

Global Markets Daily

Inflation Could Break Hearts

Of Inflation, Debt Issuance and the USD

Focus today on US CPI (930pm SG/KL time). Consensus is expecting +1.9% y/y, +0.3% m/m for headline CPI and +1.7, +0.2% m/m for core CPI. Sequential pick-up in inflation will add to worries of faster than expected pace of inflation increase (recall US wages last rose more than expected in the last payrolls report) and could reinforce the bond sell-off. We remain cautious of UST net bill supply in coming months. It was reported that US Treasury department could issue as much as US\$300bn in short-term debt over the next 4 weeks. And we think the supply could potentially increase further amid Trump's tax reforms/infrastructure spending plans. While UST yields could rise on the back of increase in debt issuance, the USD may not track the rise in yields. As we have seen from past episodes of US tax reforms, USD typically tends to fall in periods of expansionary fiscal policies (during Reagan Administration and Bush Administration) when tax cuts were implemented, spending was increased, budget deficit to GDP and debt as % of GDP rose. But this may not be as clear cut for the USD if US monetary policy tightens more than gradual amid rising inflationary pressures.

Reiterate Our Expectation for MAS to Normalise Policy in Apr

SG GDP rose by a stronger 3.6% y/y in 4Q17 vs. preliminary print of 3.1% and market estimates of 2.9%, lifted by manufacturing (on an electronics boom) and services. For the full-year, growth came in at 3.6% in 2017. Though some moderation is expected, growth is expected to be healthy in 2018. MTI expects growth come in "slightly above the middle of the forecast range of 1.5 to 3.5%" in 2018. MAS said that monetary policy stance has not changed and that it has not revised its core or CPI forecasts forecast. Still we continue to expect the MAS to normalise policy at its Apr meeting with a shift to a gradual appreciation bias.

Markets in Holding Pattern ahead of US CPI Tonight

Some of the key data/events we watch today include US CPI, retail sales and EU, Malaysia GDP.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2352	↑ 0.49	USD/SGD	1.3228	↓ -0.02
GBP/USD	1.3894	↑ 0.40	EUR/SGD	1.6339	↑ 0.46
AUD/USD	0.7859	↓ -0.04	JPY/SGD	1.2269	↑ 0.75
NZD/USD	0.7274	↑ 0.14	GBP/SGD	1.8378	↑ 0.38
USD/JPY	107.82	↓ -0.77	AUD/SGD	1.0396	↓ -0.07
EUR/JPY	133.18	↓ -0.28	NZD/SGD	0.9621	↑ 0.10
USD/CHF	0.9349	↓ -0.47	CHF/SGD	1.4148	↑ 0.43
USD/CAD	1.2592	↑ 0.12	CAD/SGD	1.0504	↓ -0.16
USD/MYR	3.9392	↑ 0.02	SGD/MYR	2.9783	↑ 0.29
USD/THB	31.477	↓ -0.53	SGD/IDR	10319.01	↑ 0.29
USD/IDR	13651	↑ 0.09	SGD/PHP	39.372	↑ 0.55
USD/PHP	52.078	↑ 0.29	SGD/CNY	4.7948	↑ 0.44

Implied USD/SGD Estimates @ 14 Feb-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3010	1.3274	1.3538

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G7: Events & Market Closure

Date	Ctry	Event
12 Feb	JP	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
13 Feb	IN	Market Closure
15 Feb	CN, KR, TW	Market Closure
	ID	BI Meeting
16 Feb	CN, HK, ID, KR, MY, PH, SG, TW	Market Closure

G7 Currencies

- **DXY - Eyes on Inflation.** Focus today on US CPI (930pm SG/KL time). Consensus is expecting +1.9% y/y, +0.3% m/m for headline CPI and +1.7, +0.2% m/m for core CPI. Sequential pick-up in inflation will add to worries of faster than expected pace of inflation increase (recall US wages last rose more than expected in the last payrolls report) and could reinforce the bond sell-off and spill-over to equity sell-off again. Elsewhere we remain cautious of UST net bill supply in coming months. It was reported that US Treasury department could issue as much as US\$300bn in short-term debt over the next 4 weeks. And we think the supply could potentially increase further amid Trump's tax reforms/infrastructure spending plans. While UST yields could rise on the back of increase in debt issuance, the USD may not track the rise in yields. As we have seen from past episodes of US tax reforms, USD typically tends to fall in periods of expansionary fiscal policies (during Reagan Administration and Bush Administration) when tax cuts were implemented, spending was increased, budget deficit to GDP and debt as % of GDP rose. But this may not be as clear cut for the USD if US monetary policy tightens more than gradual amid rising inflationary pressures. Such a scenario is expected to see uncertainty rising as this may be interpreted as growth at risk of being derailed (negative for risk sentiment) or be interpreted as economy able to withstand higher rates as growth momentum remains intact (positive for risk sentiment). Overnight, Fed new Chair Powell suggests Fed to go ahead with gradual rate hikes after share rout. He added that Fed is in the process of normalising both interest rate policy and balance sheet and will remain alert to any developing risks to financial stability. Fed's Mester said the (market) turmoil had not affected her economic outlook or her support for further interest rate increase. She added that rate increase this year and next year should be expected at a pace similar to last year (i.e. 3 hikes / year). That will take Fed fund rate to 3% by end-2019. Going by this estimates, this reinforced our caution that Fed's dots projection (possibly in Mar FOMC meeting) could be raised beyond 2019 and possible a lift-up in terminal rate back to 3%. DXY was last seen at 89.70 levels. Bullish momentum on daily chart continues to show signs of waning while stochastics is showing signs of turning lower from near overbought conditions. Support seen at 88.40 (double-bottom low). Resistance at 90.70 (38.2% fibo retracement of Dec high to Jan-Feb double bottom low), 91.40 (50% fibo). Week remaining brings Retail Sales, CPI, Avg weekly earnings (Jan) on Wed; PPI, IP, Capacity Utilisation (Jan); Empire Mfg, Philly Fed Business (Feb) on Thu; Housing Starts, Building Permits (Jan); Import, Export prices (Jan); Uni. Of Michigan Sentiment (Feb) on Fri.
- **EURUSD - Bearish Momentum Waning.** EUR rose amid broad USD weakness overnight. Pair was last seen at 1.2350 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of rising from oversold conditions. Resistance at 1.2540 (double top). Support at 1.2330 (23.6% fibo), 1.2210 (38.2% fibo retracement of Dec double-bottom low to Jan-Feb double top). Week remaining brings ECB's Mersch, Weidmann to speak; IP (Dec); GDP (4Q) on Wed; ECB's Mersch and Praet speak; Trade (Dec) on Thu; ECB's Coeure to speak on Fri. Political development in

Germany and Italy has taken a step back but caution remains warranted - German SPD members (about 440,000 members) are scheduled to vote on the coalition deal with results made known on 4 Mar. This is also the same day as Italy General Elections. We had cautioned that opinion polls released in the lead up to GE could swing sentiments. Polls are currently suggesting a hung parliament outcome. EUR could drift lower if the balance is tilted towards Berlusconi's centre-right coalition or Five Star Movement party.

- **GBPUSD - Retail Sales Next Focus.** GBP rose amid faster than expected pace of increase in core CPI (+2.7% vs. 2.6% expected vs. 2.5% in Dec). Data reinforced BoE's hawkish rhetoric and add to upside pressure on GBP. Markets are now pricing in 63% chance of BoE rate hike as early as in May. GBP was last seen at 1.3890 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of rising from oversold conditions. Resistance at 1.40 (21 DMA), 1.4270 (76.4% fibo). Support at 1.3810 (61.8% fibo retracement of EU referendum high to Oct-2016 low). Week remaining brings Retail Sales (Jan) on Fri. A recap of BoE's recent hawkish rhetoric - BoE Vlieghe said there was increased evidence that "tight labour markets are finally starting to have some upward effect on wages... abit more than 3 hikes over BoE's 3-year forecast period will be necessary to get rid of excess demand in the economy" while McCafferty said that "rates will need to go up earlier... but decisions are going to be based on how the economy evolves". These comments reinforced the more hawkish BoE Quarterly Inflation Report last week.
- **USDJPY - "Flight To Safety" Weighs.** USDJPY plunged below the 108-levels yesterday as global risk sentiments soured. Pair has slipped nearly 2% intraday to hit a new 2018 not seen since Sep 2017 at 107.41. Risk-off sentiments saw a sell-off in risk assets ahead of US CPI and retail sales data release today, including Japanese equity which fell more than 2% yesterday. Consequently, the USD sold off that weighed on the pair. Preliminary GDP print for 4Q17 saw growth moderating to 0.5% annualised (3Q: +2.2%) vs. estimates of 1.0%, dragged by slippages in net exports and public consumption. With growth likely to remain on a moderating trend in 2018 amid JPY strength further fiscal and monetary boost may be in the offering that could put downside pressure on the JPY. Last seen around 107.48 levels. Momentum indicators and stochastics on the weekly chart remains bearish bias but shorter-term technical continues to lack conviction. With several of our support levels taken out on the pair's move lower, new support is around 107.32 levels (2017 low on 8 Sep). A clean break of this level on a weekly close on further safe-haven plays could expose the next support at 106.50 levels. Rebounds should meet resistance around the 108, 108.80 levels.
- **NZDUSD - Rising Wedge Pattern in the Making?** NZD inched higher on the back of rising food prices and 2Y inflation expectations.. Pair was last seen at 0.73 levels. Bearish momentum on daily chart shows signs of waning while stochastics is showing signs of rising from near-oversold conditions. Resistance at 0.7370, 0.7440 levels. Support at 0.7260, 0.72 levels (38.2% fibo retracement of Dec double-bottom low to Jan double-top high). We do however caution that price pattern suggests a potential rising wedge in the making - a bearish reversal - but remains early to tell. Week remaining brings REINZ

House Sales (Jan) on Thu; BusinessNZ Mfg PMI (Jan) on Fri. In a speech this morning, RBNZ assistant governor McDermott warned that RBNZ “is willing to cut interest rate if growth lags”. He explained that RBNZ inflation forecast is 2% and they engineer backwards to see what growth would need to be to achieve 2% inflation. And if growth starts to lag, RBNZ will cut OCR, the variable in the equation that the RBNZ can change. This could be in response to Westpac and ASB earlier accusation that the RBNZ of being too optimistic in its forecast for economic growth.

- **AUDUSD - *Losing Steam***. AUD ended a choppy session around the level it started, last seen around 0.7865. AUD and CAD were the only currencies that ended on the backfoot against the USD yesterday as the USD weakened against most currencies. AUDUSD is looking a tad bid this morning. Bearish momentum on daily chart continues to weaken. Support at 0.7820/15. We stick to our tactical bias to buy AUD on dips towards 0.7770 for move towards **0.7890 objective**; SL below 0.7740. Thereafter, expect sideways trades as bulls seem to be losing steam. Week ahead brings Westpac Consumer Confidence (Feb) on Wed; Labour Report (Jan); Inflationary Expectations on Thur; RBA Gov testimony to parliamentary committee on Fri.
- **USDCAD - *Stuck***. USDCAD swivels around the 55-DMA, last seen around 1.2584. This pair remains in a holding patten for now. Even the fall in oil prices overnight failed to lift the USDCAD. Support is seen at 1.2510 (38.2% Fibonacci retracement of the Dec-Feb sell off) before the next at 1.2410 (23.6% fib). Week ahead has ADP payroll report for Jan, existing home sales on Thu, Dec Mfg sales on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.44% above the implied mid-point of 1.3274. The top is estimated at 1.3010 and the floor at 1.3538.**
- **USDSGD - *Softer But Risks Still To The Upside.*** USDSGD continues to trade lower for the fourth consecutive session amid a pullback in UST yields and USD weakness. Also weighing on the pair was the better-than-expected final 4Q17 GDP. GDP rose by a stronger 3.6% y/y in 4Q17 vs. preliminary print of 3.1% and market estimates of 2.9%, lifted by manufacturing (on an electronics boom) and services. For the full-year, growth came in at 3.6% in 2017. Though some moderation is expected, growth is expected to be healthy in 2018. MTI expects growth come in “slightly above the middle of the forecast range of 1.5 to 3.5%” in 2018. MAS said that monetary policy stance has not changed and that it has not revised its core or CPI forecasts. Still we continue to expect the MAS to normalise policy at its Apr meeting with a shift to a gradual appreciation bias. Meanwhile, trade continued to outperform expectations with NODX rising by 8.8% in 2017 after declining by 2.8% in 2016. IE Singapore has revised upwards its 2018 forecast for NODX by 1% to 3%. Still, cautious trades are likely to prevail given US CPI and retail sales prints tonight, where data outperformance is likely to trigger a sell-off in bonds and possibly even in equities, keeping USD supported on safe-haven plays and put downside pressure on the SGD. At the same time, markets are preparing for the long weekend in Asia (for Chinese New Year) with the Chinese onshore markets already off for a week-long closure. Last seen around 1.3217 levels. Daily momentum indicators show bullish bias but waning, while stochastics shows tentative signs of turning lower from overbought conditions. Bearish momentum on the weekly chart is dissipating, while stochastics shows signs of climbing higher from oversold conditions. Risks are thus tilting to the upside and the pair’s grind lower could be gradual. Support is around 1.3180 (21DMA) before 1.3010 (2018 low). Resistance is around 1.33-levels (50DMA), 1.3370 (23.6% fibo retracement of the 2014 low to 2017 high), 1.3440 (100DMA). Bias to lean against strength. NODX (Jan) is on tap tomorrow. **Note that onshore markets are closed on Fri for Chinese New Year celebrations and re-opens the following Mon.**
- **AUDSGD - *Sideways.*** AUDSGD was last seen at 1.0390 levels, settling into sideways moves. Bearish momentum is decelerating with stochastic turning higher from oversold conditions. Bulls lack conviction at this point. Support at 1.0330 (61.8% fibo retracement of Dec low to Jan high) before 1.0260 (76.4% fibo). Resistance at 1.0450 (100 DMA < 38.2% fibo), 1.0520 (21, 200 DMAs, 23.6% fibo).
- **SGDMYR - *Lean against Strength.*** SGDMYR inched higher; last seen at 2.9780 levels. Daily momentum and stochastics indicators are turning mild bullish bias. Rebound risks on the horizon but underlying momentum stays bearish. Bias to lean against strength. Resistance at 2.99 levels. Support at 2.97, 2.95 levels.
- **USDMYR - *Bias to Fade.*** USDMYR remains little changed. Last seen at 3.9350 levels. Daily momentum is mild bullish bias while stochastics is rising into near-overbought conditions. Resistance at 3.9510 levels (38.2% fibo retracement of Jan high to low). Bias to

lean against strength. Support seen at 3.92 (23.6% fibo), 3.8660 (previous low), 3.88 levels. We continue to reiterate our bias for MYR strength to continue in early part (next few months) of 2018 amid expectations for announcement for Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, widening current account surplus against supporting external environment - synchronous global economic recovery benefitting Asian exports including Malaysia and possibly see this extending into investment recovery in 2018. Furthermore there are also signs of stabilising commodity prices amid OPEC production cut extension and steady demand for oil prices. And we expect these drivers - both external and domestic to provide the near term support for MYR.

- **1m USDKRW NDF - Fade.** 1m USDKRW was little changed ahead of key event risk - US inflation data tonight. Pair was last seen at 1083 levels. Bullish momentum on daily chart shows signs of waning while stochastics is near overbought conditions. Next support seen at 1078 levels. Resistance at 1092. Bias to sell on rallies amid geopolitical tensions easing and supported risk sentiment. Onshore markets will be close tomorrow and reopens ton Mon. Market liquidity is expected to thin and abrupt moves amid illiquid market conditions are not unexpected.
- **USDCNH - Bias Upside.** USDCNH remains on the upmove with prices last seen around 6.3370 as the pair continues to extend its choppy moves into the Chinese New Year break. This pair could continue to head higher and resistance is seen around 6.3510 before the next at 6.3646. Onshore markets will break from 15-22 Feb. USDCNH trades at a 66pips discount with the USDCNY at last sight. **PBoC fixed the USDCNY reference rate at 6.3428, 181 pips higher than the previous 6.3247. CNYMYR was fixed 20 pips lower at 0.6205 vs. previous at 0.6224.** At home, PBOC skips OMO again today but conducted CNY393bn of MLF at a rate of 3.25%. **Quiet week ahead in terms of data release as onshore markets prepare to break of the Chinese New Year holidays.** In news, there are more signs that China is relaxing its capital controls with SAFE announcing yesterday in a statement on its website that banks are now allowed to settle that forward foreign-currency sales in full amount or net basis. Previously, banks forward FX purchase was only allowed to be settled on net basis. According to SAFE, this was meant to support financial institutions in serving the real economy, preventing forex risks and deepening forex market opening and support trade and investment liberalization. USDCNH actually rose at the news. **More steps to relax capital controls could mean bouts of weakness in the CNY against the USD as mainland market players, investors, merchants rush to meet their pent-up demand. That could mean more volatility in the CNY and CNH against the USD but in the medium term, we see little risk of rising depreciation expectations of the yuan against the USD.**
- **1M USDINR NDF - Choppy.** 1M NDF waffled around 64.50, hardly inspired by the USD moves recently. Supported at 64.45 (38.2% Fibonacci retracement of the Sep-Jan sell-off). Next support at 55-DMA, 64.20. Stochs show signs of turning lower from overbought conditions and bullish momentum is weakening. Unlikely rebounds

to meet 64.80 (50%). In news, RBI ordered lenders to resolve delinquent account within 180 days, failing which will see the case moved to the bankruptcy court (BBG).

- **1m USDIDR NDF - *Sell-Off In Indonesian Assets Weighs.*** 1m USDIDR NDF remains bid even as UST yields and USD pulled-back ahead of BI meeting tomorrow. *BI is expected to hold its benchmark policy rate steady tomorrow. Our house view is that that a rate adjustment is unlikely for now as policy bias is still tilted towards growth. Any move to adjust its policy rate should come in 2Q. This expectation of the lack of BI action is putting upside pressure on the 1m NDF.* It also did not help that in an environment of rising vols, elevated UST yields and waning risk appetite which no longer makes carry trade plays attractive is weighing on Indonesian assets. Foreign investors sold-off USD16.2mn of equities, yesterday, while they had sold USD476.6mn in debt on 12 Feb (latest data available). Further risk-off sentiments and rising vols should spur further reallocation away from Indonesian assets and keep the 1m NDF supported. Spot USDIDR gapped lower at the opening to 13638 this morning from yesterday's close of 13651 amid USD weakness but has since rebounded amid concerns of further sell-off in Indonesian assets. Last seen around 13679 levels. Momentum indicators on the daily chart remain bullish bias but waning, while stochastics remains at overbought conditions. Weekly chart now shows mild bullish bias and stochastics continues to climb higher. Risks are thus pointing to the upside. Resistance is around 13700-levels ahead of 13740 levels (2017 high). Support remains around 13600 levels (23.6% fibo retracement of the 2017 low to high). JISDOR was fixed at 13644 yesterday; 35 pips higher than the fixing on Mon. Remaining week has trade (Jan), BI meeting on Thu. **Note that onshore markets are closed on Fri for Chinese New Year celebrations and re-opens the following Mon.**

- **1m USDPHP NDF - *Limited Downside.*** 1m USDPHP NDF broke above the 2017 high of 52.29 briefly yesterday to 52.34 amid heightened risk-off sentiments before easing off. Waning risk appetite saw foreign investors again selling off equities with USD16.23mn sold off yesterday. Further selling in the equity market should put upside pressure on the 1m NDF. Easing UST yields and softer USD is providing some relief to the 1m NDF which was last seen hovering around 52.18 levels Spot USDPHP gapped lower at the opening to 52.011 this morning from yesterday's close of 52.078 though it did bounced higher to hit a new 2018 and multi-year high of 52.110 this morning. Overseas remittances data due on Thu will be closely watched. An underperformance here could reignite concerns about its current account deficit and lift the 1m NDF higher. Momentum indicators on the daily chart is mildly bullish, while stochastics remains at overbought conditions. Weekly chart remains bullish bias. Support is at the 52-handle before 51.85 levels before 51.70 (76.4% fibo retracement of the 2017 high to 2018 low). Further upside though cannot be ruled out for now though upside could be capped around the 52.34 levels. Quiet week ahead with just overseas remittances (Dec) on tap tomorrow. **Note that onshore markets are closed on Fri for Chinese New Year celebrations and re-opens the following Mon.**

- **USDTHB - Awaiting BoT Decision.** USDTHB has now been on the downside for the past four sessions amid pullbacks in UST yields and USD. Risk appetite for Thai debt continues to improve, though that for equities remains in the doldrums. Foreign investors purchased USD249.9mn in debt yesterday (second straight session of purchase) which more than mitigated USD78.1mn sell-off in equities. Improving sentiments today could see foreign portfolio inflows intraday and put further downside pressure on the pair. *US CPI and retail sales prints aside, key event risk ahead is today's BoT policy meeting. We do not expect the central bank to adjust its policy rate for now to support the nascent economic recovery. Any moves to normalise policy should come in 2H 2018. Still, a dovish signal from the BoT today could put upside pressure on the pair.* Last seen around 31.396 levels. Momentum indicators on the daily chart remain bullish bias but waning, while stochastics are bullish bias. Weekly momentum indicators though remain bearish bias and stochastics at oversold conditions. Support remains around 31.400, 31.277 (2018 low). Resistance is around 31.600 (21DMA), 31.960 (9 Feb high). BoT meets today; foreign reserves (9 Feb) is due for release tomorrow.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.42	*3.43/40	Not traded
5YR MI3/22	3.59	*3.62/59	Not traded
7YR ML9/24	3.92	3.95	+3
10YR MO11/27	3.97	3.97	Unchanged
15YR MX4/33	4.44	4.45	+1
20YR MX4/37	4.58	4.60	+2
30YR MZ3/46	4.89	*4.90/85	Not traded
IRS			
6-months	3.70	3.70	-
9-months	3.72	3.72	-
1-year	3.77	3.77	-
3-year	3.82	3.82	-
5-year	3.91	3.90	-1
7-year	4.01	4.01	-
10-year	4.13	4.13	-

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Source: Maybank KE

*Indicative levels

- Local government bond market saw lackluster trading with yields 1-3bps higher around the belly and long end amid thin liquidity. In MGS, trade volume was the highest for 15y MGS 4/33. For GILs, afternoon saw some selling in 5y GIL 4/22s and 10y GIL 7/27s.
- Another quiet day for onshore IRS market with few quotes. There was some interest to receive on the 5y IRS, which traded at 3.90%. 3M KLIBOR remained the same at 3.69%.
- In local corporate bonds, there was buying interest at the belly of the GG curve, with Danainfra 7/24 last seen quoted around 4.39%/4.35%. New Danainfra 7y bond was recently priced at 4.37%. Offers for GGs were fairly decent compared to AAA credits.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.58	1.57	-1
5YR	1.92	1.91	-1
10YR	2.26	2.24	-2
15YR	2.59	2.57	-2
20YR	2.66	2.64	-2
30YR	2.77	2.75	-2

Source: Maybank KE

- SGS market was relatively quiet with sporadic short covering interest. Long end still saw some pressure which muted the rise in prices despite a rally in UST futures and a downward shift in SGD IRS. The market lull ahead of the Chinese New Year holiday has begun, and with wide bond swap spreads and elevated funding costs, SGS unlikely to outperform. Yields ended 1-2bps lower and SGD IRS 1-4bps lower.
- In Asia credit, the movement in UST drove some buying in Indonesian sovereign space. Sentiment improved from Monday with good two-way flows seen on tech and financial names. Benchmark IGs were overall still net sellers with spreads widening about 2-3bps.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.34	5.36	2.08
5YR	5.73	5.73	(0.21)
10YR	6.33	6.36	3.05
15YR	6.79	6.81	1.83
20YR	7.08	7.11	2.78
30YR	7.10	7.12	1.41

* Source: Maybank Indonesia

- Indonesia bond market closed lower during Tuesday trading session amid heavy incoming bids during the scheduled bond auction yesterday. IGB yield moved higher after the awarded WAY during the auction came in higher compared to previous day close. IGB yield continue heading north ahead of upcoming U.S. CPI reading which is expected to be the highlight of this week. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.732%, 6.358%, 6.811% and 7.109% while 2y yield moved higher to 5.363%. During the day, FR0066 (3mo) yield decline the most by 3bps while FR0064 (10y benchmark series) yield increase the most by 3bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 30bps). Trading volume at secondary market was noted heavy at government segments amounting Rp17,357b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp4,127b with 143x transaction frequency.
- Indonesian government conducted their bi-weekly conventional auctions yesterday and received heavy incoming bids worth of Rp45.85t versus its target issuance of Rp17.00t or oversubscribed by 2.70x. However, DMO only awarded Rp21.00t bids for its 3mo, 1y, 10y, 15y, and 20y bond offered series. Incoming bids were more clustered on the money market offered series (<1y). 3mo SPN was sold at a weighted average yield (WAY) of 4.08340%, 1y SPN was sold at 4.96630%, 10y FR0064 was sold at 6.36971%, 15y FR0065 was sold at 6.81868% while 20y FR0075 was sold at 7.12524%. No bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.32X - 3.40X. Foreign incoming bids during the auction were noted Rp9.32t or 20.3% of total incoming bids. However, only Rp6.53t bid (31.1% of total awarded bids) were awarded to foreign investors.
- Foreign ownership stood at Rp862.0t or 40.9% of total tradable government bond as of Feb 9th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp5.1t from begin month Feb 18.
- Corporate bond traded heavy amounting Rp937b. BCAF02BCN2 (Shelf registration II BCA Finance Phase II Year 2016; B serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp120b yielding 6.432%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2422	109.37	0.7904	1.3975	6.3632	0.7347	134.4333	86.1903
R1	1.2387	108.60	0.7881	1.3934	6.3485	0.7310	133.8067	85.4687
Current	1.2361	107.85	0.7867	1.3892	6.3305	0.7284	133.3100	84.8380
S1	1.2301	107.23	0.7832	1.3843	6.3191	0.7242	132.5367	84.1567
S2	1.2250	106.63	0.7806	1.3793	6.3044	0.7211	131.8933	83.5663

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3274	n/a	13680	52.2540	31.7390	1.6418	0.6249	2.9872
R1	1.3251	n/a	13666	52.1660	31.6080	1.6379	0.6232	2.9827
Current	1.3210	3.9300	13652	52.0850	31.4310	1.6333	0.6218	2.9753
S1	1.3206	n/a	13629	51.9150	31.4030	1.6279	0.6191	2.9712
S2	1.3184	n/a	13606	51.7520	31.3290	1.6218	0.6167	2.9642

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,640.45	0.16
Nasdaq	7,013.51	0.45
Nikkei 225	21,244.68	-0.65
FTSE	7,168.01	-0.13
Australia ASX 200	5,855.90	0.60
Singapore Straits Times	3,415.07	0.89
Kuala Lumpur Composite	1,833.02	0.16
Jakarta Composite	6,578.18	0.84
Philippines Composite	8,570.14	0.97
Taiwan TAIEX	10,371.75	#DIV/0!
Korea KOSPI	2,395.19	0.41
Shanghai Comp Index	3,184.96	0.98
Hong Kong Hang Seng	29,839.53	1.29
India Sensex	34,300.47	0.87
Nymex Crude Oil WTI	59.19	-0.17
Comex Gold	1,330.40	0.30
Reuters CRB Index	189.84	0.40
MBB KL	10.10	0.40

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.1301	Apr-18	Neutral
BNM O/N Policy Rate	3.25	7/3/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	15/2/2018	Neutral
BOT 1-Day Repo	1.50	14/2/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	22/3/2018	Tightening Bias
CBC Discount Rate	1.38	22/3/2018	Neutral
HKMA Base Rate	1.75	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	5/4/2018	Neutral
BOK Base Rate	1.50	27/2/2018	Easing Bias
Fed Funds Target Rate	1.50	22/3/2018	Tightening
ECB Deposit Facility Rate	-0.40	8/3/2018	Easing Bias
BOE Official Bank Rate	0.50	22/3/2018	Neutral
RBA Cash Rate Target	1.50	6/3/2018	Neutral
RBNZ Official Cash Rate	1.75	22/3/2018	Neutral
BOJ Rate	-0.10	9/3/2018	Easing
BoC O/N Rate	1.25	7/3/2018	Tightening

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	172	3.26	3.26	3.164
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	147	3.194	3.196	3.081
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	60	3.139	3.139	3.046
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	100	3.183	3.252	3.183
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	24	3.318	3.318	3.291
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	22	3.357	3.357	3.345
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	14	3.392	3.392	3.392
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	72	3.456	3.461	3.439
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	17	3.508	3.518	3.504
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	41	3.604	3.617	3.604
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	14	3.477	3.562	3.477
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	66	3.779	3.837	3.779
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	25	3.785	3.794	3.785
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	12	3.847	3.847	3.824
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	23	3.896	3.896	3.896
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	39	3.955	3.955	3.946
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	30	3.978	3.978	3.978
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	30	4.056	4.056	4.056
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	71	3.973	3.973	3.973
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	30	4.056	4.056	4.056
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	126	4.447	4.456	4.432
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	51	4.596	4.596	4.576
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	1	4.846	4.846	4.846
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	80	3.298	3.298	3.298
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	36	3.646	3.646	3.646
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	30	3.784	3.784	3.784
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	52	3.892	3.892	3.887
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	90	3.952	3.952	3.952
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	236	4.162	4.169	4.16
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	30	4.214	4.214	4.206
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	205	4.645	4.646	4.632
Total			1,947			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.930% 28.12.2032 - Series 3	GG	4.930%	28-Dec-32	5	4.899	4.899	4.899
GB SERVICES MTN 3651D 08.11.2019 - MTN 1	AAA (S)	5.300%	8-Nov-19	4	4.465	4.471	4.465
MACB IMTN 4.550% 28.08.2020 - Tranche No 1	AAA (S)	4.550%	28-Aug-20	60	4.276	4.293	4.276
CAGAMAS MTN 4.360% 03.9.2020	AAA	4.360%	3-Sep-20	310	4.121	4.121	4.121
CTX IMTN 3.750% 29.08.2019 - Series 3	AA+ IS	3.750%	29-Aug-19	25	4.444	4.461	4.439
YTL POWER MTN 3651D 24.3.2023	AA1	4.490%	24-Mar-23	20	4.647	4.712	4.605
PUBLIC SUB-NOTES 4.73% 15.11.2023	AA1	4.730%	15-Nov-23	45	4.364	4.405	4.364
SEB IMTN 4.750% 18.08.2025	AA1	4.750%	18-Aug-25	90	4.665	4.67	4.665
SAMALAJU IMTN 5.65% 28.12.2029 - Issue No. 7	AA1 (S)	5.650%	28-Dec-29	10	5.119	5.121	5.119
SEB IMTN 5.320% 03.12.2032	AA1	5.320%	3-Dec-32	40	5.248	5.25	5.248
MCIL MTN 1826D 25.2.2019	AA2	4.800%	25-Feb-19	10	4.607	4.617	4.607
MAYBANK 6.300% 25.09.2068	AA2	6.300%	25-Sep-68	20	4.296	4.312	4.296
WCT MTN 1826D 09.4.2018	AA-	4.200%	9-Apr-18	30	4.139	4.206	4.139
MALAKOFF POW IMTN 4.900% 17.12.2018	AA- IS	4.900%	17-Dec-18	10	4.21	4.229	4.21
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	65	4.471	4.495	4.457
WCT IMTN 5.320% 11.05.2022	AA- IS	5.320%	11-May-22	4	5.127	5.129	5.127
UEMS IMTN 5.320% 11.12.2024	AA- IS	5.320%	11-Dec-24	5	5.049	5.051	5.049
BGSM MGMT IMTN 4.920% 29.08.2025 - Issue No 13	AA3	4.920%	29-Aug-25	50	4.763	4.767	4.763
TBEI IMTN 5.550% 15.09.2025	AA3	5.550%	15-Sep-25	10	4.719	4.722	4.719
TBEI IMTN 6.200% 16.03.2032	AA3	6.200%	16-Mar-32	10	5.132	5.135	5.132
GOLDEN ASSET IMTN 4.750% 03.08.2018	A1 (S)	4.750%	3-Aug-18	8	4.939	4.961	4.939
LCSB IMTN 5.000% 11.12.2020	A1	5.000%	11-Dec-20	4	5.46	5.464	5.46
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	1	4.852	4.852	4.852
MUMTALAKAT IMTN 5.350% 30.04.2018	A3	5.350%	30-Apr-18	8	5.413	5.462	5.413
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	3	6.777	6.777	6.771
Total				847			

Sources: BPAM

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