

# Global Markets Daily

## Fed QE Imminent

Macro | FX Research & Strategy

Global

### A Technical QE is Still A QE!

USD/AXJs firmed amid re-escalation of US-China tensions. But moves higher were rather restrained, partly due to steady USDCNY fix and Powell’s speech which touched on “announcing measures to add to supply of reserves over time” and short term yield curve control to stimulate the economy during a downturn. This sets some motion into expecting potential announcement of asset purchases (in small amount as opposed to large scale QE done previously) at the upcoming meeting on 31<sup>st</sup> Oct. Renewed focus on Fed conducting QE (after trade tensions settles) may provide a breather for sentiment and weigh on USD.

### China’s Goodwill at Risk of Turning Bad

PBoC fixed USDCNY at 7.0728 vs. 7.0726 previously, just 2 pips higher. This was well below our estimate of 7.15 (without taking into account countercyclical adjustment factor) and underscores PBoC’s clear desire for RMB stability. As PBoC continues to keep the USDCNY fix around the 7.0730-level (since 17th Sep), it is also becoming a strong signal of goodwill (in terms of support for the RMB) being extended for now despite the tit-for-tat exchanges yesterday and ahead of the trade talks. The goodwill of keeping the USDCNY fix around the 7.0730-level is a calculated risk and a gamble that talks would not go awry and that should guide the USDCNY spot back towards the USDCNY fix as it had done before. However, the moves by the Trump administration insofar suggest an escalation is more likely than not and we do not rule out the risk that PBoC may allow the USDCNY to head higher above the 7.20-level before the tariff hike on 15th Oct.

### FoMC Minutes in Focus

Little tier-1 data today except for FoMC minutes (2am SG/KL time) early morning tomorrow.

| FX: Overnight Closing Prices |            |         |          |            |         |
|------------------------------|------------|---------|----------|------------|---------|
| Majors                       | Prev Close | % Chg   | Asian FX | Prev Close | % Chg   |
| EUR/USD                      | 1.0957     | ↓ -0.13 | USD/SGD  | 1.3825     | ↑ 0.11  |
| GBP/USD                      | 1.2219     | ↓ -0.60 | EUR/SGD  | 1.5149     | ↓ -0.01 |
| AUD/USD                      | 0.6728     | ↓ -0.07 | JPY/SGD  | 1.2911     | ↑ 0.24  |
| NZD/USD                      | 0.6298     | ↑ 0.14  | GBP/SGD  | 1.6894     | ↓ -0.48 |
| USD/JPY                      | 107.09     | ↓ -0.16 | AUD/SGD  | 0.9302     | ↑ 0.05  |
| EUR/JPY                      | 117.33     | ↓ -0.28 | NZD/SGD  | 0.8707     | ↑ 0.24  |
| USD/CHF                      | 0.9927     | ↓ -0.21 | CHF/SGD  | 1.3923     | ↑ 0.30  |
| USD/CAD                      | 1.3325     | ↑ 0.12  | CAD/SGD  | 1.0375     | ↓ -0.02 |
| USD/MYR                      | 4.192      | ↓ -0.01 | SGD/MYR  | 3.0379     | ↑ 0.10  |
| USD/THB                      | 30.404     | ↓ -0.19 | SGD/IDR  | 10264.19   | ↑ 0.15  |
| USD/IDR                      | 14162      | ↓ -0.01 | SGD/PHP  | 37.5094    | ↓ -0.08 |
| USD/PHP                      | 51.75      | ↓ -0.28 | SGD/CNY  | 5.1675     | ↓ -0.19 |

Implied USD/SGD Estimates at 9-Oct-19, 9.00am

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.3677           | 1.3956    | 1.4236           |

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### G7: Events & Market Closure

| Date        | Ctry      | Event                                |
|-------------|-----------|--------------------------------------|
| 7 Oct       | AU        | Market Closure                       |
| 10 - 11 Oct | US, China | High-level trade talks in Washington |

### AXJ: Events & Market Closure

| Date        | Ctry | Event          |
|-------------|------|----------------|
| 7 Oct       | CH   | Market Closure |
| 7 Oct       | HK   | Market Closure |
| 8 Oct       | IN   | Market Closure |
| 9 Oct       | SK   | Market Closure |
| 10 - 11 Oct | TW   | Market Closure |

## G7 Currencies

- **DXY Index - *FoMC Minutes Tonight***. USD index firmed above 99-handle amid re-escalation of US-China tensions. US blacklisted 28 Chinese companies and imposed visa restrictions on Chinese officials linked to Muslim abuses while China warned that it will retaliate. Earlier Chinese firms including Tencent, Vivo and CCTV reportedly suspend ties with NBA over comments over HK. Renewed tensions ahead of the resumption of US-China trade talks this Thu dampened risk sentiment. Elsewhere on Fed Chair Powell's speech yesterday, he touched on the topics of resuming balance sheet growth and even yield curve control. In particular, he said that "it is clear that without a sufficient quantity of reserves in the banking system, even routine increases in funding pressures can lead to outsized movements in money market interest rates... this volatility can impede the effective implementation of monetary policy and the Fed will soon announce measures to add to the supply of reserves over time". He clarified that balance sheet growth should not be confused with large-scale asset purchases conducted during financial crisis. This QE (some may call it) is technical in nature. In answering Q&A, he also said that "short term yield curve control is something that is worth looking into as a way to stimulate the economy during a downturn" but negative rates are not something the Fed would likely use. This sets some motion into expecting potential announcement of asset purchases (in small amount as opposed to large scale QE done previously) at the upcoming meeting on 31<sup>st</sup> Oct. Renewed focus on Fed conducting QE (after trade tensions settles) could weigh on USD. DXY was last seen at 99 levels. Daily momentum is mild bearish while stochastics is falling. Immediate support at 98.67 (21 DMA), 98.36 (50 DMA) before 97.30 (200 DMA). Resistance at 99.60 (2019 high), 100.15 (76.4% fibo retracement of 2016 high to 2018 low). Data/Events of focus this week include JOLTS job openings (Aug) on Wed; FoMC minutes; CPI (Sep); Fed's Mester, Bostic, Kashkari speak on Thu; Fed's Kashkari, Kaplan, Rosengren speak; Uni. Of Michigan Sentiment (Oct P) on Fri.
- **EURUSD - *21DMA Cap Advance***. EUR firmed on upside surprise to German IP but erased gains following broad USD strength. Last seen at 1.0960 levels. Mild bullish momentum on daily chart remains intact while stochastics is rising. Resistance at 1.10 (21 DMA), 1.1050 (50 DMA). Immediate support at 1.0930, 1.0860 levels (76.4% fibo retracement of 2017 low to 2018 high). Focus this week on ECB meeting Minutes; German trade, current account (Aug) on Thu; German CPI (Sep) on Fri.
- **GBPUSD - *2-Way Trades amid Brexit Uncertainties***. GBP was dragged lower on renewed fears of hard brexit. BoJo told Merkel that a Brexit deal is impossible under terms of EU demands. Merkel had told BoJo that Northern Ireland must stay in the EU customs union - something that UK says it cannot accept. Given BoJo's hard stance, risk of no-deal hard brexit come 31<sup>st</sup> Oct is rising again. But he is bound by law to extend Brexit and not trigger Article-50. As we cautioned, brexit development will intensify and 2-way

directional trades are expected. Pair was last seen at 1.2215 levels. Bearish momentum on daily chart remains intact while stochastics is falling into oversold conditions. Immediate support at 1.22, 1.2105. Resistance at 1.2260 (50 DMA), 1.2370 (21 DMA). Focus this week on Monthly GDP, IP, Construction output, Trade (Aug) on Thu.

- **USDJPY** - Our caution for potential down-moves, on trade war risks, came true yesterday, as news of US adding Chinese entities to its trade blacklist over human rights issues in Xinjiang, possible capital flow restrictions by US pension funds into China, US visa bans on Chinese officials linked to aforementioned human rights issues, and China's vow to retaliate, sapped the positive mood from markets. USDJPY pair had tanked from an intraday high of around 107.44, to around 106.85 last night, before stabilising at around 107.06 this morning. Developments were largely in line with our assessment yesterday: *"There is a fair chance of a tentative retracement downwards, although the extent is unlikely to be large, even if it materializes."* We look for a higher bout of volatility in the pair for the rest of the week. In particular, the magnitude of China's retaliation to the blacklist issue, could signal at Beijing's stance in the ongoing trade talks. Geopolitical risks (Hong Kong, Brexit, Turkey, Trump impeachment) are still on traders' radars as well. After the retracement yesterday though, we look for more two-way swings in the pair today, with 106.50 to 107.50 being a possible interim range. Momentum on daily chart is modestly bearish and stochastics are heading towards near-oversold territory. Nearby support at 106.90 (38.2% Fibonacci retracement from Aug low to Sep high), then 106.50 (50% fibo), then 106. Resistance at 107.50 (23.6% fibo), 108.45 (Sep high). Machine tool orders due today, core machine orders due Thurs.
- **NZDUSD** - *Resilient*. NZD was little changed, despite softer risk sentiment owing to re-escalation of US-China trade tensions. Mild bullish momentum remains intact while stochastics is rising from near oversold conditions. Immediate resistance at 0.6325 (21 DMA) - 0.6350 needs to be broken for further gains to materialise. Support at 0.6280, 0.6250. This week there is little tier-1 data to focus on with food Prices (Sep) on Thu; Mfg PMI, Card Spending (Sep) on Fri.
- **AUDUSD** - *Capped by US-China trade-talk uncertainties*. AUDUSD waffled around 0.6730, weighed by a slew of unfriendly measures that the US and China imposed on each other ahead of the widely-watched trade-talks that is to take place tomorrow at Washington, albeit rumoured to be cut short by a day. Right after the US Department of Commerce included another 28 Chinese entities including Hikvision and 7 other major technology companies over human rights violation against Muslim minorities, China state TV halted NBA broadcast in China (along with Tencent), urged the US to remove 28 Chinese entities from the blacklist. Foreign Ministry spokesperson told the press to "stay tuned" for retaliation to the blacklist. Later in NY hours, the US also imposed Visa bans on officials that were linked to Xinjiang abuses. Eyes on the USDCNY fix again and it was steady, inspiring some relief gains for the AUDUSD. As we have mentioned before, the

deterioration in the US-China relationship could cap AUDUSD the 0.68-figure. Support at 0.6725 before the next at 0.6700 and then at 0.6672. Westpac consumer confidence for Oct came off rather sharply by 5.5% for Oct towards 92.8, not helping the AUD in the least. Consumer confidence seems to have been hurt by long-drawn US-China trade war, the RBA's three rate cuts that signal a downbeat economy. The rest of the week has AU home loans, investment lending for Aug on Thu.

- **USDCAD - *Bias upside, Overbought.*** USDCAD rose overnight and was last seen around 1.3320. This pair was also buoyed by a general sense of risk-off amid the tit-for-tat exchanges between the US and China and the concomitant retreat in crude prices amid increasing prospect of a global recession as the trade-war escalates. Again, we eye the 1.3340. Overnight moves higher were considered muted, perhaps weighed by the mention of balance sheet growth by Powell that is perceived to be negative for the USD. Bias is to the upside at this point but stochastics flag overbought conditions. Failure to break the 1.3340-resistance could leave this pair within the 1.3140-1.3340 range. Housing starts slipped less than expected to 221.2K and building permits accelerated to 6.1%/m/m in Aug from previous 3.2%. New housing prices for Aug due on Thu and then Sep labour report will be watched on Fri.

## Asia ex Japan Currencies

- **SGD trades around 1.0% above the implied mid-point of 1.3956 with the top estimated at 1.3677 and the floor at 1.4236.**
- **USDSGD - *Upside Bias Before MAS Policy.*** Pair saw upward pressure yesterday, especially in the latter part of the trading session, on worsening sentiments regarding trade talks (i.e., CNH and AxJ currencies softening). Pair last seen at 1.3820. This pair will likely be driven by trade talk outcomes and expectations for MAS policy (next Mon) this week. Yuan fixing could continue to influence the pair's trajectory as well. Continued signalling from PBoC that it will not allow the yuan to weaken (i.e., if fixing is kept around ~7.07), should impart some resilience to SGD. House view for MAS policy is a reduction of the slope of the SGD NEER "slightly" from the current +1% appreciation path to +0.5%, but keeping the width and centre of the policy band unchanged. A lower 20% probability is assigned to a more aggressive easing move, i.e., adoption of neutral slope, especially if a technical recession occurs in 3Q. We note that SGD NEER is still hovering around 1.0% above mid-point, arguably too elevated for the current state of the economy. While continued inflows into SGD assets amid environment of global low rates/heightened regional political risk could provide some tentative support, we still look for SGD NEER to fall nearer to +0.5% above mid-point (another 0.5% to go) in the lead-up to and post policy decision, which could translate to an upward bias for USDSGD, barring sharp USD declines. Momentum on the USDSGD daily chart is mildly bullish, while stochastics are largely neutral. Pair is currently still hovering in the 1.3790/1.3820 (21, 50 DMA) support/resistance area. Next support at 1.3730 (100 DMA), 1.3650 (200 DMA). Resistance at 1.3840 (23.6% Fibonacci retracement from Jul low to Sep high), then 1.3940 (Sep high). Retail sales due Fri.
- **AUDSGD - *Caution Capping Topsides For Now.*** AUDSGD tracked the AUDUSD higher and was last seen around 0.9310. Stochastics are in oversold condition. Support is seen at 0.9250. Resistance at 0.9385 before 0.9430. On the weekly chart, the downtrend is very much intact. Watch if the 0.9250-support go, the next support at 0.9060 comes into view. Eyes on the MAS MPC policy where we see greater scope for SGDNEER to fall (and AUDSGD to rise) and the US-China trade talks in Washington on 10-11 Oct.
- **SGDMYR - *Near Term Upside Risk.*** SGDMYR inched modestly higher; last seen at 3.0370 levels. Mild bearish momentum is fading while stochastics is rising. Near term upside risks not ruled out in the interim. Resistance at 3.0380, 3.04 levels. Support at 3.03 (200 DMA), 3.0280 (50 DMA).
- **USDMYR - *Near Term Upside Pressure.*** USDMYR firmed amid risk-off trades owing to re-escalation of US-China tensions. Pair was last seen at 4.1985 levels. Daily momentum turned mild bullish. We retain our caution for near term upside risks ahead of event risks - US-China trade talks (Thu - Fri). Potential head & shoulders pattern (bearish reversal) may be at risk of breaking down but remains early

to conclude for now. Break above its second shoulder puts next resistance at 4.22. Support at 4.18 levels (50 DMA) before 4.16 (neckline). On the data front, Aug industrial production is due for released on Fri.

- **1m USDKRW NDF - *Bias to Fade*.** 1m USDKRW NDF rose amid risk-off trade owing to re-escalation in trade tensions. Pair was last seen at 1198 levels. Bullish momentum on daily chart is fading while stochastics is still falling. Immediate support at 1194 (21 DMA) before 1188 (100 DMA), 1180 levels. Resistance at 1201 (50 DMA), 1205 levels. Interim upside pressure in range of 1194 - 1202 likely ahead of key event risks but we retain our bias to lean against strength.
  
- **USDCNH - *Goodwill Remains with Steady Fix*.** PBoC fixed USDCNY at **7.0728 vs. 7.0726** previously, **just 2 pips higher**. This was well below our estimate of 7.15 (without taking into account countercyclical adjustment factor) and underscores PBoC's clear desire for RMB stability. As PBoC continues to keep the USDCNY fix around the 7.0730-level (since 17<sup>th</sup> Sep), it is also becoming a strong signal of goodwill in terms of support for the RMB being extended for now despite the tit-for-tat exchanges yesterday. **Update on US-China tit-for tat:** After the US Department of Commerce included 28 Chinese entities into their Blacklist for violation of Human Rights, China's MFA spokesperson Geng Shuang's words to the press to "stay tuned" for retaliation over the blacklist sent jitters across risk assets. Later in NY session, the US also placed visa restrictions on Chinese officials involved in the "suppression of Muslims ethnic group" in Xinjiang triggering another leg higher for the USDCNH above 7.16. In the meantime, a tweet from the Houston Rockets' GM Daryl Morey expressing support for Hong Kong pro-democracy protestors triggered backlash from China. The State TV halted the NBA broadcast along with Tencent. In addition, Chinese mobile phone maker Vivo also suspends all of its cooperation with NBA according to a statement on its Weibo account. SCMP cited sources that warn of the Chinese delegation planning to shorten its stay in Washington by one night. That does not bode well for the talks at all. To top it all off, what has been denied as fake news by White House trade advisor Peter Navarro turned out to be true when sources cited by Bloomberg said that the Trump administration could restrict portfolio flows into China via US government pension funds. **Yesterday, we warned that a sense of cautious optimism that could keep the USDCNH supported on dips regardless of the daily fix and we continue to hold that view.** However, the goodwill of keeping the CNY steady may not be held for too long. A fix above the 7.07-handle would be a signal to markets to allow more CNY weakness and that could trigger more CNY volatility. Failure to make progression at this 13<sup>th</sup> round of trade talks could mean that the US will increase the 25% tariff on \$250bn of Chinese imports to 30% on the 15<sup>th</sup> of this month. This move up above 7.16 threatens the potential head and shoulders formation for the USDCNH. A break of the neckline is considered with a close below 7.09. Should the head and shoulders play out for USDCNH, this could usher in the next leg of RMB gains. This leg of the RMB rally could bring the USDCNH to test the 7.0. We hold our short USDCNH here at 7.11 (25 Sep) for first target of 7.03 before 7.0 and then at 6.95, 6.90. Stoploss at 7.19. Risk reward ratio of 1:2.63. In the near-term, support at 7.1515 before the next at 7.1150 (21-dma). We also like to



short SGD against the CNH as we see a rising wedge for this cross. The weekly chart shows a formation of a rising wedge with an apex around Oct. We can anticipate a reversal towards 5.0970 before the next target at 5.0788 from spot which is around 5.1620 (24 Sep). Stoploss at 5.20 with a risk-reward ratio of 1:2.19. Week ahead has aggregate financing, money supply numbers and new yuan loans for Sep between 9-15<sup>th</sup> Oct.

- **1M USDINR NDF - Sideways.** This pair is still stuck around 71.60, not gaining much inspiration from a steady USDCNY fix. Onshore markets are back today. Momentum is mild bearish for this pair and the 21-dma has crossed 50-dma to the downside. Sideway moves likely for now with support seen first at 71.10 before 70.60, 70.10. Resistance at 71.55/71.75 to cap before 72.00. Week ahead has industrial production for Aug on Fri.
- **1M USDPHP NDF - Consolidation.** NDF saw ranged trading yesterday and this morning. Initial bouts of cautious optimism in trade talks had imparted a downward momentum to USD-AxJ currencies in the earlier part of yesterday's trading session, but worsening trade talk sentiments had led to a reversal from late afternoon onwards. Last seen at 51.93, not too different from yesterday morning. BSP Governor Diokno said yesterday that there will be no more rate cut this year, but RRR could still see some reductions before year-end. His comment reinforced views that monetary policy was probably sufficiently accommodative for now, with growth still largely intact. In any case, there's only 2.5 months left to the end of the year. Fiscal sentiments should see some improvement too, if the government puts in place policies to tax Philippine Offshore Gaming Operators/POGOs, as it has been hinting. Recent reforms, including corporate tax cuts, also indicate continued efforts to anchor more FDI flows. Overall picture is one of resilient expansion, despite modest risks. We look for PHP to remain resilient in 4Q. Momentum on daily chart is modestly bearish, while stochastics are inching down towards oversold conditions. Support at 51.60 (61.8% Fibonacci retracement from Jul low to Aug high), 51.30 (76.4% fibo). Resistance at 52.10 (38.2% fibo, 21/50/200 DMA), then 52.90 (Aug high). Trade due Thurs.
- **1m USDIDR NDF - Sell on Rallies.** Yesterday was a day of two-halves for the NDF, similar to some USD-AxJ pairs. Downward pressure was observed yesterday morning as traders bet on positive outcomes from US-China trade talks, before signs of US-China relations fraying in the afternoon led to the unwinding of earlier bets. Last seen at 14234. Besides trade war developments, the key factor for IDR's trajectory would be the credibility of reforms currently being pushed out by the Jokowi administration. Taking the proposed changes to labor legislation (simplified minimum wage system, less restrictions on hiring and firing etc.) for instance, market watchers would be looking out for whether the government can cope with and overcome the ground opposition from trade unions—with up to 150,000 workers expected to protest in various cities this week. On the infrastructure front, up to 80% of the estimated US\$33bn cost for the new capital in East Kalimantan will have to be sourced from private investors. A friendlier FDI environment could see sustained investor flows over the next decade for the project. Broadly, we assess the medium-term outlook for Indonesia as positive. Despite the recent dip, FX reserves are still sufficient to support around 7 months of imports and short-term

external debt payment, above adequacy norms of 3 months. BI has also repeatedly assured that there will be “bold intervention” in bond markets if further outflows are seen, underscoring its commitment to IDR stability. We think 14300 will be a strong interim resistance. Risk-reward could favor a downward bias (from ~14200-14300 levels). Momentum on daily chart is mildly bullish while stochastics are inching down from near-overbought conditions. Support at 14200 (38.2% Fibonacci retracement from Aug high to Sep low), 14100 (23.6% fibo), 14000. Nearby resistance at 14240 (50, 100, 200 DMAs), then 14300, 14430 (76.4% fibo).

- **USDTHB - Regional Safe Haven.** With gold above US\$1500 on trade war risks, THB strengthened significantly as well, and is currently hovering at its strongest level since 2013. USDTHB had slipped past its critical support at 30.40 (longer-term 23.6% fibo retracement from 2009 high to 2013 low), and is last seen at 30.37. THB’s regional safe haven characteristics seem to be on full display this week, underpinned by investor confidence (current account surplus likely >5% of GDP, FX reserves of around US\$220bn). News of a potential restructuring of the current tax system to remove unnecessary allowances for the rich while relieving tax burden for middle-income earners could also be positive for Thailand’s medium-term economic outlook. A recent World Bank report assessed that there was likely limited room for BoT to curb THB strength under current external conditions. BoT’s suggestions for curbing THB strength—including relaxing rules on capital outflows via increasing ceilings which allow mutual funds/Thai individuals to invest abroad, or in adjustment of rules to allow exporters more flexibility in keeping foreign currencies abroad—might be implemented in 4Q, but a low rates external environment might be adverse for outflows. On net, we look for THB to stay supported, but there could be a slight interim softening as its recent strength looks a bit stretched. Momentum on daily chart is slightly bearish, while stochastic are dipping towards near-oversold conditions. Resistance at 30.53 (21 DMA), 30.64 (50 DMA), then 31.00 (38.2% Fibonacci retracement from May high to Sep low). Initial support at 30.40 (longer-term 23.6% fibo retracement from 2009 high to 2013 low) has turned resistance. Next support at 30.00. Consumer confidence due Thurs.



## Malaysia Fixed Income

### Rates Indicators

### Analysts

| MGS          | Previous Bus. Day | Yesterday's Close | Change (bps) |
|--------------|-------------------|-------------------|--------------|
| 3YR MI 3/22  | 3.13              | 3.11              | -2           |
| 5YR MI 6/24  | 3.23              | *3.24/22          | Not traded   |
| 7YR MK 7/26  | 3.35              | 3.33              | -2           |
| 10YR MO 8/29 | 3.44              | 3.39              | -5           |
| 15YR MS 7/34 | 3.56              | 3.56              | Unchanged    |
| 20YR MX 6/38 | 3.60              | *3.70/65          | Not traded   |
| 30YR MZ 7/48 | 3.93              | 3.93              | Unchanged    |
| IRS          |                   |                   |              |
| 6-months     | 3.33              | 3.33              | -            |
| 9-months     | 3.29              | 3.28              | -1           |
| 1-year       | 3.24              | 3.24              | -            |
| 3-year       | 3.23              | 3.23              | -            |
| 5-year       | 3.26              | 3.27              | +1           |
| 7-year       | 3.28              | 3.30              | +2           |
| 10-year      | 3.36              | 3.38              | +2           |

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Source: Maybank KE

\*Indicative levels

- In domestic government bonds, there was buying interests from the short end to the belly of the curve and trades concentrated around the 10y sector, with 10y MGS and GI yields down 5bps and 3bps respectively. On the other hand, selling by real money continued especially at the ultra-long end, but bids at the ultra-long end remained fairly wide despite improved offers from sellers, so little volume traded. Overall upticks in price were quickly met by sellers.
- Onshore IRS rates rose 1-2bps along the 5y10y and stayed flat to 1bp lower below the 5y tenor. Liquidity remained thin given lack of trading interest among participants. 3M KLIBOR unchanged at 3.38%.
- Very quiet day for corporate bonds. No GG credit was dealt. AAA credits unchanged with some PLUS and Tenaga bonds dealt. Buying interest in PLUS returned following recent headlines. AA credits traded 1bp lower in yield, with Malakoff, KLK and BGSM bonds better bid at the belly and front end of the curve.

## Singapore Fixed Income

### Rates Indicators

| SGS  | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR  | 1.59              | 1.58              | -1           |
| 5YR  | 1.58              | 1.58              | -            |
| 10YR | 1.64              | 1.67              | +3           |
| 15YR | 1.72              | 1.74              | +2           |
| 20YR | 1.82              | 1.85              | +3           |
| 30YR | 1.92              | 1.95              | +3           |

Source: MAS

- SGD rates retraced upwards as UST gave back some gains overnight, with SGD IRS closing 2-3bps higher. The 4w MAS bill auction was well received attaining a cut-off yield of 1.81%, which is 14bps below last week's auction results. This led short-dated SGS to catch a bid and yields ended flat to 1bp lower at the short end while the long end of the curve rose 2-3bps higher. Bond swap spread narrowed, particularly the front end.
- Asian USD credit market was quite active due to short covering, tighter CDS and overnight rally in equities. INDONs and PHILIPs were unchanged in price but spreads tightened by 3-6bps and saw the belly actively traded. IG space was rather muted. While it was largely short covering, there was also sellers as dealer inventories remain flushed. Chinese IGs unchanged. In India space, Bharti Airtel outperformed as its curve tightened 3-9bps in secondary following a new Perp issuance which is guiding at tighter levels. HY space was largely quiet and unchanged.

## Indonesia Fixed Income

### Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Yesterday's Close | Change (bp) |
|-----------------|-------------------|-------------------|-------------|
| 1YR             | 5.99              | 5.97              | (0.02)      |
| 3YR             | 6.51              | 6.53              | 0.02        |
| 5YR             | 6.65              | 6.66              | 0.01        |
| 10YR            | 7.25              | 7.26              | 0.01        |
| 15YR            | 7.67              | 7.70              | 0.02        |
| 20YR            | 7.85              | 7.86              | 0.01        |
| 30YR            | 8.00              | 8.00              | (0.00)      |

\* Source: Bloomberg, Maybank Indonesia

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- Indonesian bond market was on correction mode yesterday. It's partly driven by the lack of supportive global sentiment and also the presence of a sizable additional supply from today's IGB auction. At the auction, the government won IDR 23.8 trillion of the total incoming requests of 48,010 trillion with 2.02x bid to cover ratio. From the yield side, the auction results are quite good with a cut off that is not too far compared to the bid level in the secondary market. However, the large number of publications in each series (especially FR81 and FR82) provoked a sell-off in the secondary market.

**Foreign Exchange: Daily Levels**

|                | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY  | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2             | 1.1020  | 107.74  | 0.6770  | 1.2347  | 7.1988  | 0.6345  | 118.3167 | 72.7753 |
| R1             | 1.0988  | 107.42  | 0.6749  | 1.2283  | 7.1815  | 0.6321  | 117.8233 | 72.4137 |
| <b>Current</b> | 1.0958  | 107.08  | 0.6733  | 1.2219  | 7.1604  | 0.6308  | 117.3500 | 72.0950 |
| S1             | 1.0933  | 106.79  | 0.6715  | 1.2175  | 7.1328  | 0.6280  | 116.9833 | 71.8217 |
| S2             | 1.0910  | 106.48  | 0.6702  | 1.2131  | 7.1014  | 0.6263  | 116.6367 | 71.5913 |

  

|                | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| R2             | 1.3855  | 4.1983  | 14196   | 51.9660 | 30.5467 | 1.5227  | 0.5920  | 3.0408  |
| R1             | 1.3840  | 4.1952  | 14179   | 51.8580 | 30.4753 | 1.5188  | 0.5894  | 3.0393  |
| <b>Current</b> | 1.3820  | 4.1980  | 14165   | 51.9400 | 30.3900 | 1.5145  | 0.5871  | 3.0378  |
| S1             | 1.3798  | 4.1882  | 14141   | 51.6650 | 30.3583 | 1.5117  | 0.5845  | 3.0356  |
| S2             | 1.3771  | 4.1843  | 14120   | 51.5800 | 30.3127 | 1.5085  | 0.5823  | 3.0334  |

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

**Policy Rates**

| Rates                      | Current (%) | Upcoming CB Meeting | MBB Expectation |
|----------------------------|-------------|---------------------|-----------------|
| MAS SGD 3-Month SIBOR      | 1.8755      | Oct-19              | Easing Bias     |
| BNM O/N Policy Rate        | 3.00        | 5/11/2019           | Easing Bias     |
| BI 7-Day Reverse Repo Rate | 5.25        | 24/10/2019          | Easing          |
| BOT 1-Day Repo             | 1.50        | 6/11/2019           | Neutral         |
| BSP O/N Reverse Repo       | 4.00        | 14/11/2019          | Easing          |
| CBC Discount Rate          | 1.38        | 19/12/2019          | Neutral         |
| HKMA Base Rate             | 2.25        | -                   | Neutral         |
| PBOC 1Y Lending Rate       | 4.35        | -                   | Easing          |
| RBI Repo Rate              | 5.15        | 5/12/2019           | Easing          |
| BOK Base Rate              | 1.50        | 16/10/2019          | Easing          |
| Fed Funds Target Rate      | 2.00        | 31/10/2019          | Easing          |
| ECB Deposit Facility Rate  | -0.50       | 24/10/2019          | Easing Bias     |
| BOE Official Bank Rate     | 0.75        | 7/11/2019           | Neutral         |
| RBA Cash Rate Target       | 0.75        | 5/11/2019           | Easing Bias     |
| RBNZ Official Cash Rate    | 1.00        | 13/11/2019          | Easing Bias     |
| BOJ Rate                   | -0.10       | 31/10/2019          | Easing          |
| BoC O/N Rate               | 1.75        | 30/10/2019          | Neutral         |

**Equity Indices and Key Commodities**

|                         | Value     | % Change |
|-------------------------|-----------|----------|
| Dow                     | 26,164.04 | -1.19%   |
| Nasdaq                  | 7,823.78  | -1.67%   |
| Nikkei 225              | 21,587.78 | 0.99%    |
| FTSE                    | 7,143.15  | -0.76%   |
| Australia ASX 200       | 6,593.43  | 0.45%    |
| Singapore Straits Times | 3,110.85  | 0.37%    |
| Kuala Lumpur Composite  | 1,558.79  | -0.01%   |
| Jakarta Composite       | 6,039.60  | 0.65%    |
| Philippines Composite   | 7,756.72  | 0.96%    |
| Taiwan TAIEX            | 11,017.31 | 0.75%    |
| Korea KOSPI             | 2,021.73  | 0.05%    |
| Shanghai Comp Index     | 2,913.57  | 0.29%    |
| Hong Kong Hang Sena     | 25,893.40 | 0.28%    |
| India Sensex            | 37,531.98 | -0.38%   |
| Nymex Crude Oil WTI     | 52.63     | -0.23%   |
| Comex Gold              | 1,503.90  | -0.03%   |
| Reuters CRB Index       | 173.32    | 0.13%    |
| MBB KL                  | 8.45      | -0.24%   |

## MYR Bonds Trades Details

| MGS & GII                                 | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|---|--------|---------------|----------------|-----------|----------|---------|
| MGS 4/2014 3.654% 31.10.2019              | 3.654% | 31-Oct-19     | 46             | 3.078     | 3.078    | 3.06    |
| MGS 2/2009 4.378% 29.11.2019              | 4.378% | 29-Nov-19     | 10             | 3.058     | 3.058    | 3.058   |
| MGS 6/2012 3.492% 31.03.2020              | 3.492% | 31-Mar-20     | 16             | 3.06      | 3.06     | 3.06    |
| MGS 6/2013 3.889% 31.07.2020              | 3.889% | 31-Jul-20     | 18             | 3.069     | 3.069    | 3.069   |
| MGS 3/2015 3.659% 15.10.2020              | 3.659% | 15-Oct-20     | 151            | 3.083     | 3.083    | 3.078   |
| MGS 5/2017 3.441% 15.02.2021              | 3.441% | 15-Feb-21     | 70             | 3.088     | 3.095    | 3.088   |
| MGS 1/2011 4.16% 15.07.2021               | 4.160% | 15-Jul-21     | 2              | 3.097     | 3.097    | 3.097   |
| MGS 3/2014 4.048% 30.09.2021              | 4.048% | 30-Sep-21     | 40             | 3.124     | 3.129    | 3.121   |
| MGS 1/2017 3.882% 10.03.2022              | 3.882% | 10-Mar-22     | 147            | 3.111     | 3.124    | 3.103   |
| MGS 1/2012 3.418% 15.08.2022              | 3.418% | 15-Aug-22     | 15             | 3.099     | 3.099    | 3.099   |
| MGS 2/2015 3.795% 30.09.2022              | 3.795% | 30-Sep-22     | 21             | 3.147     | 3.147    | 3.147   |
| MGS 2/2018 3.757% 20.04.2023              | 3.757% | 20-Apr-23     | 3              | 3.198     | 3.198    | 3.198   |
| MGS 1/2014 4.181% 15.07.2024              | 4.181% | 15-Jul-24     | 50             | 3.278     | 3.3      | 3.271   |
| MGS 2/2017 4.059% 30.09.2024              | 4.059% | 30-Sep-24     | 80             | 3.279     | 3.301    | 3.276   |
| MGS 1/2015 3.955% 15.09.2025              | 3.955% | 15-Sep-25     | 46             | 3.337     | 3.374    | 3.337   |
| MGS 1/2019 3.906% 15.07.2026              | 3.906% | 15-Jul-26     | 225            | 3.34      | 3.355    | 3.331   |
| MGS 3/2016 3.900% 30.11.2026              | 3.900% | 30-Nov-26     | 40             | 3.446     | 3.446    | 3.422   |
| MGS 2/2012 3.892% 15.03.2027              | 3.892% | 15-Mar-27     | 51             | 3.407     | 3.434    | 3.407   |
| MGS 4/2017 3.899% 16.11.2027              | 3.899% | 16-Nov-27     | 3              | 3.458     | 3.458    | 3.443   |
| MGS 5/2013 3.733% 15.06.2028              | 3.733% | 15-Jun-28     | 30             | 3.431     | 3.461    | 3.424   |
| MGS 2/2019 3.885% 15.08.2029              | 3.885% | 15-Aug-29     | 596            | 3.391     | 3.411    | 3.38    |
| MGS 3/2010 4.498% 15.04.2030              | 4.498% | 15-Apr-30     | 50             | 3.633     | 3.633    | 3.633   |
| MGS 4/2013 3.844% 15.04.2033              | 3.844% | 15-Apr-33     | 10             | 3.664     | 3.664    | 3.664   |
| MGS 3/2018 4.642% 07.11.2033              | 4.642% | 07-Nov-33     | 61             | 3.684     | 3.688    | 3.662   |
| MGS 4/2019 3.828% 05.07.2034              | 3.828% | 05-Jul-34     | 135            | 3.564     | 3.573    | 3.564   |
| MGS 4/2015 4.254% 31.05.2035              | 4.254% | 31-May-35     | 2              | 3.719     | 3.719    | 3.719   |
| MGS 3/2017 4.762% 07.04.2037              | 4.762% | 07-Apr-37     | 1              | 3.678     | 3.678    | 3.635   |
| MGS 4/2018 4.893% 08.06.2038              | 4.893% | 08-Jun-38     | 13             | 3.695     | 3.695    | 3.668   |
| MGS 7/2013 4.935% 30.09.2043              | 4.935% | 30-Sep-43     | 62             | 3.899     | 3.899    | 3.89    |
| MGS 2/2016 4.736% 15.03.2046              | 4.736% | 15-Mar-46     | 40             | 3.934     | 3.948    | 3.934   |
| MGS 5/2018 4.921% 06.07.2048              | 4.921% | 06-Jul-48     | 35             | 3.923     | 3.923    | 3.908   |
| GII MURABAHAH 3/2017 3.948%<br>14.04.2022 | 3.948% | 14-Apr-22     | 15             | 3.13      | 3.13     | 3.13    |
| GII MURABAHAH 1/2016 4.390%<br>07.07.2023 | 4.390% | 07-Jul-23     | 17             | 3.211     | 3.211    | 3.211   |
| GII MURABAHAH 2/2017 4.045%<br>15.08.2024 | 4.045% | 15-Aug-24     | 80             | 3.28      | 3.302    | 3.28    |
| GII MURABAHAH 1/2018 4.128%<br>15.08.2025 | 4.128% | 15-Aug-25     | 10             | 3.35      | 3.35     | 3.35    |
| GII MURABAHAH 4/2015 3.990%<br>15.10.2025 | 3.990% | 15-Oct-25     | 40             | 3.359     | 3.361    | 3.359   |
| GII MURABAHAH 3/2019 3.726%<br>31.03.2026 | 3.726% | 31-Mar-26     | 30             | 3.379     | 3.379    | 3.379   |
| GII MURABAHAH 1/2017 4.258%<br>26.07.2027 | 4.258% | 26-Jul-27     | 1              | 3.411     | 3.433    | 3.411   |
| PROFIT-BASED GII 1/2013 08.08.2028        | 3.871% | 08-Aug-28     | 90             | 3.447     | 3.447    | 3.447   |
| GII MURABAHAH 2/2018 4.369%<br>31.10.2028 | 4.369% | 31-Oct-28     | 1              | 3.449     | 3.449    | 3.449   |
| GII MURABAHAH 1/2019 4.130%<br>09.07.2029 | 4.130% | 09-Jul-29     | 190            | 3.392     | 3.401    | 3.387   |
| GII MURABAHAH 3/2015 4.245%<br>30.09.2030 | 4.245% | 30-Sep-30     | 180            | 3.53      | 3.542    | 3.52    |
| GII MURABAHAH 6/2019 4.119%<br>30.11.2034 | 4.119% | 30-Nov-34     | 70             | 3.634     | 3.654    | 3.634   |
| GII MURABAHAH 2/2019 4.467%<br>15.09.2039 | 4.467% | 15-Sep-39     | 2              | 3.757     | 3.757    | 3.757   |
| GII MURABAHAH 5/2019 4.638%<br>15.11.2049 | 4.638% | 15-Nov-49     | 10             | 3.979     | 3.979    | 3.979   |

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**Total** **2,807**


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Sources: BPAM

## MYR Bonds Trades Details

| PDS  | Rating  | Coupon | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|---------|--------|---------------|----------------|-----------|----------|---------|
| GENM CAPITAL MTN 1827D 24.8.2020                   | AAA (S) | 4.500% | 24-Aug-20     | 20             | 3.392     | 3.45     | 3.392   |
| PLUS BERHAD IMTN 4.310% 12.01.2021 - Series 1 (5)  | AAA IS  | 4.310% | 12-Jan-21     | 10             | 3.329     | 3.337    | 3.329   |
| AMAN IMTN 4.780% 30.05.2024 - Tranche No 34        | AAA IS  | 4.780% | 30-May-24     | 10             | 3.524     | 3.527    | 3.524   |
| PLUS BERHAD IMTN 4.880% 12.01.2028 - Series 1 (12) | AAA IS  | 4.880% | 12-Jan-28     | 20             | 3.675     | 3.702    | 3.675   |
| TENAGA IMTN 27.08.2038                             | AAA     | 4.980% | 27-Aug-38     | 10             | 4.031     | 4.031    | 4.031   |
| SDBB MTN 1826D 11.5.2022 - Tranche No 16           | AA1     | 5.300% | 11-May-22     | 10             | 3.706     | 3.734    | 3.706   |
| SEB IMTN 4.750% 18.08.2025                         | AA1     | 4.750% | 18-Aug-25     | 20             | 3.602     | 3.602    | 3.596   |
| KLK IMTN 4.650% 24.04.2026 - IMTN 2                | AA1     | 4.650% | 24-Apr-26     | 10             | 3.708     | 3.732    | 3.708   |
| SEB IMTN 5.650% 23.06.2026                         | AA1     | 5.650% | 23-Jun-26     | 20             | 3.653     | 3.653    | 3.648   |
| MAYBANK IMTN 4.630% 31.01.2029                     | AA1     | 4.630% | 31-Jan-29     | 20             | 3.806     | 3.813    | 3.806   |
| FPSB IMTN 5.050% 05.09.2025                        | AA IS   | 5.050% | 05-Sep-25     | 20             | 3.852     | 3.852    | 3.846   |
| BGSM MGMT IMTN 7.100% 28.12.2022 - Issue No 6      | AA3     | 7.100% | 28-Dec-22     | 25             | 3.769     | 3.769    | 3.734   |
| SDHB IMTN 4.950% 02.10.2023                        | AA- IS  | 4.950% | 02-Oct-23     | 10             | 4.378     | 4.378    | 4.378   |
| BGSM MGMT IMTN 5.350% 09.03.2026 - Issue No 11     | AA3     | 5.350% | 09-Mar-26     | 10             | 3.978     | 3.981    | 3.978   |
| BESRAYA 5.200% 28.07.2026                          | AA3     | 5.200% | 28-Jul-26     | 5              | 4.307     | 4.307    | 4.307   |
| MALAKOFF POW IMTN 5.850% 17.12.2027                | AA- IS  | 5.850% | 17-Dec-27     | 10             | 3.978     | 3.992    | 3.978   |
| SDHB IMTN 5.300% 02.10.2028                        | AA- IS  | 5.300% | 02-Oct-28     | 5              | 4.668     | 4.668    | 4.668   |
| MALAKOFF POW IMTN 5.950% 15.12.2028                | AA- IS  | 5.950% | 15-Dec-28     | 20             | 4.029     | 4.041    | 4.029   |
| MALAKOFF POW IMTN 6.050% 17.12.2029                | AA- IS  | 6.050% | 17-Dec-29     | 20             | 4.079     | 4.091    | 4.079   |
| UITM SOLAR IMTN 6.100% 25.04.2031                  | AA- IS  | 6.100% | 25-Apr-31     | 5              | 5.02      | 5.02     | 5.02    |
| IJM LAND 5.730% PERPETUAL SUKUK MUSHARAKAH -S1 T2  | A2 (S)  | 5.730% | 17-Mar-19     | 5              | 4.639     | 4.639    | 4.639   |
| ECO CAPITAL MTN 6.10% 13.8.2024                    | NR(LT)  | 6.100% | 13-Aug-24     | 7              | 6.098     | 6.098    | 6.001   |
| YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1    | NR(LT)  | 6.850% | 07-Aug-19     | 3              | 6.633     | 6.638    | 6.633   |

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**Total** **296**


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Sources: BPAM



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