

Global Markets Daily

Of Malaysia GE and RBNZ Meeting

Softer Appetite for Risk Assets to Start the Day

Asian equities opened on a softer footing this morning as markets evaluate the prospects of geopolitical risks after Trump announced decision to pull US out of the Iran deal and re-impose sanctions targeting Iran's energy, petrochemical and financial sectors. We caution that this could keep oil prices supported, and weigh further on IDR, IDR and PHP (also suffering from twin deficits). We think weakness on these currencies may be amplified in an environment of persistent rise in UST yields (re-testing 3% this morning) and USD strength. Meanwhile the G7s were not spared, with AUD, NZD leading the declines. EUR also traded 5-month lows of 1.1838 amid broad USD strength, poor run of Euro-area data, fading expectations for ECB to quicken its pace of policy normalisation and market chatters of the risk of an Italy re-election on 8th Jul.

RBNZ Meeting and Orr's Presser Closely Watched

RBNZ policy decision is expected at 5am (SG/KL time tomorrow). It is widely expected that OCR will remain on hold at 1.75% amid softer inflation outlook and signs of moderation in activity. RBNZ Governor Adrian Orr will deliver his first MPC statement since taking office in late-Mar 2018. He is known to be more vocal than his predecessors and is also well known for his open style communication. In addition RBNZ mandate has also been broadened to include targeting maximum employment (no numerical target). Focus will be on how these new developments could shape RBNZ and Adrian Orr's policy bias.

Malaysia Election Results Likely by 10pm (SG/KL time)

Key data/events today include US PPI (Apr); Fed's Bostic speaks; UK BRC Sales (Apr) and Malaysia General Elections. Results are expected by 10pm tonight. Stronger margin of victory than 2013 should help to defuse recent weakness in the MYR.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1864	↓ -0.49	USD/SGD	1.34	↑ 0.34
GBP/USD	1.3547	↓ -0.07	EUR/SGD	1.5897	↓ -0.16
AUD/USD	0.7455	↓ -0.82	JPY/SGD	1.2279	↑ 0.31
NZD/USD	0.6971	↓ -0.66	GBP/SGD	1.8152	↑ 0.25
USD/JPY	109.13	↑ 0.04	AUD/SGD	0.999	↓ -0.50
EUR/JPY	129.47	↓ -0.46	NZD/SGD	0.934	↓ -0.30
USD/CHF	1.0017	↓ -0.10	CHF/SGD	1.3377	↑ 0.44
USD/CAD	1.295	↑ 0.54	CAD/SGD	1.0346	↓ -0.21
USD/MYR	3.9497	↑ 0.13	SGD/MYR	2.9519	↑ 0.02
USD/THB	31.934	↑ 0.28	SGD/IDR	10501.47	↑ 0.24
USD/IDR	14052	↑ 0.36	SGD/PHP	38.7864	↓ -0.12
USD/PHP	51.896	↓ 0.00	SGD/CNY	4.7522	↓ -0.31

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.3185	1.3454	1.3722

Analysts

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

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

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

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

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 - Downside Surprise to PPI May Slow USD Gains.** USD continued to inch higher on rising UST yields. 10Y UST yield looks on track to retest 3%-handle. We have indicated in our GM Daily yesterday that this week's auction of \$73bn in US government papers (remaining \$25bn in 10Y notes tonight and \$17bn in 30Y bonds tomorrow) could keep UST yields and USD broadly supported. Policy and data divergence in favor of US should continue to keep the USD broadly supported but we have doubts on the sustainability of the USD rally. We first called for UST yields and USD to trade higher in our FX Weekly (20 Apr) on the back of policy divergence thematic and we subsequently shared that this is temporary and could last for about 4 - 6 weeks. We continue to hold to this view and believe that higher energy and commodity prices globally as well as tightness in labor market should feed through to inflation and brings back the case of monetary policy convergence. A return of improving economic data for EU, UK and other G7 will bring back policy stimulus withdrawal thematic and that should help to narrow the divergence between US and rest of the world. Such a scenario would then see other currencies such as EUR, GBP play catch-up with the USD. Another scenario to see USD gains slow in the interim is US data this week (PPI tonight and CPI tomorrow) surprised to the downside. DXY was last seen at 93.23 levels. Bullish momentum on daily chart remains intact while stochastics is in overbought conditions. These suggest rising risk of USD pullback from recent gains. Resistance seen at 92.80, 93.60, 94.2 (38.2% fibo retracement of 2018 high to low). Key support at 92 (200 DMA). Week remaining brings 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 - Bearish but bias to Buy Dips.** EUR traded lower to 5-month lows of 1.1838 amid broad USD strength, poor run of Euro-area data, fading expectations for ECB to quicken its pace of policy normalisation and market chatters of the risk of an Italy re-election on 8th Jul. Weakness was amplified by strength in USD and rising UST yields. Pair was last seen at 1.1850 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions. Our caution for deeper correction towards 1.1850 materialised. Next support at 1.1720 (Dec low). We still look for opportunity to buy on dips. Area of resistance at 1.1920 (76.4% fibo retracement of Dec low to 2018 high) - 1.1940 before 1.20.
- **GBPUSD - Focus on BoE MPC Meeting Tomorrow.** GBP traded fresh-2018 low of 1.3485 yesterday as divisions in PM May's government grows. Peers voted for an amendment to the EU withdrawal bill saying that remaining in the European Economic Area should be a government Brexit negotiating objective. Till date, this is the 13th defeat the government has suffered on the bull in the Lords. Next event risk coming up is BoE meeting tomorrow. We expect the BoE to keep policy rate on hold at 0.5%, 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 97% (a month ago). 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. **Given that most of the bad news has already been in the price** (more than 5% decline in the GBP since mid-Apr from highs above 1.43-handle in mid-Apr to sub-1.35 levels last week), **we do not rule out rebound risks for GBP especially in the event of a hawkish hold.** Carney's press conference, Quarterly Inflation report and MPC vote will be closely scrutinized for any hint of hawkish hold this Thu. GBP reversed weakness into close. Last seen at 1.3540 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. We do not rule out potential short term rebound risks in a bearish environment (bearish momentum as indicated on weekly chart). Resistance at 1.3690. 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). Week remaining brings BRC Sales (Apr) on Wed; BoE Meeting; QIR; Construction output, IP, trade (Mar) on Thu.

- **USDJPY - Upswing Within Range.** USDJPY is trading choppy this morning. Pair is pulled in two directions with safe-haven plays and widening yield differentials are keeping the pair in consolidation mode on the other, keeping the pair in consolidative mode. For now, rising UST yields with 10Y UST yield once again approaching the 3% levels is widening the yield differentials in favour of the US, lifting the USDJPY higher. Meanwhile, the political scandals surrounding PM Abe continues to simmer in the background. 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 109.50-levels, pair has lost most of its bullish momentum on the daily chart, while stochastic continues to fall 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 the pair trade sideways for now. Look for upside to be capped around 110.20 (200DMA) and downside limited around 108.50-60 levels (21, 100DMAs). Remaining week has leading index (Mar) on Wed; current account (Mar), BOJ summary of opinions of 26-27 Apr policy meeting on Thu.
- **NZDUSD - Focus on RBNZ Meeting Decision.** RBNZ policy decision is expected at 5am (SG/KL time tomorrow). It is widely expected that OCR will remain on hold at 1.75% amid softer inflation outlook and signs of moderation in activity. RBNZ Governor Adrian Orr will deliver his first MPC statement since taking office in late-Mar 2018. He is known to be more vocal than his predecessors and is also well known for his open style communication. In addition RBNZ mandate

has also been broadened to include targeting maximum employment (no numerical target). Focus will be on how these new developments could shape RBNZ and Adrian Orr's policy bias. Kiwi fell to fresh-2018 low overnight amid broad USD strength. Pair was last seen at 0.6960 levels. Bearish momentum on daily chart is waning while stochastics is showing signs of turning from oversold conditions. We do not rule out our rebound risks. We are still looking for dips to buy into. Support at 0.6960 levels (76.4% fibo retracement of Dec low to 2018 high), 0.6920 (upward sloping trend-line support from the lows of 2015, 2017). We caution that a break below these support levels could point to further downside towards 0.6820 (Dec 2017 low). Resistance at 0.7050/60 levels (61.8% fibo). Week remaining brings RBNZ Meeting; RBNZ Gov speaks; Finance Minister Pre-Budget speech on Thu; Food prices, BusinessNZ Mfg PMI (Apr).

- **AUDUSD - Budget To Boost Consumption, Investment.** AUDUSD was hurt at first by the retail sales which missed expectations. Ex-inflation, retail sales decelerated to 0.2%q/q for 1Q and the headline was flat for Mar. AUD was sold below the 0.75-figure after the release and remained offered for the rest of the session, weighed by the resurgence of the USD in the second half of Asian hours. The budget did not help AUDUSD action much yesterday. Budget deficit is forecast to be A\$14.5bn for 2018-19. The government projects a surplus of A\$2.2bn in 2019-20, in line with market expectation. The outstanding Australian government debt is projected to be at A\$533bn by the end of June this year and at A\$561bn at the end of Jun next year. Thus net debt is forecast to peak at 18.6% of GDP in 2017-18. In response, S&P held on to their negative watch on Australia, citing global trade tensions among risks for Australia. With lower to middle income households receiving a tax rebates of up to A\$530 per year from this budget as well as raise in the income threshold for tax brackets in FY2019 and FY2020 could boost private consumption. Where RBA is unable to do the heavy lifting, the government seems to have taken over. Along with the infrastructure boost that could also underpin private consumption and investment, we see this as an upside risk to inflation and cash target rate. Beyond the near-term pressure, we still view AUDUSD as a buy on dips. The recent fall in AUDUSD has been sharp but we think this is close to the bottom. Support around 0.7440. Near-term, the USD strength could press this pair towards 0.7380. Daily, Weekly charts are showing bearish momentum. We see upside risks to the AUDUSD stemming from base metal prices and stronger inflation pressure, 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 US\$45 to around US\$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. Rebounds to meet resistance around 0.758/7600. Week ahead brings Inflation Expectations on Thu.

- **USDCAD - Risks Are Evenly Balanced.** The unwinding of the speculative bets on crude yesterday lifted the USDCAD towards the 1.30-figure. The loonie was also weighed by the Canadian housing starts which fell to 214.4K in Apr from 225.2K the month prior. There is still plenty of

uncertainty on the NAFTA front. However, as we had noted before, the terms that the US have been banging on the table for, is inflationary. Along with the rise in crude prices over the past few months, sustained global growth, rising price pressure could force the hand of BoC. On the charts however, the balance of risks are evenly spread with a break of the 1.30-figure needed for another leg up towards the 1.32. Failure to do so can still leave the USDCAD lower towards the 1.2840 (50-DMA) before 1.2770 (marked by the 21-DMA), next at 1.2625 (200-DMA). That said, despite the unwinding of oil speculation seen last session, is short-term. We stick to our view that risks to Brent is still to the upside towards US\$80/bbl. 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 new housing price for Mar on Thu and jobs report on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.19% above the implied mid-point of 1.3454.** The top is estimated at 1.3185 and the floor at 1.3722.
- **USDSGD - Potential For Further Upside Towards 1.35.** USDSGD resumed its climb higher this morning amid higher UST yields and USD. Pair has broken above the area of resistance we had flagged, signalling the potential for even further upside. Pair has traded to a new five-month and 2018 high of 1.3428 this morning as UST yields re-approach the 3.0% levels. Last seen at 1.3426-levels. Bullish momentum on the daily chart remains intact, while stochastics is still at overbought conditions. Weekly technical remains bullish. This suggests potential for further upside risks to the pair. With our area of resistance at 1.3360-1.3390 levels taken out, next resistance is at 1.3445 (61.8% fibo retracement of the Oct 2017-Jan 2018 downswing), 1.3500-handle. Support at 1.3380 (200DMA), 1.3360 (50% fibo). Remaining week has retail sales (Mar) on Fri.
- **AUDSGD - Risks Tilt Lower.** This cross slipped under parity again, weighed by the fall in AUD. MACD and stochs is flat now on the daily chart. Weekly chart, MACD is still bearish. Next support around 0.9955. Rebound to meet resistance at 1.0093 (21-DMA) before the next at 1.0149 (50-DMA).
- **SGDMYR - 2.9350 - 2.96 Range.** SGDMYR was last seen at 2.9410 levels. Momentum and stochastics indicators are not showing a clear bias. Cross is likely to trade within 2.9350 - 2.96 intra-day. Bias remains for downside play. Malaysian election results may well provide the catalyst for the move.
- **USDMYR - Onshore Markets Closed Today.** USDMYR closed at 3.9497 yesterday. Onshore markets will reopen tomorrow. Malaysians go to the polls today, with results possibly coming in by 10pm tonight (SG/KL time). Stronger margin of victory than 2013 should help to defuse recent weakness in the Ringgit. 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 - 1075 - 1085 Range.** 1m USDKRW NDF inched higher amid softer risk sentiment. Pair was last seen at 1081 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 1075 - 1085 range in the interim.

- **USDCNH - Supported.** USDCNH was last seen around 6.3760, buoyed by the USD resurgence. 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 Liu He to Washington for the next round of trade talks. **PBoC fixed the USDCNY reference rate at 6.3733, 59 pips higher than the previous 6.3674. CNYMYR was fixed at 0.6195, 1 pip higher than the previous 0.6194. EURCNY was fixed 331 pips lower at 7.5601 vs. the previous at 7.5932.** At home, there are talks of China following Fed to raise interest rates at home again ahead of the next Fed hike in Jun. On the related note, PBoC is said to inject CNY100bn with reverse repos. Separately, Premier Li Keqiang is in Japan and the Premier announced yesterday day there is a plan for China to grant the RQFII quota to Japan. He also opined that there is broad prospect for cooperation in advanced manufacturing, environmental protection, sharing economy between the two countries.

- **1M USDINR NDF - Bid.** 1M NDF remained bid, last seen around 67.70 as Brent rose around 1.9% this morning at open. Resistance at 67.60 has been broken this morning and the next is eyed at 68.20. Support at 66.87 (61.8% fibo). Investors remain concerned about India's current account deterioration and INR is one of the most sensitive to UST rates amongst regional peers. Foreign investors sold US\$89.8mn of equities and US\$160mn of bonds on 7 May. Week ahead has IP on Fri.

- **1m USDIDR NDF - Upside Tempered By Leaning-Against-The-Wind Activities.** 1m USDIDR NDF spiked to a new multi-year and 2018 high at 14364 yesterday amid higher UST yields and USD, ongoing over emerging markets led by Argentina and Turkey, and concerns over lackluster domestic macroeconomic fundamentals, particularly the underperformance of 1Q 2018 GDP. This weakness in the IDR was reflective of the ongoing foreign divestment of Indonesian assets. Foreign investors sold USD12.9mn 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, supportive of the 1m NDF move higher. Note that the Finance Ministry rejected all IDR7.19tn of bids it received at yesterday's auction because of the investors' demand for higher yields. Still, 1m NDF's move higher has been tempered by official

agent activities. Recent foreign reserve data showed its reserves falling to its lowest levels since Jun 2017 to USD124.9bn in Apr, likely the result of the central bank's defense of the IDR since Feb. In addition, rising 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. Last seen around 14345-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 *leaning-against-the wind* activities in the currency and debt markets to temper the IDR losses against the USD. Next resistance is at 14364 (recent 2018 high), 14400 (14 Dec 2015 high). Support at 14186, 14106 levels (23.6% fibo retracement of the Jan-May rally). JISDOR was fixed at 14036 yesterday, 80 pips higher than the fixing on Mon. Remaining week has current account (1Q) on Fri. **Note that onshore markets are closed for a public holiday tomorrow.**

- **1m USDPHP NDF - Pressured Higher.** 1m USDPHP NDF is trading bid this morning amid a rebound in UST yields and USD strength, extending its move above the 52-handle. Still, further upside appears to be tempered by expectations that the BSP would tighten monetary policy as soon as tomorrow 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) that has exceeded the BSP's inflation target range of 2-4% underpinned this speculation. With inflation still on the upswing and broadening, this puts the spotlight on the BSP meeting tomorrow, where a 25bp rate hike cannot be ruled out. Failure to move tomorrow could see a knee-jerk sell-off in the PHP against the USD, and puts the BSP even under more intense scrutiny and pressure to move at its Jun meeting. Some upside pressure on the 1m NDF is coming from the continuing sell-off by foreign investors in the equity market where they had sold USD4.3mn yesterday. Further foreign portfolio outflows are likely to weigh on the PHP and be supportive of the 1m NDF. Spot USDPHP gapped higher at the opening to 51.955 this morning from yesterday's close of 51.896 amid higher UST yields and USD. Last seen around 52.14-levels, 1m NDF has lost most of its bearish momentum on the daily chart, while stochastics is climbing higher. Bearish bias on the weekly chart remains intact. Resistance is at 52.30, 52.50 levels. Support at 51.80 levels. Remaining week has trade (Mar) today; GDP (1Q), BSP meeting tomorrow.
- **USDTHB - Back Above The 32-Handle.** USDTHB bounced to a recent high of 32.073 this morning amid a surge in 10Y UST yields back towards the 3.0% levels and higher USD. THB remained weighed by the foreign sell-off in Thai asset with foreign investors selling USD90mn and USD37.9mn in equities and debt yesterday. Expectations of a further outflow from Thai assets should weigh on the THB intraday and keep the pair supported. Last seen around 32.050-levels. Bullish momentum on the daily chart is accelerating, while stochastics remains at overbought conditions. Weekly chart remains bullish bias. This suggests risks to the pair remains to the upside and there remains potential for further

upside to the pair ahead. Resistance at 32.140 ahead of 32.160 levels. Any dips should find support around the 31.880 levels before 31.750 levels (76.4% fibo retracement of the Feb-Mar downswing).

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ11/21	3.66	*3.69/66	Not traded
5YR MI4/23	3.80	*3.82/79	Not traded
7YR MK3/25	3.92	*3.93/90	Not traded
10YR MO11/27	4.12	4.15	+3
15YR MT11/33	4.64	4.59	-5
20YR MX4/37	4.75	4.77	+2
30YR MZ3/46	4.93	4.93	Unchanged
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	3.91	3.92	+1
7-year	4.00	4.02	+2
10-year	4.17	4.18	+1

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

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

Source: Maybank KE

*Indicative levels

- Government bonds market quiet ahead of the elections. Some last minute flows into the long end pushed 15y MGS 11/33 yield down 5bps amid low liquidity. The issue size for 7y GII 8/25 reopening was announced at MYR3b. Bid/offer spread for the GII was wide as market was on a wait-and-see approach.
- Onshore IRS market rather active as players square risks, with 4y IRS given at 3.85% and the 5y trading at 3.92% then negotiated at 3.925%. IRS curve steepened as the tail end inched 1-2bps higher. 3M KLIBOR remained at 3.69%.
- Local corporate bond market was muted on the eve of the general elections, after which, market can refocus on domestic macro factors. The AA curve saw trades at the front end with levels unchanged. AAA credits also traded unchanged, while GGs saw tepid trading interest again.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.95	1.97	+2
5YR	2.20	2.22	+2
10YR	2.60	2.62	+2
15YR	2.84	2.88	+4
20YR	2.86	2.89	+3
30YR	2.95	2.98	+3

Source: Maybank KE

- SGD IRS started with rates lower by 1-2bps at the back end on some selling in 2y10y spread. SGS, however, declined in prices as high funding rates continued to depress bond swap spreads. There was sporadic selling throughout the day, particularly at the long end. As USDSGD climbed, short dated forwards got paid up adding pressure to rates. By the close, SGS yield curve moved 2-4bps up. Higher short end rates also pushed SGD IRS curve up by 1-3bps in a flattening move.
- In Asian credit, flows remained light with China IGs widening on the back of weak sentiment. Malaysian credits also continued to trade wider ahead of the country's general election on Wednesday. Korean credits, however, saw good demand at the short end on moves to safe asset. INDONs closed 1pt lower at the long end.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
3YR	6.47	6.88	0.41
5YR	6.60	6.87	0.27
10YR	7.02	7.26	0.24
15YR	7.30	7.52	0.22
20YR	7.53	7.78	0.26
30YR	7.46	7.46	0.01

* Source: IBPA, Bloomberg, 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

- A selling pressure still persisted in the IDR Government bond markets yesterday. Yield for the 10Y bond went up to hit above the 7.25% level. The USD/IDR stand above the 14K level added the negative sentiment to the markets. Conventional bond auction also came with weak demand where stood at IDR 7.2 trillion from initial target of IDR 17 trillion. No bids were awarded and make small recovery to bond markets.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1981	109.62	0.7566	1.3650	6.3801	0.7062	130.4900	82.3990
R1	1.1923	109.38	0.7511	1.3598	6.3732	0.7017	129.9800	81.8750
Current	1.1863	109.14	0.7440	1.3550	6.3695	0.6963	129.4700	81.1930
S1	1.1822	108.86	0.7417	1.3490	6.3571	0.6940	129.1000	80.9840
S2	1.1779	108.58	0.7378	1.3434	6.3479	0.6908	128.7300	80.6170

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3463	n/a	14085	52.0513	32.0860	1.5964	0.6232	2.9631
R1	1.3431	n/a	14069	51.9737	32.0100	1.5931	0.6216	2.9575
Current	1.3416	3.9500	14055	51.9070	31.9890	1.5915	0.6202	2.9445
S1	1.3353	n/a	14020	51.8257	31.8340	1.5870	0.6180	2.9483
S2	1.3307	n/a	13987	51.7553	31.7340	1.5842	0.6159	2.9447

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,360.21	0.01
Nasdaq	7,266.90	0.02
Nikkei 225	22,508.69	0.18
FTSE	7,565.75	-0.02
Australia ASX 200	6,091.89	0.12
Singapore Straits Times	3,543.17	0.29
Kuala Lumpur Composite	1,846.51	1.00
Jakarta Composite	5,774.72	-1.88
Philippines Composite	7,577.57	0.59
Taiwan TAIEX	10,691.38	0.82
Korea KOSPI	2,449.81	-0.47
Shanghai Comp Index	3,161.50	0.79
Hong Kong Hang Seng	30,402.81	1.36
India Sensex	35,216.32	0.02
Nymex Crude Oil WTI	69.06	-2.36
Comex Gold	1,313.70	-0.03
Reuters CRB Index	202.09	-0.76
MBB KL	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	110	3.43	3.43	3.392
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	81	3.604	3.618	3.604
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	10	3.712	3.712	3.712
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	37	3.735	3.735	3.712
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	4	3.758	3.758	3.758
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	150	3.785	3.785	3.785
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	2	3.809	3.834	3.809
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	298	3.656	3.695	3.656
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	27	4.001	4.001	3.992
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	12	4.079	4.104	4.06
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	262	4.21	4.218	4.178
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	1	4.3	4.3	4.3
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	2	4.156	4.156	4.149
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	4.542	4.542	4.542
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	24	4.574	4.584	4.574
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	143	4.609	4.629	4.609
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	80	4.587	4.587	4.587
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	6	4.831	4.831	4.831
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	21	4.778	4.778	4.76
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	30	4.966	4.966	4.933
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	1	3.888	3.888	3.888
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	90	3.884	3.884	3.864
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	20	4.127	4.127	4.127
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	40	4.332	4.333	4.332
Total			1,452			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
TNB WE 5.100% 30.01.2025 - Tranche 2	AAA IS	5.100%	30-Jan-25	15	4.649	4.661	4.649
BPMB IMTN 4.62% 02.03.2027 - Issue No 11	AAA	4.620%	2-Mar-27	5	4.772	4.772	4.772
CIMBBANK 4.700% 07.08.2026 - Issue No 4	AA+	4.700%	7-Aug-26	1	5.202	5.202	5.202
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	2	4.597	4.603	4.597
PKNS IMTN 4.850% 29.05.2020	AA3	4.850%	29-May-20	10	4.693	4.698	4.693
EDRA ENERGY IMTN 5.610% 05.01.2022 - Tranche No 1	AA3	5.610%	5-Jan-22	20	5.154	5.157	5.154
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	1	5.481	5.481	5.481
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	1	6.146	6.198	6.146
EWIB IMTN 6.650% 27.04.2023	NR(LT)	6.650%	27-Apr-23	1	6.293	6.293	6.293

Total**55**

Sources: BPAM

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank") and consequently no representation is made as to the accuracy or completeness of this report by Maybank and it should not be relied upon as such. Accordingly, no liability can be accepted for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those companies whose securities are mentioned in this report. Any information or opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the use of Maybank's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank. Maybank accepts no liability whatsoever for the actions of third parties in this respect. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

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

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

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

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

Adoni Mastura Bte Mohamed Idris
Head of Global Markets, KL
adonimastura@maybank.com
(+60) 3 27869106

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

Indonesia
Sales, Indonesia
(+62) 21 29936399
(+62) 21 23008888 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