

Global Markets Daily

All Eyes On Xi

Macro | FX Research & Strategy

Global

Watching President Xi

Lingering trade tensions intensified initially this morning following comments from China’s foreign ministry that trade negotiations with the US would not take place so long as the threat of tariffs remained and without a compromise from the US. This is despite Trump’s optimism of a deal with China. All eyes will be on President Xi’s speech at the Boao Forum for his response to Trump’s threat of further tariff measures. Nevertheless, market appears to believe that a trade war is unlikely. This cautious optimism is allowing the USDJPY and USDCNF to rebound as safe-haven plays unwind, which in turn is supportive of the USD. Most USD/Asians are softer though as the USD is sold off against the AXJs this morning.

Talk Of RMB Devaluation Is Just Talk

USDCNH spiked at 3pm (SGT) yesterday upon the release of news that China is said to be evaluating the potential impact of a gradual yuan depreciation as an option in the trade conflict (BBG). Some senior officials are analysing the effect of using the currency as a tool in trade negotiations with the US while the second part of the analysis examines “what would happen” if China depreciates the yuan to offset the impact of any trade deal that curbs exports. This does not mean that the officials will carry out a devaluation in the RMB.

US PPI, PH Trade On Tap

Some of the key data/events we watch today include US PPI; AU NAB business confidence; ECB Praet, Nouy, Nowotny speaks; JN machine tool order; PH trade. Malaysia could announce election dates as early as today. Note that Thailand is out for a holiday on Fri.

Analysts

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

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

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

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

G7: Events & Market Closure

Date	Ctry	Event
12 Apr	OPEC, Russia	International Energy Forum
13 - 14 Apr	US, CA, MX	Summit of the Americas in Lima, Peru

AXJ: Events & Market Closure

Date	Ctry	Event
9 Apr	PH	Market Closure
10 Apr	CN	President Xi gives key note address at BOAO Forum
12 Apr	KR	BOK Meeting
13 Apr	SG	MAS Meeting
	TH	Market Closure

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2321	↑ 0.33	USD/SGD	1.3117	↓ -0.31
GBP/USD	1.4131	↑ 0.28	EUR/SGD	1.6162	↑ 0.03
AUD/USD	0.7697	↑ 0.17	JPY/SGD	1.2285	↓ -0.16
NZD/USD	0.7306	↑ 0.59	GBP/SGD	1.8535	↓ -0.01
USD/JPY	106.77	↓ -0.15	AUD/SGD	1.0097	↓ -0.04
EUR/JPY	131.54	↑ 0.17	NZD/SGD	0.9584	↑ 0.28
USD/CHF	0.9562	↓ -0.30	CHF/SGD	1.3718	↓ -0.01
USD/CAD	1.2697	↓ -0.66	CAD/SGD	1.0331	↑ 0.38
USD/MYR	3.871	↓ -0.02	SGD/MYR	2.9455	↑ 0.31
USD/THB	31.265	↓ -0.05	SGD/IDR	10476.59	↑ 0.26
USD/IDR	13761	↓ -0.12	SGD/PHP	39.6359	↑ 0.35
USD/PHP	52.057	↓ -0.05	SGD/CNY	4.8098	↑ 0.51

Implied USD/SGD Estimates @ 10 Apr-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2960	1.3222	1.3485

G7 Currencies

- **DXY - Bias to Sell Rallies.** USD stays soft this morning as market awaits Xi's opening speech at the Boao forum. His speech will offer some insights into his direct response following Trump's plan to impose import tariffs on China. He should probably reassert China's position, warn about serious repercussions of tit-for-tat on import tariffs and at the same time calls for dialogue. We believe this should ease tensions on the trade front and lend some support to risk proxy FX at the expense of a weaker USD. Our base case remains for a compromised trade deal between US and China at some stage but in the meantime on-off trade tensions will continue to create noises for the market. Of course there is risk that Xi can choose not to mention trade or US or Trump in his speech - silence here could cast some uncertainty - we do not rule out risk-off trades in such a scenario. Elsewhere USD decline was also partially attributed to report that the FBI raided the office of Trump's lawyer Michael Cohen (political risk on the USD). DXY was last seen at 89.82 levels. Mild bullish momentum on daily chart shows signs of waning while stochastics shows signs of turning from overbought conditions. Support levels seen at 89.28 (61.8% fibo retracement of Feb low to Mar high) before 88.25 (2018 low). Resistance at 90.50 before 90.96 (61.8% fibo retracement of 2018 high to low), 91.60 (76.4% fibo). We reiterate our bias to sell USD on rallies. Week ahead brings PPI (Mar) on Tue; CPI, Weekly earnings (Mar) on Wed; FoMC Meeting Minutes - in particular if the pace of tightening will pick up pace this year. Markets (via 30D fed fund futures) are somewhat implying about 1.5 hikes this year as opposed to Fed's dots plot projection of another 2 hikes while Economists from some investment banks are looking for another 3 hikes; Import, Export Price Index (Mar) on Thu; Fed's Kashkari, Rosengren, Bullard and Kaplan speak; Moody's rating of US debt; Uni of Michigan Sentiment (Apr) on Fri.
- **EURUSD - Plenty on ECB Speaks Today.** EUR continued to drift higher overnight, in line with our short term call looking for a bullish reversal. rebounded overnight. Pair was last seen at 1.2320 levels. Mild bearish momentum is waning while stochastics show signs of turning higher from oversold conditions. Key resistance at 1.2340 - 60 levels (23.6% fibo retracement of Dec low to 2018 high, 50 DMA). An extension towards 1.2450 levels should not be ruled out if the pair manages a decisive move above 1.2360. Support seen at 1.2235 (38.2% fibo retracement of Dec low to 2018 high), 1.22. On Italy politics development, the speakers have been elected for the new parliament; parliamentary parties can form and outgoing PM Gentiloni will resign next. President Mattarella will then start consultations with the new parliamentary speakers and with leaders of all the main political parties in order to identify the person best positioned to form a stable government. Coalition talks is expected to take up to several months (some senior officials believe the deadline to be sometime in July but we do not rule out an extension of the deadline given that Germany even took nearly 6 months to form a coalition government). We believe the process is likely to be long-drawn and is a source of volatility for the currency. We do not rule out renewed talks of another election as another source of volatility weighing on EUR if it happens. Week ahead brings ECB's Praet, Nouy, Nowotny speak on Tue; ECB's Hakkarainen, Angeloni

speak on Wed; ECB's Coeure speaks; Industrial Production (Feb) on Thu; ECB's Weidmann speaks; Trade (Feb) on Fri.

- **GBPUSD - Bias to Buy on Dips.** GBP inched higher overnight amid broad USD weakness. Last seen at 1.4130 levels. Mild bearish momentum is waning while stochastic is rising from oversold conditions. This continues to suggest rebound risks. Next resistance at 1.4190 levels. Support at 1.4030, 1.3990 levels. Bias to buy dips - We broadly maintain our "more optimistic" outlook than street consensus for GBP on the back of our expectation for orderly Brexit (boost to sentiment), continued improvement in labor market (upward pressure for wage growth providing room for BoE to tighten) and potentially greater tolerance (from policymakers) for GBP appreciation (to help curb imported inflation) and rising market expectation for BoE rate increase to come earlier than expected. That said we do not expect a one way trade and still see a great deal of variability on GBP, driven by headlines on Brexit progress (which can be improvement or deterioration). Quiet on data front today for UK. Week remaining brings Trade, Industrial Production, Construction Output (Feb) on Wed; RICS House Price Balance (Mar) on Thu.
- **USDJPY - Lifted By Improving Sentiments.** USDJPY is reversing earlier weakness possibly on optimism that a trade war could be averted. This was despite warnings by the Chinese foreign ministry this morning that China would not negotiate a trade deal with the US while the threat of tariffs hangs overhead. Market will watch President Xi's keynote speech later today at Boao Forum in Hainan for clarification. Geopolitical tensions over Syria appears to be waning as well following hints by Russia that it would go along with a UN Security Council probe into the use of chemical weapons in Syria. amid weak risk sentiments on concerns that trade tensions could escalate, political scandal in the US that could engulf Trump and geopolitical concerns over Syria and Russia. Domestically, the political scandal surrounding PM Abe continues to simmer in the background. This scandal has pulled the cabinet's popularity lower in recent opinion polls. Further slippage in support could undermine PM Abe and possibly see a challenge to his presidency of the LDP in Sep, potentially putting Abenomics in doubt and weigh on the pair. Last seen at 106.80-levels. Momentum indicators on the daily chart remain bullish bias but waning, while stochastics is still at overbought conditions. Weekly chart continues to indicate a bearish bias but waning with stochastics showing tentative signs of climbing higher from oversold conditions. Resistance is around 107.50 levels (50% fibo). Support is around 106.30 levels (21DMA) before 106-handle (23.6% fibo retracement of the Feb high to Mar low). Week ahead has machine tool order (Mar) today; core machine order (Feb), PPI (Mar) on Thu; BOJ Kuroda speaks (Thu).
- **NZDUSD - 0.7280 - 0.7340 Range Intra-day.** NZD remains supported amid USD softness overnight. But range remains confined to recent range. Pair was last seen at 0.7310 levels. Mild bullish momentum on daily chart remains intact. Area of resistance at 0.7290 - 0.7310. Close above this could trigger further upside towards 0.7355 (Mar high). Support seen at 0.7250 (21 DMA), 0.7230. Suggest 0.7850 - 0.7340 range intra-day. Relatively quiet week

ahead with focus on Card Spending (Mar) on Thu and BusinessNZ Mfg PMI (Mar) on Fri.

- **AUDUSD - Capped.** AUDUSD had a rather choppy day yesterday with a dip to a low of 0.7652 full reversed out thereafter, last seen around 0.77. Momentum has turned bullish. Market players seem to be in a wait-and-see mode, monitoring how the trade spat between the US and China will turn out. This pair may hover within the 0.7640-0.7740 range for a while with bulls capped by US-China trade tensions. Eyes on 21-dma at 0.7720 which can be a resistance level. Support at 0.7640 before the key 0.7600. The week ahead has NAB business survey for Mar on Tue, Westpac consumer confidence for Apr on Wed, home loans on Thu.

- **USDCAD - Bearish.** USDCAD slipped towards the 1.27-figure and swivelled around there for the rest of overnight session. The move lower was ahead of the Spring Business Outlook survey that BoC released. The central bank noted that employment intentions are “solidly positive”, raising hopes that a rate hike could be sooner than previously projected. “Inflation expectations are up but still within 1-3% range”. Firms could see capacity pressures rising in the next 12-months. This pair perhaps needs another confirmation of the NAFTA deal in order for the next leg lower. After a Reuters report that talks to rework NAFTA are not advanced enough for US, Mexico and Canada to announce a deal in principle at the Summit of the Americas in Lima this Fri, Mexico Economy Minister Ildefonso Guajardo chimed in to say “ we are within weeks of knowing if the Nafta talks close with success”. Now supported around the 100-dma, we look for a definitive move lower to complete the head and shoulders pattern towards the target at 1.2470. Week ahead has housing starts today, building permits for Feb tomorrow, new housing price on Feb on Thu and existing home sales for Mar on Fri-the-13th. Also watch out for the Summit of the Americas at Lima, Peru that takes place 13-14th Apr.

Asia ex Japan Currencies

- **SGD trades around 0.85% above the implied mid-point of 1.3222.** The top is estimated at 1.2960 and the floor at 1.3485.
- **USDSGD - Edging Lower.** USDSGD remains pressured lower as the USD was sold off against most of the AXJs. Price action shows the pair still trading within its symmetrical triangle - a consolidation pattern before a breakout. It remains too soon to tell the direction of break out but MAS policy meeting decision on Fri may well be the catalyst. Our house view is for the MAS to shift away from its current neutral policy to a “slight appreciation bias”. Meanwhile, softer UST yields intraday are likely to weigh on 3-month SOR today. Yesterday, 3-month SOR climbed 25- pips to 1.386% amid a pick-up in UST yields yesterday early evening. Pair was last seen at 1.3114 levels. Mild bullish momentum on daily chart remains intact but waning, while stochastics is falling. Support at 1.31 (upward sloping trend-line support from the lows in Jan and Mar), 1.3060, 1.3010. A break above the trend-line resistance though could see a squeeze higher towards 1.3280 (100 DMA, 38.2% fibo retracement of Oct high 2018 low). This could signal a potential trend reversal. We watch price action for further confirmation.
- **AUDSGD - Bias to Trade Upside.** AUDSGD slipped to levels around 1.01 this morning, weighed by concerns over US-China trade tensions. Awaiting more Trump-Xi tirade. This cross seems weighed by the jittery risk sentiments. That said, prices are normally negatively correlated with the USD. In other words, in an environment of USD weakness, AUDSGD tends to move higher. Daily momentum is increasingly bullish. Price action however, lacks conviction. Resistance is seen around 1.0150 before the next at 1.0188. Support at 1.0100(weak) before 1.0020.
- **SGDMYR - Double-Bottom at 2.94 Could Hold On further.** SGDMYR continued to trade near recent lows; last seen at 2.9480 levels. Bearish momentum on daily chart remains intact but shows signs of waning while stochastics is showing signs of rising from near over-sold conditions. Cautious of rebound risks. Resistance at 2.97 (21, 50 DMAs). Support at 2.94 (potential double bottom). Need a decisive break below the interim double bottom at 2.94 to open way for further downside towards 2.92, 2.90.
- **USDMYR - In Oversold Conditions.** USDMYR continue to trade near recent lows. Parliament has been dissolved as of 7 Apr and Malaysia is expected to announce polling data soon. Pair was last seen at 3.8660 levels. Bearish momentum remains intact but shows tentative signs of waning while stochastics is showing signs of turning from near-oversold conditions. Key area of support at 3.84 - 3.85 remains a key level to watch. Decisive break below this area of support puts next key support at 3.82 (50% fibo retracement of late 2013-14 double bottom to 2015-2017 double top). Resistance at 3.9000 (21, 50 DMAs). We maintain our medium term bias for MYR strength. 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) **General election could lend further support for Ringgit. Typically Malaysian equities, MYR tend to strengthen in the lead-up to elections due to rising confidence and a date could be called soon** ; (5) 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 - *Rebound Risk; Sell on Rally***. 1m USDKRW was last seen at 1067 levels. Daily momentum has turned mild bullish while stochastics is showing signs of turning from oversold conditions. Price action on the weekly chart shows a falling wedge pattern potentially forming. This is typically associated with a bullish reversal in the near term. We do not rule out rebound risks in the near term but bias remains to sell into. Next resistance at 1072 (50 DMA) before 1075. Unwinding of geopolitical tensions, receding fears of trade war and commitment from China to improve CN-KR relations are some of the factors supporting a more optimistic outlook on KRW. Key area of support remains at 1050 - 1055 levels. Decisive close below the area could trigger further downside play towards 1040 levels. BoK meets on Thu - we retain our view for policy rate to be kept on hold at 1.5%. Although inflation rebounded in Mar, its level remains well below BoK's 2% inflation target. We are still expecting BoK to raise policy rate by another 25bps sometime between May and Aug 2018 from 1.5% if demand-induced price pressures picks up pace amid reacceleration in growth momentum. We believe BoK is monitoring if inflationary pressures from the demand side picks up. Minimum wage will increase by 16% this year, its largest magnitude of increase since 2001. Wage pass-through should have positive impact on consumption spending, growth and lead to inflationary pressures.
- **USDCNH - *Eyes on Xi at the Boao Forum***. USDCNH spiked at 3pm (SGT) yesterday upon the release of news that China is said to be evaluating the potential impact of a gradual yuan depreciation as an option in the trade conflict (BBG). Some senior officials are analysing the effect of using the currency as a tool in trade negotiations with the US while the second part of the analysis examines "what would happen" if China depreciates the yuan to offset the impact of any trade deal that curbs exports. This does not mean that the officials will carry out a devaluation in the RMB. However, this does suggest that allowing the yuan depreciate would be an option on the table should both sides decide to implement the trade measures threatened so far. While the mention of using its exchange rate as a tool is a surprise, we think it is highly unlikely for China to devalue its currency which it has sought so much to defend and stabilize in the past few years. Capital outflows have ebbed in recent quarters, as indicated by BOP data as capital controls remain largely frozen. Our base case scenario is that the US and China will

be able to end this trade spat with negotiations for a deal. There are speculations that this “trade war” could turn into a “capital war” as China remains the largest UST holder out there. Momentum on the daily chart is increasingly bullish. Until then, upside pressure on the pair should continue. Momentum indicators are increasingly bullish. Recent price moves are also showing more upside risks with an upward trend channel forming. Key resistance around 6.3344, ahead of 6.3910 levels (50% fibo). Key support remains at 6.24 before the next at 6.2130. PBoC fixed the USDCNY reference rate at **6.3071, 43 pips lower than the previous 6.3114**. CNYMYR was fixed at **0.6131, 2 pips lower than 0.6134**. EURCNY was fixed **319 pips higher at 7.7731 vs. the previous at 7.7412**. Eyes on the Boao Forum in which President Xi is said to give a keynote address today. Data in the week ahead includes Money Supply M2, aggregate financing and new yuan loans data on 10-15th Mar, PPI, CPI on 11th and trade data on Fri-the-13th. Bear in mind that according to Trump’s “That Art of the Deal”, deals work best when each side gets something it wants from the other. This should hold true when the two presidents get to the negotiating table and we may even see a win-win situation that could even benefit global trade should the outcome be greater access to China’s market and overall net lower trade barriers.

- **1M USDINR NDF - 64.45 Eyed.** 1M USDINR NDF is still stuck at the 65-figure and was last seen at 65.13. With 21-DMA poised to cut the 50-DMA, our trade is about to be triggered as we continue to call to short this pair towards 64.45. The 1m NDF had been weighed yesterday by the inflow into Indian assets with foreign funds buying USD82.4mn and USD96mn in equities and debt on 5th Apr (last available data). With the US-China trade spat in the backdrop, an underlying sense of caution keeps the USDINR from making a decisive move below the 65-figure. Foreigners sold U\$14mn of equity last Fri and bought \$143.1mn of bonds. Week ahead has Mar CPI, Feb IP on Thu. Trade data for Mar will be released between 13-16th Apr. RBI said that the future supply chain FPI limit is raised to 49% from 24%.
- **1m USDIDR NDF - Stuck-In-Range.** 1m USDIDR NDF is pressured lower this morning amid a sell-off in the USD against most of the AXJs after price action closed with a doji yesterday. Market appears to be waiting for a catalyst - China’s response to Trump’s recent tariffs, US CPI or FOMC meeting minutes - to determine directional bias. Foreign investors sold USD8mn in equities yesterday. Meanwhile, they had purchased USD49.4mn in debt last Fri (latest data available). Further net portfolio inflows could be supportive of the IDR and weigh on the 1m NDF. Last seen around 13800-levels. 1m NDF continues to lack directional cues, trapped within the recently traded range of 13730-13875. Expect official agent action in the market to cap 1m NDF from moving higher. JISDOR was fixed at 13771 on Mon, unchanged from Fri. Week ahead has no tier-one data.
- **1m USDPHP NDF - Sideways.** 1m USDPHP NDF trades mildly softer amid a sell-off in the USD against most of the AXJs. Still, escalating trade tensions following Chinese foreign ministry’s comments that China would not negotiate a trade deal with the US while tariffs hang overhead could limit downside. Market will watch President Xi’s keynote speech later today at Boao Forum in Hainan for

clarification. Weak risk sentiments could continue to weigh on equities like they did yesterday. Foreign funds had sold USD9.3mn in equities yesterday. Further sell-off could put upside pressure on the 1m NDF. Spot USDPHP gapped lower at the opening to 52.028 this morning from yesterday's close of 52.057 amid USD weakness. 1m NDF was last seen around 52.16-levels. Daily momentum indicators show very mild bearish bias, while stochastics is fast approaching oversold conditions. Weekly chart shows bullish bias intact but waning, while stochastics remains in overbought conditions. 1m NDF lacks directional bias, stuck in its recent trading range of 52.00-52.30. Week ahead has trade (Feb) today; budget balance (Feb) on Wed.

- **USDTHB - *Going Nowhere*.** USDTHB is trading softer this morning amid the sell-off in the USD against most of the AXJs. Further downside though could be limited by concerns of escalating trade tensions following Chinese foreign ministry's comments that China would not negotiate a trade deal with the US while tariffs hang overhead. Market will watch President Xi's keynote speech later today at Boao Forum in Hainan for clarification. Foreign portfolio inflows so far have been supportive of the THB. Yesterday, foreign investors purchased USD47.3mn and USD73.4mn in equities and debt. Further inflows should keep the THB supported. Last seen around 31.247-levels. Momentum on the daily chart remains very mild bullish bias, and stochastics climbing higher. Weekly chart shows no strong bias in either direction, while stochastics remain in oversold conditions. Sideway trades are likely quite thin market as onshore is out for a public holiday today. Range-bound trades within 31.090 (2018 low) to 31.300 range should hold intraday. Quiet week ahead with just foreign reserves (6 Apr) on Thu. **Note that onshore markets are closed for a public holiday on Fri.**

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.46	*3.47/45	Not traded
5YR MI3/22	3.56	3.57	+1
7YR MK3/25	3.86	3.86	Unchanged
10YR MO11/27	3.95	3.95	Unchanged
15YR MX4/33	4.41	4.41	Unchanged
20YR MX4/37	4.54	4.55	+1
30YR MZ3/46	4.80	4.80	Unchanged
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.76	3.76	-
3-year	3.80	3.81	+1
5-year	3.87	3.87	-
7-year	3.97	3.98	+1
10-year	4.10	4.10	-

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

- Malaysian government bonds market remained quiet with bid-ask spreads relatively wide. MGS yields ended flat to 1bp higher. Trading volume was also thin as participants continued to stay on the sidelines following the dissolution of Parliament.
- MYR IRS curve started the week slightly higher at the belly, reckon due to thin liquidity. No trades were reported done. Mostly rangebound trading and position squaring at the moment. 3M KLIBOR unchanged at 3.69%.
- Corporate bonds were fairly constructive. GG and AAA credits broadly stayed flat, with long end LPPSA bonds bought by real money accounts at unchanged levels. AA credits traded firmer with front end YTL Power and long end SPG tightening 1bp. There was also keen buying interest for ultra-short Cagamas and YTL Power papers as the former traded 4bps higher than MTM levels.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.89	1.90	+1
5YR	2.08	2.08	-
10YR	2.38	2.38	-
15YR	2.66	2.66	-
20YR	2.71	2.72	+1
30YR	2.83	2.84	+1

Source: Maybank KE

- SGD rates opened slightly lower after UST rallied last Friday. SGS initially saw gains, but selling interest continued to dominate. SGS prices moved in a tight range in an otherwise quiet trading session. SGD IRS rates largely moved in tandem with SGS yields and closed +/-1bp with a marginal flattening bias, while SGS yields ended flat to 1bp higher.
- Quiet Asian credit market which saw CDS grind tighter. Short end bonds had some buying interest but most were unchanged amid thin liquidity. Indonesia sovereign bonds rallied 0.25pts, while India IGs outperformed tightening 1-2bps. On primary issues, ICBC is planning to issue new 3y and 5y USD FRNs via its Singapore branch, and SK Telecom is looking at new 5y fixed USD bond. The latter may outperform given sound credit fundamentals and attractive spread concession.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.51	5.50	(1.08)
5YR	5.93	5.93	(0.07)
10YR	6.58	6.59	0.75
15YR	6.82	6.82	(0.17)
20YR	7.24	7.24	(0.12)
30YR	7.37	7.36	(0.09)

* Source: Maybank Indonesia

Analysts

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

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

- Indonesia bond market closed lower during Monday trading session amid weaker than expected US jobs report last Friday, ahead of the conventional auction today and escalating trade tension between US and China. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.933%, 6.592%, 6.823% and 7.239% while 2y yield moved slightly lower to 5.502%. During the day, FR0050 (20y) yield decline the most by 4bps while FR0070 (6y) yield increased the most by 6bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 42bps). Trading volume at secondary market was noted thin at government segments amounting Rp10,751b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp1,625b with 48x transaction frequency.
- DMO will be conducting their first (2Q18) schedule bi-weekly conventional auction today with five series to be auctioned which are SPN12180712 (Coupon: discounted; Maturity: 12 Jul 2018), SPN12190411 (Coupon: discounted; Maturity: 11 Apr 2019), FR0063 (Coupon: 5.625%; Maturity: 15 May 2023), FR0064 (Coupon: 6.125%; Maturity: 15 May 2028) and FR0065 (Coupon: 6.625%; Maturity: 15 May 2033). We expect that the demand would remain moderate and oversubscribe by 1.6x - 2.6x from its indicative minimal target issuance of Rp17t. Our awarded WAY expectations are as follows SPN12180712 (4.160% - 4.260%), SPN12190411 (5.040% - 5.140%), FR0063 (5.870% - 5.970%), FR0064 (6.530% - 6.630%) and FR0065 (6.760% - 6.860%).
- Foreign ownership stood at Rp871.4t or 39.9% of total tradable government bond as of Apr 6th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp4.7t from begin month of Apr 18.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2373	107.44	0.7746	1.4211	6.3403	0.7363	132.4400	82.8797
R1	1.2347	107.11	0.7721	1.4171	6.3221	0.7334	131.9900	82.5303
Current	1.2318	106.86	0.7703	1.4129	6.3059	0.7310	131.6300	82.3100
S1	1.2278	106.53	0.7662	1.4084	6.2888	0.7267	131.1000	81.8853
S2	1.2235	106.28	0.7628	1.4037	6.2737	0.7229	130.6600	81.5897

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3189	n/a	13794	52.1010	31.3597	1.6223	0.6177	2.9531
R1	1.3153	n/a	13777	52.0790	31.3123	1.6192	0.6157	2.9493
Current	1.3115	3.8680	13763	52.0230	31.2610	1.6155	0.6135	2.9497
S1	1.3096	n/a	13747	52.0230	31.2183	1.6120	0.6112	2.9385
S2	1.3075	n/a	13734	51.9890	31.1717	1.6079	0.6086	2.9315

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

Equity Indices and Key Commodities

	Value	% Change
Dow	23,979.10	0.19
Nasdaq	6,950.34	0.51
Nikkei 225	21,678.26	0.51
FTSE	7,194.75	0.15
Australia ASX 200	5,808.67	0.34
Singapore Straits Times	3,449.96	0.22
Kuala Lumpur Composite	1,849.71	0.69
Jakarta Composite	6,246.13	1.15
Philippines Composite	7,945.66	-0.95
Taiwan TAIEX	10,893.53	0.67
Korea KOSPI	2,444.08	0.60
Shanghai Comp Index	3,138.29	0.23
Hong Kong Hang Seng	30,229.58	1.29
India Sensex	33,788.54	0.48
Nymex Crude Oil WTI	63.42	2.19
Comex Gold	1,340.10	0.30
Reuters CRB Index	194.97	1.41
MBB KL	10.46	-0.19

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5029	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	19/4/2018	Neutral
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	12/4/2018	Tightening
Fed Funds Target Rate	1.75	3/5/2018	Tightening
ECB Deposit Facility Rate	-0.40	26/4/2018	Easing Bias
BOE Official Bank Rate	0.50	10/5/2018	Neutral
RBA Cash Rate Target	1.50	1/5/2018	Neutral
RBNZ Official Cash Rate	1.75	10/5/2018	Neutral
BOJ Rate	-0.10	27/4/2018	Easing
BoC O/N Rate	1.25	18/4/2018	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	10	3.18	3.183	3.052
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	6	3.139	3.139	3.139
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	115	3.287	3.287	3.186
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	86	3.348	3.348	3.329
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	84	3.375	3.449	3.375
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	2	3.433	3.433	3.433
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	115	3.424	3.424	3.344
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	20	3.44	3.44	3.44
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	3	3.489	3.489	3.489
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	28	3.578	3.584	3.578
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	35	3.569	3.569	3.564
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	2	3.726	3.726	3.726
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	3	3.746	3.746	3.746
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	8	3.768	3.768	3.768
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	2	3.883	3.883	3.883
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	60	3.857	3.858	3.857
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	11	3.947	3.955	3.947
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	20	4.031	4.031	4.031
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	20	3.949	3.949	3.949
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	10	3.955	3.955	3.955
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	2	4.347	4.347	4.347
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	10	4.413	4.428	4.408
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	5	4.507	4.507	4.507
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	23	4.552	4.552	4.552
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	1	4.798	4.798	4.795
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	3	3.255	3.255	3.255
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	20	3.302	3.302	3.302
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	7	3.262	3.262	3.262
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	70	3.827	3.827	3.826
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	20	3.892	3.897	3.892
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	30	3.979	3.981	3.979
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	10	4.074	4.074	4.074
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	2	4.057	4.057	4.057
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	2	4.213	4.213	4.213
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	1	4.546	4.546	4.546
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	20	4.638	4.638	4.638
GII MURABAHAH 5/2017 4.755% 04.08.2037	4.755%	4-Aug-37	1	4.747	4.747	4.747
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	10	4.915	4.915	4.911
SPK 2/2014 4.345% 07.10.2021	4.345%	7-Oct-21	10	3.86	3.86	3.86
SPK 2/2012 3.691% 12.07.2022	3.691%	12-Jul-22	51	3.948	3.948	3.948

Total

937

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PASB IMTN (GG) 4.23% 16.06.2023 - Issue No. 25	GG	4.230%	16-Jun-23	20	4.17	4.17	4.17
LPPSA IMTN 4.900% 05.04.2033 - Tranche No 21	GG	4.900%	5-Apr-33	50	4.899	4.899	4.899
CAGAMAS IMTN 3.780% 08.08.2018	AAA	3.780%	8-Aug-18	30	3.726	3.741	3.726
CAGAMAS IMTN 5.800% 08.08.2018	AAA	5.800%	8-Aug-18	10	3.696	3.756	3.696
GIC IMTN 5.100% 20.06.2022	AAA	5.100%	20-Jun-22	10	5.092	5.095	5.092
TELEKOM IMTN 4.738% 27.06.2024	AAA	4.738%	27-Jun-24	10	4.41	4.412	4.41
SEB IMTN 4.700% 22.06.2018	AA1	4.700%	22-Jun-18	10	3.984	4.009	3.984
YTL POWER MTN 2556D 24.8.2018	AA1	4.350%	24-Aug-18	10	4.178	4.205	4.178
YTL POWER MTN 3651D 10.6.2022	AA1	4.550%	10-Jun-22	5	4.573	4.573	4.573
YTL POWER MTN 3651D 24.3.2023	AA1	4.490%	24-Mar-23	5	4.622	4.622	4.622
MAYBANKISLM 4.750% 05.04.2024	AA1	4.750%	5-Apr-24	10	4.273	4.278	4.273
CIMBBANK 4.700% 07.08.2026 - Issue No 4	AA+	4.700%	7-Aug-26	1	4.869	4.869	4.672
HLFG MTN 2555D 30.11.2018 (Series 3)	AA	4.500%	30-Nov-18	10	4.223	4.231	4.223
AMBANK SENIOR NOTES 1461D 25.3.2019	AA2	4.300%	25-Mar-19	50	4.104	4.125	4.104
MUKAHPower SENIOR SUKUK MUDHARABAH 8.2% 27.12.2019	AA2 (S)	8.200%	27-Dec-19	2	4.434	4.44	4.434
K-PROHAWK IMTN 5.240% 24.12.2027	AA2	5.240%	24-Dec-27	20	4.858	4.861	4.858
K-PROHAWK IMTN 5.270% 26.06.2028	AA2	5.270%	26-Jun-28	20	4.898	4.901	4.898
PKNS IMTN 4.600% 25.05.2018	AA3	4.600%	25-May-18	1	4.124	4.164	4.124
GAMUDA IMTN 0% 26.10.2018 - ISSUE NO 4	AA3	5.250%	26-Oct-18	10	4.191	4.201	4.191
PKNS IMTN 4.550% 31.10.2018	AA3	4.550%	31-Oct-18	10	4.272	4.281	4.272
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	30	4.436	4.441	4.436
AMMB HOLDINGS BHD MTN 2556D 8.8.2019(SENIOR NOTES)	AA3	4.500%	8-Aug-19	16	4.543	4.55	4.543
KESTURI IMTN 4.25% 02.12.2021 - IMTN 3	AA- IS	4.250%	2-Dec-21	10	4.531	4.54	4.531
CMS IMTN 4.800% 05.05.2022 - Series No 1	AA3	4.800%	5-May-22	60	4.622	4.633	4.621
RHBBANK MTN 3652D 27.9.2027	AA3	4.820%	27-Sep-27	10	4.757	4.767	4.757
SPG IMTN 5.060% 31.10.2028	AA- IS	5.060%	31-Oct-28	10	4.921	4.921	4.921
SPG IMTN 5.330% 30.04.2032	AA- IS	5.330%	30-Apr-32	10	5.125	5.131	5.125
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	31	6.285	6.315	5.899
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	1	5.201	5.201	5.201
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	1	5.229	5.229	5.229
ALLIANCEB MTN 3653D 27.10.2025	A2	5.750%	27-Oct-25	1	5.13	5.13	5.13
ALLIANCEB MTN 3653D 18.12.2025	A2	5.650%	18-Dec-25	1	4.726	5.243	4.726
Total				475			

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