair slip back towards 112.50, 111.70 (50DMA). While there is potential for a pullback in the near term, our bias remains to buy on dips. Week ahead brings labour cash earning (Mar) on Tue; BOJ summary of opinions at 26-27 Apr meeting on Wed; current account (Mar) on Thu; BOJ Harada speaks on Fri.
- **NZDUSD - Rebound Risks.** NZD rebounded amid rising expectation that RBNZ could shift rate profile at the upcoming meeting this Thu. The monetary policy shadow board (NZ Institute of Economic Research) continues to see tightening bias as appropriate. It says there are signs that underlying inflation is rising amid continued momentum in NZ economy. We expect RBNZ to maintain an accommodative monetary policy, with OCR on hold at record low of 1.75% at the upcoming meeting. Accompanying monetary policy

statement is likely to remain “neutral” and re-emphasize the need for weaker exchange rate to achieve more balanced growth. **New forecasts for growth, inflation and rates will be released in this upcoming meeting - watch out for bullish assessment to growth and inflation. We also expect the rate profile to be revised. We continue to expect RBNZ to raise rates earlier than their own forecast - Mar 2020.** We believe the RBNZ should be one of the next major central banks to raise rates as inflation is already showing further signs of uptick owing to higher commodity prices, construction-related cost pressures and strength of the domestic economy. NZ OIS shows markets are expecting a hike as early as Mar 2018. NZD was last seen at 0.6920 levels. Bearish momentum on daily chart is waning while stochastics is rising. We see rebound risks. Resistance at 0.6950, 0.6980 (50 DMA). Support at 0.6850 before 0.6810 (50% fibo retracement of Sep 2015 low to 2016 high). Week remaining brings Card Spending (Apr) on Wed; RBNZ Meeting; RBNZ Wheeler speaks; Food Prices (Apr) on Thu; Mfg PMI (Apr).

- **AUDUSD - *Wary of Bullish Divergence.*** AUD closed below the 0.74-figure yesterday last seen around 0.7390. We are wary of a bullish divergence in the AUDUSD and caution against going short at this level. Price action seems to be showing signs of bullish divergence at this point vs. the MACD. Still, momentum is bearish at this point. Support is seen around 0.7370 (5 May low). Resistance is seen at 0.7460 (50% fibonacci retracement of the Jan-Feb rally) before the next at 0.7560. Eyes today are on the Australia’s Federal Budget for 2017-2018. Treasurer Scott Morrison has promised record infrastructure spending, funded by “good debt”. The budget’s economic forecast is key as RBA had already flagged slower growth rate, weak wages increments, household consumption and low productivity growth. Retail sales is also due today.
- **USDCAD - *Waning Bullish Bias.*** USDCAD saw some mild recovery from the Fri slump and was last seen around 1.3690, underpinned by the USD bounce. The recovery in oil prices since last Fri is keeping a lid on the rebound. We continue to eye a recovery in the CAD as we look towards the OPEC meeting on 25 May which may see an extension of an output cut agreement. Even so, there are concerns of US shale drillers threatening the supply-demand balance. Resistance is eyed around 1.3790 (5 May high). Support is seen at 1.3660 before 1.3550. Week ahead has building permits for Mar today, new housing price index for Mar on Thu.

Asia ex Japan Currencies

- **SGD NEER trades around 0.68% below the implied mid-point of 1.3970. The top is estimated at 1.3689 and the floor at 1.4251.**
- **USDSGD - *Tilting Higher*.** USDSGD is mildly bid amid a firmer USD tone. The sell-off in the SGD against the JPY, MYR and antipodeans were partially offset by its gains against the EUR and GBP, capping upside to the pair. Higher UST yields though were supportive of the 3-month SOR, which had climbed by 0.5% to 0.7845% tomorrow, and suggests the pair could be supported. Last seen around 1.4064 levels, pair is showing very mild bullish bias on the daily chart and stochastics is now at overbought conditions. Bearish momentum on the weekly chart is still intact but waning and stochastics continues to climb out of oversold conditions - indicating upside risks. We need to see 1.4080 (38.2% fibo retracement of the 2016 low to 2017 high) cleanly broken on a weekly close to expose the next resistance at 1.4150 (100DMA). Support at 1.4020 (50DMA) before 1.3985 (21DMA). Remaining week has retail sales (Mar) on Fri. **Onshore markets are closed on Wed for a public holiday.**
- **AUDSGD - *Reversal In Play*.** AUDSGD was still stuck around 1.0400. We see rebound risks for this cross after the bullish reversal signal came to fruit last Fri. Momentum is still mildly bearish bias. Support at 1.03770. Stochastics on the weekly, daily charts are nearing oversold conditions, adding to our conviction that this cross could head towards the 200-DMA.
- **SGDMYR - *Rebound Risks but Maintain Bearish Bias*.** SGDMYR was relatively unchanged from recent lows. Last seen at 3.0850 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions - this poses rebound risks in the short term. We watch if the cross can close decisively below the 200 DMA, which would then put next support at 3.05 (38.2% fibo retracement of 2016 low to 2017 high). But we expect rebound risks. Resistance at 3.0970 (23.6% fibo).
- **USDMYR - *Rebound Risks*.** USDMYR inched higher amid broad USD strength. Last seen at 4.3420 levels. Bearish momentum on daily chart is waning and stochastics is showing signs of rising from oversold conditions. **Rebound can re-visit 4.3430 (23.6% fibo retracement of the recent decline from mid-Apr to May) before 4.3620 (38.2% fibo), 4.3780 (50% fibo).** Support remains at 4.30 (200 DMA). We reiterate that while we remain positive on MYR outlook given improved investors' confidence, MYR fundamentally undervalued amid an environment of well managed Fed rate hike expectation, seasonality trends in May warrant caution especially when USDMYR has traded one-way since BNM announcement in Apr on deepening and broadening financial markets. **MYR is seasonally weak in the month of May - MYR fell in 7 out of the past 10 Mays and recorded the worse average decline among the 12 months in a calendar year. Expect 4.30 - 4.37 range this week.**
- **1m USDKRW NDF - *Presidential Elections Today; Onshore Market Closed*.** 1m USDKRW firmed amid broad USD strength. Last seen at 1135 levels. Focus on Korean Presidential elections today. Opinion polls show that candidate Moon Jae-In (from Democratic or Minjoo

party) is favourite to win. Korean elections typically do not result in a big impact for markets (as compared to elections in the western world UK, France, US), we think this one may be slightly different. Previous Presidents in the past 10 years were from the Conservative camp - favors strong US-South Korea alliance and typically favors a tough approach to North Korea. But the upcoming election sees 2 candidates to the left of the Conservative party. In particular front-runner Moon is a disciple of "Sunshine policy" and may be seen as advocating a softer stance on North Korea. This may anger the Americans and subject the US-South Korean alliance to risks. His caution against the installation of THAAD may also anger US but could appease China - which could mean the removal of travel ban to South Korea (a plus for tourism revenue and supports growth). Geopolitical tensions may ease and could be supportive of further gains in KOSPI and KRW, in this scenario. (Though we understood some may argue that US could withdraw from defending in the region and this could worsen the security/ geopolitical tension but we argue that back in 2000s when US-South Korean alliance was less strong, North Korea presented less dramatic threats and today, China is also playing a greater role in regional security). On FX, Korea's exports recovery (Korea's exports is about 50% of GDP), continued foreign fund inflows into KOSPI and hopes of Trump's spending and tax reforms (support for appetite for risk) amid well contained Fed rate hike expectation for 2017 may be plus factors for KRW to stay supported but May seasonality trends may negate some positivity. **Election outcome should see some degree of relief rally (but we caution for buy rumor-sell fact play as outcome is likely to have been priced in).** 1m USDKRW NDF was last seen at 1135 levels. Daily momentum is not showing a clear bias. Expect range-bound trading between 1127 - 1140, with bias to the upside.

- **USDCNH - Bullish Bias.** USDCNH hovered around 6.9050, supported by the USD. Resistance at 6.9070 (23.6% Fibonacci retracement of the Sep-Dec rally) have finally broken after being tested multiple times. We see upside risks to this pair, towards the upper bound of the 6.86-6.92 range, with interim support from the 50-DMA. Resistance at 6.92-figure could slow its upmove. Any dips should find support at 6.8810 (50, 100DMAs) before 6.8690 (50DMA). **PBoC fixed USDCNY reference rate at 6.9037, 90 pips higher than the previous 6.8947. CNYMYR was fixed 20 pips lower at 0.6269 vs. previous 0.6289.** PBoC skipped open market operations again today (3rd day in a row), citing that current liquidity in banking system is appropriate. USDCNH continues to trade rather closely to USDCNY in the absence of strong USD cues. Trade numbers soften yesterday for exports and imports in yuan terms. Trade balance widened to US\$38.05bn from previous US\$23.92bn. Week ahead has CPI, PPI on Wed and monetary data between 10-15th.
- **USDINR - Inching higher.** 1M NDF was last seen around 64.60, having broken out of the downward sloping trend channel recently. Daily momentum indicator is flat at this point but we eye resistance at 64.60 closely. Risks are on both sides. Support at 64.20. Foreign funds sold US\$38.6 mn of equities and bought US\$296.0mn of debt on 5 May. With 70% of debt limit already utilized, the bond-related inflows from hereon is likely to slow. Eyes are on how RBI Governor Patel reduce the non-performing assets that been weighing on the banks' ability to lend after the central bank is given the power to

resolve the non-performing assets. Finance Minister Jaitley said that the government is willing to budget for bank recapitalization. Expects the resolution (via RBI) to happen over “the next few weeks and months”. Week ahead has trade between 10-15th, CPI industrial production on Fri.

- **1m USDIDR NDF - *Stuck-In-Range***. 1m USDIDR NDF remains stuck in its current trading range of 13250-13390 amid a firmer USD tone. Foreign demand for Indonesian assets, particularly equities, has been supportive of the IDR. Yesterday, foreign investors had purchased USD123.4mn in equities. Yield movements this morning could possibly reflect healthy demand for government debt, including those from foreign investors. Yields were mostly lower by 0.07-1.33bp this morning. This suggested that the continued inflow into Indonesian assets should weigh on the 1m NDF intraday. 1m NDF was last seen around the 13365 levels. Daily momentum remains bullish bias but waning and stochastics shows tentative signs of turning lower from overbought conditions. This suggests a retracement is possible ahead. In the absence of fresh catalyst amid a shortened week (**onshore markets are closed on Thu for a public holiday**), we continue to expect range-bound trades within 13250-13390 to hold intraday. JISDOR was fixed at 13324 yesterday, 15 pips lower than Fri’s fixing. Remaining week has current account (1Q) on Fri.
- **1m USDPHP NDF - *Watching BSP On Thu***. 1m USDPHP NDF is little changed amid a firmer USD. Risk sentiments remained supported with foreign funds buying USD13.67mn in equities yesterday - the fifth consecutive session of foreign inflows into equities. Further inflows into equities are likely to weigh on the 1m NDF. Still, further downside in the 1m NDF could be limited given our inference from yield movements this morning that also possibly reflect some foreign demand. Foreign funds appear to have sold off government debt this morning as reflected in higher yields for the 2Y and 3Y by 0.35-0.51bp). We have BSP meeting on Thu and a rate adjustment is unlikely to be forthcoming at this meeting. We believe that the central bank may not want to hobble the hands of the incoming BSP governor (Deputy Governor Nestor Espenilla has been named the new Governor yesterday and he has pledged to continue with the monetary policy) who will replace Governor Tetangco when his term ends in Jul. Any rate adjustment could possibly come only in 2H. 1m NDF was last seen around 50.06-levels. Bullish bias on the daily chart has waned and stochastics continues to fall. A break of the 50-figure (100DMA) exposes the next support level at 49.90 levels (21DMA), 49.60 (23.6% fibo retracement of the 2016 low to 2017 high). Rebounds should meet resistance at 50.15 (50DMA), 50.50 levels. Week ahead has trade (Mar), BSP overnight borrowing rate on Thu.
- **USDTHB - *Supported***. USDTHB is trading bid amid a firmer USD tone but pair still trades well-within familiar ranges of 34.400-34.720. Further inflows into Thai assets intraday should keep the THB supported as it did yesterday where foreign investors purchased THB0.59bn and THB5.18bn in equities and government debt. Nevertheless, seasonality factor due to dividend payments by Thai firms to foreign investors could lift the pair higher ahead. Pair was last seen around 34.680 levels. Momentum indicators remain bullish bias on the daily chart and stochastics is edging closer to overbought

conditions. With **onshore markets closed tomorrow for a public holiday**, sideways trades are likely. Resistance at 34.800 ahead of 34.940 (38.2% fibo retracement of the 2016 high to 2017 low). Support at 34.490 (21DMA). Week ahead has foreign reserves (5 May) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH3/19	3.25	3.31	+6
5YR MI3/22	3.58	3.59	+1
7YR ML9/24	3.86	3.86	Unchanged
10YR MO11/26	3.96	3.93	-3
15YR MS4/33	4.38	4.38	Unchanged
20YR MX4/37	4.64	*4.68/63	Not traded
30YR MZ3/46	4.77	4.76	-1
IRS			
6-months	3.45	3.45	-
9-months	3.50	3.50	-
1-year	3.53	3.53	-
3-year	3.65	3.65	-
5-year	3.77	3.76	-1
7-year	3.88	3.86	-2
10-year	4.02	4.01	-1

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Source: Maybank KE

*Indicative levels

- Malaysian government bonds traded mixed. Foreign buying was still seen on the belly of the MGS curve, particularly the 11/26 and 9/25 issues with each lowering 3bps. Players will turn to this Friday's MPC, where BNM is expected to keep the OPR unchanged, and scour the statement for directional leads.
- Onshore IRS market saw foreign receiving interest at the belly sector along with the buying in belly MGS. But no trades were reported in the market. 3M KLIBOR unmoved at 3.43%.
- Corporate bond market was quiet with few bids and mostly offers seen. GG and AAA spaces were muted. In the AA space, some front end bonds traded unchanged and at the long end, YTL'27s were also dealt unchanged.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.24	1.23	-1
5YR	1.62	1.61	-1
10YR	2.16	2.15	-1
15YR	2.33	2.32	-1
20YR	2.43	2.43	-
30YR	2.48	2.48	-

Source: Maybank KE

* Previous business day was 13 Apr 2017

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- SGD rates opened slightly higher after a stronger than expected US nonfarm payrolls number for April and the Macron victory helped risk on sentiment. SGS yields were 1-2bps higher in light trading and SGD IRS rates adjusted higher by about 1bp. Sentiment turned cautious after EUR fell on profit taking and UST futures ticked higher in the afternoon. Some buying returned to SGS and prices rose into the close with SGD IRS rates following suit. The yield curve ended flat to 1bp lower, while SGD IRS curve was down 1-2bps.
- Muted Asian credit market as Macron's win in the French election had been widely anticipated and levels returned to pre-NFP levels. There was still demand for Lenovo, while in the sovereign space, INDON was unchanged. Primary market was more active as new issuances pour in. PT Perusahaan Listrik Negara will be issuing 10y and 30y USD bonds guiding at 4.625% and 5.625% respectively, which appear cheap.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.59	6.60	0.01
5YR	6.69	6.69	0.00
10YR	7.08	7.04	(0.04)
15YR	7.49	7.48	(0.00)
20YR	7.79	7.78	(0.01)
30YR	8.00	8.03	0.02

* Source: Maybank Indonesia

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- Indonesia bond market closed lower on Monday ahead of the auction today and in our view, was also affected by better U.S. labour data and inclining UST 10y yield. However, the benchmark series yield seems to be moving in an opposite direction. During the day, Indonesia central bank released Indonesia's official reserve assets position which stood at US\$123.2 billion as of end-April 2017, higher than the end of March 2017 level of US\$121.8 billion. Further explained, the increase was primarily attributable to foreign exchange receipts, among other from tax revenues and government oil & gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.692%, 7.040%, 7.484% and 7.782% while 2y yield moved higher to 6.600%. Trading volume at secondary market was noted thin at government segments amounting Rp7,318 bn with FR0053 (4Y) as the most tradable bond. FR0053 total trading volume amounting Rp1,704 bn with 32x transaction frequency.
- DMO will be conducting their bi-weekly conventional auction on Tuesday with five series to be auctioned which are SPN03170811 (Coupon: discounted; Maturity: 11 Aug 2017), SPN12180511 (Coupon: discounted; Maturity: 11 May 2018), FR0061 (Coupon: 7.000%; Maturity: 15 May 2022), FR0074 (Coupon: 7.500%; Maturity: 15 Aug 2032) and FR0072 (Coupon: 8.250%; Maturity: 15 Aug 2036). We believe that the auction will be oversubscribe by 1.5x - 2.3x from its indicative target issuance of Rp15 tn while our view on the indicative yield are as follows SPN03170811 (range: 4.900% - 5.100%), SPN12180511 (range: 5.700% - 5.900%), FR0061 (range: 6.605% - 6.705%), FR0074 (range: 7.400% - 7.500%) and FR0072 (range: 7.700% - 7.800%).
- Corporate bond trading traded heavy amounting Rp2,142 bn. FIFA03ACN1 (Shelf Registration III Federal International Finance Phase I Year 2017; A serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp1,323 bn yielding 7.348%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CHF	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1061	113.89	0.7444	1.3012	1.0073	0.6971	125.3667	84.2887
R1	1.0992	113.57	0.7415	1.2976	1.0031	0.6940	124.5433	83.9703
Current	1.0932	113.18	0.7392	1.2945	0.9982	0.6922	123.7200	83.6530
S1	1.0886	112.67	0.7368	1.2917	0.9906	0.6883	122.9433	83.2563
S2	1.0849	112.09	0.7350	1.2894	0.9823	0.6857	122.1667	82.8607

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.4092	4.3417	13354	49.9560	34.8167	1.5538	0.6321	3.0941
R1	1.4076	4.3388	13325	49.9160	34.7333	1.5448	0.6301	3.0906
Current	1.4056	4.3400	13296	49.8850	34.6700	1.5365	0.6283	3.0882
S1	1.4035	4.3328	13279	49.8230	34.5733	1.5307	0.6247	3.0826
S2	1.4010	4.3297	13262	49.7700	34.4967	1.5256	0.6213	3.0781

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
SGD 3-Month SIBOR	0.9985	Oct-17	-
MYR O/N Policy Rate	3.00	12-May	Neutral
IDR 7-Day Reverse Repo Rate	4.75	18-May	Neutral
THB 1-Day Repo	1.50	24-May	Tightening Bias
PHP O/N Reverse Repo	3.00	11-May	Tightening Bias
TWD Discount Rate	1.375	17-Jun	Neutral
HKD Base Rate	0.75	-	Neutral
CNY Rediscount Rate	2.25	-	Tightening Bias
INR Policy Repo Rate	6.25	7-Jun	Neutral
KRW Base rate	1.25	25-May	Easing Bias
Fed Funds Target Rate	0.75	4-May	Tightening
ECB Main Refi Rate	0.00	8-Jun	Easing Bias
BOE Rate	0.25	11-May	Neutral
RBA Cash Rate Target	1.50	6-Jun	Neutral
RBNZ OCR Rate	1.75	11-May	Neutral
BOJ IOER	-0.10	16-Jun	Easing
BoC O/N Rate	0.50	24-May	Easing Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	21,012.28	0.03
Nasdaq	6,102.66	0.03
Nikkei 225	19,895.70	2.31
FTSE	7,300.86	0.05
Australia ASX 200	5,870.89	0.59
Singapore Straits Times	3,236.98	0.22
Kuala Lumpur Composite	1,768.15	0.31
Jakarta Composite	5,707.86	0.43
Philippines Composite	7,962.33	1.53
Taiwan TAIEX	9,937.25	0.38
Korea KOSPI	2,241.24	NA
Shanghai Comp Index	3,078.61	-0.79
Hong Kong Hang Seng	24,577.91	0.41
India Sensex	29,926.15	0.23
Nymex Crude Oil WTI	46.43	0.45
Comex Gold	1,227.10	0.02
Reuters CRB Index	178.13	0.12
MBB KL	9.39	0.97

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2010 4.012% 15.09.2017	4.012%	15-Sep-17	191	3.085	3.085	3.027
MGS 5/2012 3.314% 31.10.2017	3.314%	31-Oct-17	22	3.074	3.074	3.074
MGS 2/2003 4.24000% 07.02.2018	4.240%	7-Feb-18	159	3.164	3.164	3.137
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	49	3.13	3.168	3.13
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	2	3.22	3.22	3.13
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	86	3.307	3.307	3.245
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	186	3.471	3.471	3.449
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	72	3.481	3.481	3.456
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	30	3.586	3.586	3.575
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	40	3.755	3.755	3.744
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	6	3.774	3.774	3.774
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	29	3.844	3.854	3.826
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	1	3.935	3.935	3.935
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	190	3.853	3.855	3.839
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	572	3.99	4.018	3.99
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	482	3.944	3.958	3.928
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	85	4.414	4.414	4.394
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	1	4.898	4.898	4.898
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	2	4.375	4.375	4.375
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	57	4.494	4.494	4.473
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	30	4.85	4.85	4.85
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	20	4.755	4.755	4.755
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	20	3.285	3.285	3.285
PROFIT- BASED GII 4/2008 31.10.2018	4.295%	31-Oct-18	90	3.346	3.346	3.346
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	20	3.35	3.35	3.35
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	53	3.452	3.452	3.431
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	167	3.617	3.643	3.617
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	10	3.728	3.728	3.728
GII MURABAHAH 5/2013 30.08.2033	4.582%	30-Aug-33	180	4.574	4.574	4.572
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	10	4.861	4.861	4.861
Total			2,862			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
BOUSTEAD HOLDINGS GUARANTEED MTN 730D 20.11.2017	AAA	4.450%	29-Nov-17	20	4.114	4.151	4.114
CAGAMASBMS 4.900% 22.08.2022 - TRANCHE 2007-2/6	AAA	4.900%	22-Aug-22	15	4.301	4.301	4.301
ENCORP 5.350% 18.11.2026	AA1	5.350%	18-Nov-26	10	4.729	4.731	4.729
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	15	4.999	4.999	4.999
ANIH IMTN 5.70% 27.11.2026 - Tranche 13	AA IS	5.700%	27-Nov-26	10	4.723	4.726	4.723
JEV IMTN 0% 12.11.2021	AA3	9.300%	12-Nov-21	20	4.598	4.602	4.598
LDF3 IMTN 6.330% 23.08.2038	AA- IS	6.330%	23-Aug-38	10	5.472	5.48	5.472
LDF3 IMTN 6.430% 23.08.2039	AA- IS	6.430%	23-Aug-39	10	5.47	5.481	5.47
Total				110			

Sources: BPAM

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