

Global Markets Daily

Plenty of Risks

Contrasting Weekend Summits

The G7 summit did not go well at all for all involved. PM Trudeau, also the host of the event, pledged to impose retaliatory tariff on US goods. That seems to run against grain of the joint communique which committed to “reform the multilateral oversight of commerce through the WTO and seek to cut tariff”. Trump left the G7 early for Singapore, rejecting the Communique. In contrast, China and Russia vowed to strengthen cooperation on energy and agriculture and improve conditions for trade and investment. The Shanghai Cooperation Organization cheered the fresh inclusion of India and Pakistan.

Cautious Ahead of Plenty of Risk Events

USDJPY was last seen under the mid-109 levels, weighed by a sense of caution after the G7 Summit arguably came apart and the unknown outcome of the Trump-Kim Summit that is described to be “unscripted” rein in risk-taking. Nikkei opens rather flat. Kospi is last seen in small black. USD seems to be sold across the board this morning, with the EUR back at the 1.18-figure and USDCNH under 6.40. There are plenty of risk events ahead including the three central bank meetings namely FOMC, ECB and the BOJ - the three that likely have provided the most liquidity in the world deciding on their monetary policy at the end of the week. EUR could be bought into the ECB meeting and that could drag the USD lower against the AxJ FX.

Other Data/Events Watched

Key data/events this week include UK and MY IP on Mon. For Tue, US CPI; UK labor report; SG retail sales. For Wed, EU IP; US PPI; UK CPI. For Thu, US, UK, China retail sales; AU labor report; China IP and FAI. For Fri, US IP; EU CPI; PH overseas remittances. In terms of market closure, Indo is out for the week until the 19th; AU out on Mon; PH on Tue; KR on Wed; SG and MY out on Fri. Oh, there is also the start of the World Cup this Thu.

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G7: Events & Market Closure

Date	Ctry	Event
11 Jun	AU	Market Closure
13-14 Jun	US	FOMC Meeting
14 Jun	EU	ECB Meeting
15 Jun	JP	BOJ Meeting

**All dates are indicated in SGT*

AXJ: Events & Market Closure

Date	Ctry	Event
11-19 Jun	ID	Market Closure
12 Jun	PH	Market Closure
12 Jun	Global	US-NK Summit
13 Jun	SK	Market Closure
18 Jun	SG, MY, ID	Market Closure

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1769	↓ -0.26	USD/SGD	1.336	↑ 0.16
GBP/USD	1.3405	↓ -0.13	EUR/SGD	1.5718	↓ -0.13
AUD/USD	0.7601	↓ -0.30	JPY/SGD	1.2192	↑ 0.27
NZD/USD	0.7034	↑ 0.09	GBP/SGD	1.7899	↓ -0.03
USD/JPY	109.55	↓ -0.14	AUD/SGD	1.0149	↓ -0.18
EUR/JPY	128.93	↓ -0.39	NZD/SGD	0.9388	↑ 0.13
USD/CHF	0.9857	↑ 0.53	CHF/SGD	1.3553	↓ -0.37
USD/CAD	1.2928	↓ -0.34	CAD/SGD	1.0337	↑ 0.52
USD/MYR	3.9885	↑ 0.29	SGD/MYR	2.9833	↓ -0.08
USD/THB	32.047	↑ 0.13	SGD/IDR	10427.56	↑ 0.09
USD/IDR	13932	↑ 0.41	SGD/PHP	39.5348	↑ 0.27
USD/PHP	52.837	↑ 0.62	SGD/CNY	4.7979	↑ 0.02

Implied USD/SGD Estimates @ 11 Jun-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3190	1.3457	1.3723

G7 Currencies

- **DXY - Focus on FoMC Meeting This Week.** A 25bps rate hike is widely expected at the upcoming meeting (14 Jun, 2am SG/KL time). Markets may remain cautious for fear of Fed quickening its pace of tightening. To be sure, **focus will be on the dots plot for guidance on any potential shift from 3 hikes this year to 4 hikes (key risk to watch).** Stronger US data in the past week (payrolls, personal spending, Chicago PMI, both ISM manufacturing and non-manufacturing) reinforce the case for 25bps hike at the upcoming meeting but does not necessary imply that the Fed will quicken its pace of tightening. We believe the current pace of normalisation remains appropriate. The last FoMC minutes was perceived to be slightly dovish leaning. Fed is likely to monitor further data flow before committing to a quickened pace of tightening. Market positioning for Fed to quicken its pace of normalisation may be premature and disappointment could see USD ease off recent highs. Elsewhere there are also other risk events to watch - **US-North Korea Summit in Singapore on 12th Jun** (no deal or negative outcome could weigh on sentiment); lingering trade war concerns with focus now shifting to US' list of Chinese products targeted for tariffs (likely to be **finalised on 15 Jun** - a retaliation could negatively impact sentiment); **if the EM sell-off intensifies** again. Negative impact on risk should favor safe haven FX proxies including JPY, USD, CHF. There is also ECB GC meeting. A hawkish hold could be supportive of EUR and weigh on USD. DXY was last seen at 93.45 levels. Bearish momentum on daily chart remains intact while stochastics is falling into near-oversold conditions. Next support at 92.80 levels. Resistance at 93.65 (21 DMA), 94.20 and 95 levels. Technical bias remains for downside play but we do not rule out interim rebound risks arising out of event risks this week. Week ahead brings CPI, Real Earnings (May) on Tue; PPI (May) on Wed; FoMC Meeting (2am SG/KL time); Retail Sales, Import, Exports Prices (May) on Thu; IP (May); Empire Mfg (Jun); Uni. Of Mich Sentiment (Jun).
- **EURUSD - ECB Meeting in Focus.** Receding political concerns in Italy and renewed hopes of ECB possibly announcing QE exit at its next Governing Council meeting this Thursday have been supportive of the EUR rebound. ECB officials Praet, Hansson and Weidmann were the latest few to weigh in on potential stimulus withdrawal amid rising inflation at the upcoming ECB Governing Council meeting in Latvia this week. This comes on the back of a news report that ECB is said to see 14 Jun as live meeting to debate QE exit. And ECB speaks of late seem to echo the thought that ECB is potentially gearing for an exit. **We still think ECB may not commit to a decision on exit prematurely before inflation shows signs of reacceleration but the narrative out of the debate could still be supportive of EUR.** A discussion on QE exit amid the release of quarterly ECB assessment on growth and inflation is a step forward towards monetary stimulus withdrawal and should remain supportive of the EUR unless political risks in Italy re-escalated. We do not rule out subsequent unwinding on market

disappointment (a risk to watch this week) but eventual removal of stimulus (announcement at a later date) could still shift market bias to “buy EUR on dips” in the context of a hawkish hold. Looking into **week after this is the ECB conference in Sintra, Portugal (18 -20 Jun)**. Recall this was the event last year where ECB, BoE and BoC used as a platform to signal monetary policy normalisation and the EUR subsequently rose from 1.12 to 1.25 over 2H 2017. For the upcoming session, ECB’s Draghi is scheduled to speak on all days. RBA’s Lowe, Fed’s Powell and other ECB officials are also scheduled to speak on 20th Jun. Bear in mind ECB officials have been rather hawkish of late and we do not rule out another occurrence of signalling or clarification with regards to ECB QE exit plans. Elsewhere, while Italy’s political mess may be receding as re-election is averted; Italy is not out of the woods. The main concern is how the coalition can meet its obligations without derailing previous years of fiscal discipline. Coalition’s program include a universal basic income for poorer Italians, tax cuts, scrapping pension reforms, etc. Some estimated the program to be as much as EUR100bn and could subject Italy to stray towards fiscal indiscipline. To add, EU Affairs Minister Savona has attacked Merkel saying that Germany should exit from the Eurozone as that would bring the monetary union more benefits than Italy’s possible withdrawal. **Any renewed worries of the Euro-club being undermined or Italy’s inability to stay fiscally disciplined would widen BTP-Bund yields again and re-exert downside pressure on the EUR**. Pair was last seen at 1.1790 levels. Bullish momentum on daily chart remains intact while stochastics is rising into near overbought conditions. We do not rule out the risk of retracement in the near term amid a flurry of event risks coming up but bias remains to buy on dips. Support at 1.1730 (23.6% fibo retracement of Apr high to May low), 1.1640 levels. Resistance at 1.1860 (38.2% fibo), 1.1970 (50% fibo). Week ahead brings Retail ZEW Survey Expectations (Jun) on Tue; IP (Apr); Unemployment (1Q) on Wed; ECB Governing Council Meeting on Thu; Trade (Apr); CPI (May) on Fri.

- **GBPUSD - Super Week for UK**. A busy week ahead for UK with IP data today, labor report tomorrow, inflation on Wed, retail sales on Thu and the House of Commons debate and vote on EU Withdrawal Bill tomorrow. Commons need to debate 15 amendments and over 200 concessions (made by the House of Lords). PM May had stated her preference to leave the customs union when they leave the single-market and to negotiate new trade deals with other nations but is faced with different voices. So far the upper house (House of Lords) have voted to retain a customs union (and inflicted 15 defeats on the EU Withdrawal Bill so far) while the lower house is expected to vote next week ahead of the EU Summit (28-29 Jun). The government will need to overturn these amendments. Pro-EU Conservative members may prefer to stay in Customs Union and rebel against PM May. This would expose the awkward divide within her party and pose a threat to her leadership. An un-united stand within the UK government would make weaken PM May’s stance when negotiating with the EU. And these could expose GBP’s vulnerability to further downside.

However GBP may see further support if PM May manages to convince her party of standing in the same line (i.e. to leave customs union and to overturn the amendments from the House of Lords). At least this suggests her leadership is not under threat and shows some unity in UK government. GBP remains well supported amid a softer USD environment. Last seen at 1.3420 levels. Daily momentum is mild bullish bias while stochastics is rising into near overbought conditions. Immediate resistance at 1.3460 (61.8% fibo retracement of May high to low) needs to be cleared for further upside towards 1.3520 (76.4% fibo), 1.3590 (200 DMA) to gather momentum. Support at 1.3410 (50% fibo, 21 DMA), 1.3360 (38.2% fibo) and 1.33 levels (23.6% fibo). Bias remains to buy on dips. Week ahead Construction Output, IP (Apr) on Mon; Employment change, Weekly earnings I (Apr) on Tue; CPI, PPI on Wed; Retail Sales (May) on Thu.

- **USDJPY - Bearish Bias Intact.** USDJPY climb higher last week was stemmed mid-week amid concerns over risk events this week, particularly the G7 meeting in Canada. This was in-line with our call last week of a potential reversal following the formation of a long-legged doji. Key event risks this week include the Trump-Kim summit in Singapore on 12 Jun; ECB and FOMC meeting on 14 Jun, and BOJ meeting on 15 Jun that could keep the pair under pressure this week. For the BOJ, we expect the central bank to stay the course and continue with its persistent easing policy. Disappointments from these key events could spark risk-off sentiments and spur safe-haven assets demand, including the JPY. Firmer UST yields though could limit the pair's downside moves as widening yield differentials between 10Y UST and JGB should keep the USDJPY supported. Pair was last seen around 109.41-levels. Daily momentum indicators on the daily chart shows tentative bearish bias, while stochastics continues to climb higher. We look for cautious trades within familiar ranges for now. Key resistance level remains around the 200DMA at 110.20-levels. In the interim, 109.80 (23.6% fibo retracement of the Mar-May rally) should cap. Support around 108.80-levels (38.2% fibo retracement of the Mar-May rally, 21DMA) before 108 (50% fibo). Week ahead has core machine orders (Apr), machine tool orders (May P) on Mon; PPI (May), tertiary industry index (Apr) on Tue; industrial production, capacity utilisation (Apr) on Thu; BOJ policy meeting on Fri.
- **NZDUSD - Challenging Resistance at 0.7060.** NZD was last seen at 0.7040 levels. Bullish momentum on daily chart remains intact but shows signs of waning while stochastics is rising into overbought conditions. Key resistance at 0.7060 (38.2% fibo retracement from Apr high to May low). Need a decisive break above this for further upside towards 0.7120 (50% fibo) to gather momentum. Immediate support at 0.6980 (23.6% fibo) before 0.6950 (21 DMA). Expect range of 0.70 - 0.7080 intra-day. *Week ahead bring Manufacturing Activity (1Q) on Mon; Card spending (May) on Tue; Mfg PMI, Food Prices (May) on Wed.*
- **AUDUSD - Upward Sloping Trend Channel.** AUDUSD hovered within the upward sloping trend channel that has formed at the start of

May, last seen around 0.7605. This pair could find support on the 21-dma around 0.7570. Copper saw some retracements but the confluence of broad USD softness and rather resilient, albeit still a little cautious, sentiment lift the AUDUSD. AUDUSD waffles around the 50-dma and we continue to flag upside risks though this week has so many risk events that any jitters could pull the rug from under the AUDUSD. 0.7680 marks the upper bound of the trend channel, also the resistance level before the next at 0.7710. Support at 0.7560 (38.2% Fibonacci retracement of the Apr-May downmove) also coincides with the lower bound of the trend channel. Another reason to be bullish is the 21-dma which we have been monitoring, is on its way to cut the 50-dma to the upside. We expect upside to be an eventuality and dips against the USD remain opportunities to buy into. Week ahead brings Westpac Consumer confidence (Jun); RBA's Lowe speaks on Wed; Employment Change (May) on Thu; RBA's Ellis speaks on Fri.

- **USDCAD - Trade the Trend Channel.** USDCAD hovered around 1.2966 this morning, still within the mid of the upward sloping trend channel. This pair was on its way higher before a sharp reversal on broad USD weakness again. Momentum indicators are flat for this pair but Trudeau's fall-out with Trump at the G7 Summit as well as fresh tariff threats from Trump could continue to keep this pair within the upward sloping trend channel. Resistance (upper bound of the upward sloping trend channel) at 1.3090 while support is seen around 1.2895 (lower bound). Interim support around 1.2940. One could continue to trade within the trend channel. Week ahead has new housing price on Thu, mfg sales and existing home sales on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.89% above the implied mid-point of 1.3457.** The top is estimated at 1.3190 and the floor at 1.3723.
- **USDSGD - *Grind Lower Could Slow.*** USDSGD traded to a low of 1.3308 last week before pulling back on trade concerns ahead of the G7 meeting over the weekend. For the week ahead, market cautiousness ahead of key risk events, including Trump-Kim summit in Singapore on 12 Jun; ECB and FOMC meeting on 14 Jun; and BOJ meeting on 15 Jun that could slow the pair's grind lower. In addition, the re-emergence of EM risks could impact some of its regional peers and spur quasi-safe haven assets in SGD assets, putting downside pressure on the pair. Last seen around 1.3338-levels. Bearish momentum on the daily chart remains intact but waning, while stochastics now at oversold conditions. Support is around 1.3306-levels (38.2% fibo retracement of the Jan-May rally), 1.3250 levels (50% fibo). Resistance around 1.3380 levels (23.6% fibo). Quiet week ahead with jus retail sales (Apr) on tap Tue. Note that onshore markets are closed for a public holiday on Fri.
- **AUDSGD - *Shallow Dips Before Rise.*** Support remains around the 50-dma at 1.0107. There are plenty of risk events that could take this cross lower towards 1.0100 or even 1.0068. We see a risk of bulls eventually pulling through base on technical signals where the 21-dma remains on the upmove to cut the 100-dma and 200-dma to the upside, bullish signals.
- **SGDMYR - *Extension of Rebound Not Ruled Out.*** SGDMYR to trade higher this morning, in line with our caution for upside risks. Cross was last seen at 2.9860 levels. Weekly/daily momentum and stochastics indicators are bullish bias. Immediate resistance at 2.9870 (23.6% fibo retracement of 2017 high to 2018-low). Break above this could push the cross higher towards 3.0240 (38.2% fibo). Support at 2.95 - 96 levels (21, 50 DMAs).
- **USDMYR - *Upside Risks.*** USDMYR remains broadly supported. Pair was last seen at 3.9845 levels. Bullish momentum on weekly chart remains intact while stochastics is crawling into overbought conditions. Indicators suggest bullish bias but price pattern suggests indecision. Could see consolidation ahead, with risks skewed to the upside in the short term amid the slew of market event risks including the recent sell-off in EM assets/FX. Support seen at 3.9620 (23.6% fibo retracement of Mar low to May high). Resistance at 4.00 level. Suggest 3.9740 - 3.9950 range intra-day.
- **1m USDKRW NDF - *Cautious Trading.*** 1m USDKRW NDF was last seen at 1072 as focus shifts to Singapore for the US-North Korea Summit. Too soon to tell if there will be a deal but we retain some degree of cautious optimism - progress leading towards some working level talks to denuclearise in the near future and possibly another Summit in North Korea next month. Such a scenario could see renewed downside pressure for USDKRW. But a hostile/negative outcome could see USDKRW trading higher towards 1090 (200 DMA).

Some key technical levels to watch include: support at 1064 before 1060. Resistance at 1075, 1082 levels. Short term in the lead up - expect cautious trading in the range of 1064 - 80.

- **USDCNH - 21-dma supports.** USDCNH bounced from the 21-dma, a tentative support and was last seen around 6.3990. We are more convinced of the bearish divergence on this pair that we see vis-à-vis the MACD forest. MACD has also turned bearish. However, given the plenty of risk events this week, this pair could still see another move higher before making the next move down. Resistance is seen around 6.4320. Support around 6.3794 (21-dma) before 6.3570 and 6.3340. Eyes are on the US which had threatened with a final list of Chinese imports to be taxed, out by 15 Jun. **PBoC fixed the USDCNY reference rate at 6.4003, 84 pips higher than the previous 6.3919. CNYMYR was fixed at 0.6217 steady from the previous. EURCNY was fixed 180 pips higher at 7.5496 vs. the previous at 7.5316.** PPI came in to be 1.8%/y, steady from the previous while CPI rose more than expected to 4.1%/y from the previous 3.4%. An inflationary environment seems to give a bit more room for rate adjustments after the much anticipated Fed hike this Thu (Asia morning). Week ahead of liquidity numbers due anytime this week and activity prints on Thu.
- **1m USDINR NDF - Range trade.** This pair hovered around 67.80 this morning. Rupee was weighed by concerns on EM and USD retracements has tempered gains in this pair. Still, there are quite a number of risk events ahead with any plans for ECB to end QE by the end of this year likely to drag the USD against AXJ, including the INR. Resistance at 67.90. Support around 66.99 (50-dma). MACD is losing bearish momentum and stochs are turning higher from oversold conditions. We see range trades within the 67-68.40 range. Foreign investors sold US\$74.7mn of equities and US\$77.5mn of bonds on 7 Jun. Week ahead has May CPI tomorrow and IP for Apr as well, WPI on Thu and trade numbers for May on Fri.
- **1m USDIDR NDF - “Golden Week” Holidays - Onshore Markets Closed Till 19 Jun. Onshore markets re-opens on 20 Jun** and we should see muted trades in the 1m USDIDR NDF until then. 1m USDIDR NDF had traded higher last week amid the re-emergence of emerging market risk that lifted the 1m NDF back above the 14000-handle. It also did not help that oil prices climbed higher last week that re-focused attention to its twin deficits. Elevated oil prices are putting a greater financial burden on the government’s fiscal position on higher subsidies on fuel as well as weigh on its external balances. Weakness in the current account as well as fiscal account should continue to put upside pressure on the 1m NDF. Though Indonesia remained vulnerable to higher oil prices and emerging market rise (due to their twin deficits), lingering effects of the recent rate hike has stemmed speculations against the IDR somewhat and limited the upside to the 1m NDF. Positive risk sentiment in the region also helps and this is reflected in the interest foreign investors are showing in Indonesian assets. Foreign investors continued to sell-off USD223.3mn in equities last week but this was mitigated by their purchase of USD609.7mn of debt on 4-7

Jun (latest data available). Further net foreign portfolio investment inflows should weigh on the 1m NDF and cap upside. Last seen around 14070-levels. Bearish bias on the daily chart has almost dissipated, while stochastics is turning higher from oversold conditions. JISDOR was fixed at 13902 on Fri, 34bp higher than the fixing on Thu. There will be no fixing until 21 Jun. In the news, BI Governor Perry Warjiyo reiterated on Fri that the BI had no intention of imposing capital controls, namely tax on yields of foreign capital flows. He said that there was no discussion over plans to issue such tax regulation. Instead, macro-prudential measures through relaxation of House Ownership Credit will be issued soon.

- **1m USDPHP NDF - Room For Further Upside.** 1m USDPHP NDF traded to a new multi-year and 2018 high of 53.20 on 8 Jun amid a deteriorating trade deficit in Apr, global trade concerns ahead of the G7 leaders' summit in Canada and re-emergence of emerging market risks. Even expectations of a further BSP rate hike at its 21 Jun policy meeting to anchor inflationary expectations failed to stem the sell-off in the PHP. These concerns was reflected as well in the sell-off of USD39.7mn in equities by foreign investors last week. Further sell-off should keep the 1m NDF supported in the week ahead. Last seen around 53.10-levels. Daily momentum indicators are now mildly bullish bias, while stochastic is fast approaching overbought conditions. This suggests potential for further upside risks ahead. With our resistance level around the 53- and 53.10-levels taken out, next resistance is around 53.25 levels. Support around the 53-handle before 52.70 levels. Note that onshore markets are closed for a public holiday on Tue and Fri.
- **USDTHB - Familiar Ranges.** USDTHB traded within familiar ranges for most of last week. The return of foreign interest in Thai debt has been supportive of the THB. Last week foreign funds purchased USD1.11bn in debt, which more than offset the USD217.4mn in equities sold. Further net foreign portfolio inflows should weigh on the USDTHB. Putting upside pressure on the pair though are upcoming key risk events this week, namely Trump-Kim summit in Singapore on 12 Jun; ECB and FOMC meeting on 14 Jun; and BOJ meeting on 15 Jun. These should keep the pair in sideways trades in the week ahead. Last seen around 32.037-levels, pair has lost most of its bearish momentum on the daily chart, while stochastics shows tentative signs of turning higher. Look for topside to remained capped around 32.200-levels (200DMA). Support is around 31.875-levels (38.2% fibo retracement of the Mar-May rally). Quiet week ahead with just foreign reserves (8 Jun) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ11/21	3.71	*3.73/70	Not traded
5YR MI4/23	3.84	3.85	+1
7YR MK3/25	4.03	*4.05/02	Not traded
10YR MS6/28	4.20	4.23	+3
15YR MT11/33	4.62	*4.64/61	Not traded
20YR MX4/37	4.89	4.89	Unchanged
30YR MZ3/46	4.91	4.88	-3
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.75	3.75	-
3-year	3.81	3.81	-
5-year	3.90	3.89	-1
7-year	3.99	3.99	-
10-year	4.15	4.15	-

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Source: Maybank KE

*Indicative levels

- Malaysian government bonds weakened as risk-off sentiment re-emerged globally, pushing participants to scale down risks especially at the long end. Foreign flows data showing an outflow of -MYR12.9b in May added to the selling pressure. Market sentiment and liquidity may continue to stay subdued.
- While global rates declined, local IRS rates were supported by risk-off tone in EM, with the MYR IRS curve standing pat. No trades were reported. 3M KLIBOR remained the same at 3.69%.
- Corporate bonds also had a mild risk-off tone, not helped by a higher USDMYR pair, which led to a decrease in trading activity. Minor offshore selling interest seen in AAA and AA credits, but concentrated at the front end sector. Levels largely unchanged across AAA and GG spaces, with some buying in Celcom 2026, tighter by 2bps. Short dated Cagamas 2019s traded wider by 4bps from last done. UEMS 2024 saw better buyers, trading 2bps tighter.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.97	1.97	-
5YR	2.32	2.31	-1
10YR	2.60	2.59	-1
15YR	2.87	2.86	-1
20YR	2.90	2.91	+1
30YR	2.97	2.99	+2

Source: Maybank KE

- SGD rates opened lower, tracking the overnight fall in USD rates, but lack of buying interest resulted in SGS underperforming SGD IRS and UST. Yields which started flat to -1bp retraced higher, especially at the ultra-long end. This is partly due to the upcoming reopening of 20y SGS causing dealers to start trimming duration. Short end yields had support from firm USDSGD spot and forwards. SGD IRS curve flattened with the front end up about 1bp and long end down 1-2bps, while SGS curve steepened as yields were down 1bp along 5y15y and up 1-2bps from 20y onwards.
- Asian credit market saw most investors on the sidelines and with a slight risk-off tone ahead of the G7 summit, as trade discussions recur, and the Trump-Kim summit. China SOEs widened 2-5bps in spread, with names such as HAOHUA underperforming. Expect lower activity in the Indonesia space this week which will be away for the Raya holidays.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.82	6.82	(0.45)
5YR	6.86	6.88	2.49
10YR	7.21	7.20	(0.76)
15YR	7.60	7.62	1.87
20YR	7.63	7.66	2.98
30YR	8.10	8.10	-

* Source: IBPA, Bloomberg, Maybank Indonesia

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- Indonesia bond market closed with a daily loss with most of the IndoGB series moved higher along the yield curve ahead of the long holiday. During the day, Indonesia Central Bank issued May 2018 Foreign Reserve which decline to \$122.9b from \$124.9b as of Apr 2018. The decline in the reserve assets was mainly due to the use of foreign exchange to repay government external debt and to stabilize rupiah in the midst of remained high uncertainty in global financial market. IndoGB market will be close from 11 - 20 May and will be open back on May 21st. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.885%, 7.205%, 7.615% and 7.656% while 2y yield moved lower to 6.815%. During the day, FR0069 (10mo) yield decline the most by 27bps while FR0036 (1y) yield increased the most by 8bps. Trading volume at secondary market was noted heavy at government segments amounting Rp12,584b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp1,939b with 108x transaction frequency.
- Foreign ownership stood at Rp844.5t or 38.4% of total tradable government bond as of Jun 7th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp6.0t from begin month of Jun 18.
- Corporate bond traded moderate amounting Rp832b. PNMP02ACN2 (Shelf Registration II PNM Phase II Year 2018; A serial bond; Rating: idA) was the most actively traded corporate bond with total trading volume amounted Rp173b yielding 7.955%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1852	110.18	0.7662	1.3484	6.4201	0.7063	130.5433	84.4007
R1	1.1810	109.87	0.7632	1.3444	6.4097	0.7048	129.7367	83.8303
Current	1.1807	109.45	0.7611	1.3424	6.4009	0.7044	129.2200	83.3040
S1	1.1727	109.22	0.7566	1.3360	6.3879	0.7014	128.1167	82.6393
S2	1.1686	108.88	0.7530	1.3316	6.3765	0.6995	127.3033	82.0187
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3395	n/a	13977	53.0390	32.1743	1.5790	0.6271	2.9903
R1	1.3378	n/a	13954	52.9380	32.1107	1.5754	0.6248	2.9868
Current	1.3338	3.9850	13935	52.8970	32.0390	1.5747	0.6225	2.9880
S1	1.3337	n/a	13898	52.6380	31.9677	1.5681	0.6194	2.9803
S2	1.3313	n/a	13865	52.4390	31.8883	1.5644	0.6163	2.9773

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

Equity Indices and Key Commodities

	Value	% Change
Dow	25,316.53	0.30
Nasdaq	7,645.51	0.14
Nikkei 225	22,694.50	-0.56
FTSE	7,681.07	-0.30
Australia ASX 200	6,057.29	0.53
Singapore Straits Times	3,436.37	-1.06
Kuala Lumpur Composite	1,778.32	-0.42
Jakarta Composite	6,106.70	0.61
Philippines Composite	7,740.74	-0.80
Taiwan TAIEX	11,156.42	-0.85
Korea KOSPI	2,451.58	0.77
Shanghai Comp Index	3,067.15	-1.36
Hong Kong Hang Seng	30,958.21	-1.76
India Sensex	35,443.67	-0.05
Nymex Crude Oil WTI	65.56	-0.59
Comex Gold	1,303.50	0.17
Reuters CRB Index	200.04	0.28
MBB KL	9.80	-0.71

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5181	Oct-18	Modest and Gradual Appreciation
BNM O/N Policy Rate	3.25	11/7/2018	Neutral
BI 7-Day Reverse Repo Rate	4.75	28/6/2018	Tightening
BOT 1-Day Repo	1.50	20/6/2018	Tightening Bias
BSP O/N Reverse Repo	3.25	21/6/2018	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	6.25	1/8/2018	Tightening
BOK Base Rate	1.50	12/7/2018	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	21/6/2018	Neutral
RBA Cash Rate Target	1.50	3/7/2018	Neutral
RBNZ Official Cash Rate	1.75	28/6/2018	Neutral
BOJ Rate	-0.10	15/6/2018	Easing
BoC O/N Rate	1.25	11/7/2018	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	525	3.25	3.317	3.246
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	2	3.495	3.495	3.495
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	38	3.528	3.528	3.479
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	69	3.635	3.653	3.635
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	42	3.776	3.796	3.776
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	12	3.779	3.779	3.779
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	1	3.728	3.728	3.728
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	31	3.866	3.866	3.84
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	3	3.915	3.938	3.915
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	10	3.847	3.847	3.847
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	6	4.015	4.015	3.997
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	5	4.162	4.162	4.14
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	10	4.253	4.253	4.237
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	40	4.334	4.334	4.334
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	2	4.315	4.315	4.309
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	200	4.227	4.227	4.202
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	20	4.692	4.692	4.692
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	10	4.747	4.763	4.747
MGS 4/2018 08.06.2038	4.893%	8-Jun-38	290	4.888	4.905	4.877
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	26	4.881	4.881	4.881
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	4	3.375	3.375	3.375
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	1	3.932	3.932	3.932
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	12	3.947	3.953	3.947
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	60	4.02	4.022	4.018
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	20	4.184	4.184	4.179
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	7	4.378	4.405	4.378
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	181	4.35	4.35	4.332
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	1	4.839	4.839	4.839

Total**1,627**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
CAGAMAS MTN 5.270% 29.3.2019	AAA	5.270%	29-Mar-19	10	4.048	4.048	4.048
PUBLIC MTN 1826D 15.4.2019	AAA	4.200%	15-Apr-19	10	4.057	4.057	4.057
PUTRAJAYA IMTN 11.04.2022	AAA IS	4.200%	11-Apr-22	5	4.43	4.43	4.43
DIGI IMTN 4.380% 14.04.2022 - Tranche No 1	AAA	4.380%	14-Apr-22	5	4.482	4.482	4.482
GENTING CAP MTN 4.42% 08.6.2022 - Issue No. 1	AAA (S)	4.420%	8-Jun-22	10	4.793	4.807	4.793
CAGAMAS IMTN 4.700% 21.12.2022	AAA	4.700%	21-Dec-22	5	4.448	4.448	4.448
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	10	4.999	4.999	4.999
CTX IMTN 5.270% 28.10.2026 - Series 8	AA+ IS	5.270%	28-Oct-26	50	5.061	5.061	5.061
TANJUNG BP IMTN 4.540% 16.08.2019	AA2	4.540%	16-Aug-19	30	4.412	4.438	4.412
UMWH IMTN 4.820% 04.10.2019	AA2	4.820%	4-Oct-19	5	4.426	4.426	4.426
CIMB 5.150% 23.12.2025 - Tranche 1	AA	5.150%	23-Dec-25	10	4.738	4.738	4.717
CIMB 4.900% 30.11.2027 - Tranche 2	AA	4.900%	30-Nov-27	20	4.93	4.983	4.93
JEV IMTN 0% 12.05.2020	AA3	9.000%	12-May-20	1	4.426	4.426	4.426
UEMS IMTN 5.320% 11.12.2024	AA- IS	5.320%	11-Dec-24	10	5.028	5.034	5.028
SPG IMTN 5.060% 31.10.2028	AA- IS	5.060%	31-Oct-28	10	4.987	4.991	4.987
SPG IMTN 5.090% 30.04.2029	AA- IS	5.090%	30-Apr-29	5	5.021	5.021	5.021
SPG IMTN 5.410% 29.04.2033	AA- IS	5.410%	29-Apr-33	5	5.241	5.241	5.241
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	5	5.72	5.898	5.72
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	10	5.137	5.152	5.137
HLFG Perpetual Capital Securities (Tranche 1)	A1	5.230%	30-Nov-17	10	5.158	5.174	5.158
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	3	6.049	6.051	6.049
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	3	5.605	5.605	5.605
Total				232			

Sources: BPAM

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