

# Global Markets Daily

## Flee, USD Flee

Macro | FX Research & Strategy

Global

### Risk appetite sours

Equities reeled when Trump kicked Secretary of State Rex Tillerson out of the White House last night. Market players dumped the greenback when news broke that Trump replaced Tillerson with CIA director Mike Pompeo. Flight to safety (not to the USD) was evident as US treasuries firmed and crude came off overnight. The USD only regained its foothold against specific currencies thereafter, including the CNH, CAD and AUD - perhaps the currencies more affected by the US trade policies and risk appetite. CAD was particularly affected by BoC Poloz's dovish comments. USDCNH yo-yo-ed at the news with a fall at first, in tandem with the rest and then recovery on the back of news that US may charge on more than US\$30bn of Chinese imports as punishment for the country's alleged intellectual property theft (Politico).

### Inflation slows

Feb CPI slowed to 0.2% m/m from the previous 0.5%, in line with the median forecasts. That could have contributed to the USD weakness but the dismissal of the Secretary of State came around the same time the data was released. Core inflation (ex Food and energy) steadied at 1.8%, just below the Fed inflation target of 2%. That could keep the Fed tightening trajectory at 3 rate hikes this year, already fully priced in and USD to remain in its broad downtrend.

### China Activity Data Before US Retail Sales

China's industrial production, retail sales and non-rural FAI will be due today. Eyes are on how much activity momentum had slow in Feb given the Lunar New Year holidays. Also, we should watch when ECB Draghi and Constancio speak. RBA Kent also speaks today. Into NY session, we have US advance retail sales for Feb.

| FX: Overnight Closing Prices |            |         |          |            |         |
|------------------------------|------------|---------|----------|------------|---------|
| Majors                       | Prev Close | % Chg   | Asian FX | Prev Close | % Chg   |
| EUR/USD                      | 1.239      | ↑ 0.45  | USD/SGD  | 1.3121     | ↓ -0.06 |
| GBP/USD                      | 1.3962     | ↑ 0.40  | EUR/SGD  | 1.6256     | ↑ 0.39  |
| AUD/USD                      | 0.786      | ↓ -0.17 | JPY/SGD  | 1.2311     | ↓ -0.21 |
| NZD/USD                      | 0.7325     | ↑ 0.40  | GBP/SGD  | 1.832      | ↑ 0.35  |
| USD/JPY                      | 106.58     | ↑ 0.15  | AUD/SGD  | 1.0313     | ↓ -0.22 |
| EUR/JPY                      | 132.05     | ↑ 0.60  | NZD/SGD  | 0.9611     | ↑ 0.33  |
| USD/CHF                      | 0.9441     | ↓ -0.37 | CHF/SGD  | 1.3899     | ↑ 0.32  |
| USD/CAD                      | 1.2966     | ↑ 0.97  | CAD/SGD  | 1.012      | ↓ -1.01 |
| USD/MYR                      | 3.8975     | ↓ -0.18 | SGD/MYR  | 2.9694     | ↓ -0.03 |
| USD/THB                      | 31.23      | ↓ -0.23 | SGD/IDR  | 10468.21   | ↓ -0.03 |
| USD/IDR                      | 13752      | ↓ -0.09 | SGD/PHP  | 39.6209    | ↑ 0.15  |
| USD/PHP                      | 52.04      | ↑ 0.08  | SGD/CNY  | 4.8237     | ↑ 0.13  |

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

| Upper Band Limit | Mid-Point | Lower Band Limit |
|------------------|-----------|------------------|
| 1.2958           | 1.3221    | 1.3483           |

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### G7: Events & Market Closure

| Date   | Ctry | Event          |
|--------|------|----------------|
| 12 Mar | AU   | Market Closure |

### AXJ: Events & Market Closure

| Date                                    | Ctry | Event |
|---|------|-------|
| No Significant Data/Event in The Region |      |       |

## G7 Currencies

■ **DXY - Retail Sales in Focus Today.** Decline in the USD overnight was largely in response to news on abrupt dismissal of Rex Tillerson as Secretary of State and subsequent appointment of CIA Director Mike Pompeo to Secretary of State (seen as supportive of Trump's policies). This imply that risks of full-blown trade war/US protectionism could pick up. While some linked Tillerson's dismissal to Tillerson's statement of support for the UK over Russia attack, we think it is probably more related to Iran as well. Trump briefly mentioned policy disagreements over Iran - he had demanded for significant changes to the 2015 accord (known as the Joint Comprehensive Plan which imposed curbs on Iranian nuclear programme in return for sanctions relief' this was agreed between US, UK, France, Russia, China and Germany on one side and Iran on the other) and threatened to exit from the agreement and restore sanctions. Tillerson on the other hand argued that US should remain in step with European allies and support the agreement. Putting things in perspective, Trump appears to take aim at EU in this round. Recent implementation of import tariffs on steel and aluminium seems to impact the EU - the second largest foreign supplier to the US behind Canada and there are talks that Brussels may consider retaliatory measures. Last weekend Trump tweeted "many of the countries that treat us the worst in trade and military are our allies, as others like to call them". He went on to threaten that if EU does not open up barriers and get rid of tariffs, US is going to tax Mercedes Benz and BMW. Moving away from politics, US CPI for Feb was in line with expectations (headline at +2.2% and core at 1.8%). There was little sign of price pressures picking up aggressively and that should suggest that Fed's gradual pace of normalisation should stay the course. If growth momentum stays intact, inflation shows little signs of picking up pace aggressively and Fed policy normalisation proceeds in gradual pace then we could see a continuation of goldilocks thematic play and a weaker USD. DXY was last seen at 89.70 levels. Mild bullish momentum on daily chart is waning while stochastics is falling. Support at 89.60 (23.6% fibo of Dec high to Jan-Feb double bottom), 88.25 (previous low). Resistance as previously highlighted around 90.50 still holds. Week remaining brings Retail sales, PPI (Feb) on Wed; Empire Mfg, Philly Fed (Mar) on Thu; Net TIC Flows (Jan), Housing Starts, building permits, IP, Cap Util. (Feb) on Fri.

■ **EURUSD - ECB Speaks Today.** Our tactical long EUR (initiated on Mon) targeting objectives at 1.2360, 1.2380, 1.24 levels were all met overnight. The trade is closed with a +0.7% profit. Move higher was due to external events - US inflation (in line with estimate) suggests receding concerns of faster than expected pace of Fed normalisation and dismissal of Tillerson (imply that risks of full-blown trade war/US protectionism could pick up). EUR was last seen at 1.2395 levels. Daily momentum and stochastics indicators are showing tentative signs of turning bullish. Next resistance at 1.2405 (61.8% fibo retracement of 2018 high to low), 1.2460 (76.4% fibo). Support at 1.2350 (50% fibo), 1.2290 (50 DMA). We see consolidative price action between range of 1.2350 - 1.2460 today. Week remaining brings ECB Draghi speaks, IP (Jan), ECB Constancio speaks on Wed; CPI (Feb) on Fri. On Italian politics, coalition talks are still ongoing with the usual deadlock - Northern League leader Salvini

said he will not support any candidate for Prime Minister other than himself while Five Star Movement party leader told the President that they should be allowed to form the government as they are the only single party that secured the highest support but the right-wing coalition (Northern League, Forza Italia, etc.) said the job to form a coalition government should be theirs as their combined total was higher. While not all is clear, it does appear that the PM would either be Salvini or Di Maio and the probability of Northern League forming a coalition government with 5 Star Movement should also be small given different agendas and a common ambition for their respective leaders (which is the Prime Minister role and there can only be one candidate). If Right-wing coalition is given the go-ahead to form a coalition government, it is likely PD (Democratic) maybe included. This could help to diffuse a government lead by populists. What these means is there are signs of clarity and receding political risks should support EUR. That said matters of politics remain fluid we only highlighted one possible scenario (which may be deemed as optimistic by some).

- **GBPUSD - Bias Remains for Upside Play.** GBP rose on a combination of factors including an optimistic tone (on growth outlook and real wage growth) from Chancellor Hammond in his Spring Statement and signs of conciliatory tone from UK (reports from the Sun saying Brexit Committee agreed to open borders until 2021 instead of 2019 and brexit financial settlement at GBP37.1bn) amid USD weakness on news of Tillerson's dismissal and subsequent appointment of Pompey as Secretary of State. GBP's rise was in line with our bias for upside play. Pair was last seen at 1.3990 levels. Daily momentum turned mild bullish with stochastics rising. Next resistance at 1.4040 (23.6% fibo retracement of Nov low to 2018 high) before 1.4150. Support at 1.39 (50 DMA), 1.3850 (38.2% fibo). Bias remains for upside play. Steps towards a compromised deal should remain supportive of GBP gains.
  
- **USDJPY - Rebound Risks.** USDJPY briefly touched a recent high of 107.29 overnight before political uncertainty in the US following the firing of Secretary of State Rex Tillerson weighed on the pair. Weakness in the pair has extended briefly into the Asian session. With US CPI print unlikely to lead to a more aggressive Fed, pair should continue to take its cues from the ongoing domestic political saga. The scandal is distraction for the government that could affect policy. Already, FinMin Aso may be prevented from attending the G20 meeting. Also, normal Diet operations, including passage of the FY2019 budget and confirmation of BOJ governor and deputy-governor nominees, could be delayed as a result of the Opposition tactics to put pressure on the Abe government over the scandal. This political uncertainty could further embolden JPY bulls and result in bouts of JPY strength ahead. Nevertheless, we believe that this scandal will prove short-lived with the pair rebounding back towards the 107-108 levels in the near term. Last seen around 106.50-levels. Momentum indicators and stochastics on the daily chart are bullish bias. Weekly momentum and stochastics though remains bearish bias. Support is around 106-levels before 105.25 levels (2018 low). We continue to watch a weekly close above 106.60 levels resistance level (21DMA) that has capped upside in the pair so far. A sustained close above this level could see further upside towards 107.25 levels

(38.2% fibo retracement of the Feb high to Mar low). Dips are opportunities to accumulate back towards the 107-108 levels. Remaining week has industrial production, capacity utilisation (Jan) on Fri. BOJ Governor Kuroda is scheduled to appear in Parliament later this morning.

- **NZDUSD - 4Q GDP on Tap Tomorrow.** NZD continued to inch higher amid broad USD weakness. Last seen at 0.7340 levels. Bearish momentum on daily chart is waning while stochastic is rising. Short term upside pressure expected towards 0.7340 (61.8% fibo retracement of Feb high to Mar low), 0.7380 (76.4% fibo). Interim support at 0.7280 (50 DMA), 0.7245 levels. We observed a potential rising wedge in the making - this is typically a bearish reversal but remains too soon to conclude. We look for opportunities to sell into. Week remaining brings GDP (4Q) on Thu; BusinessNZ Mfg PMI (Feb) on Fri.
- **AUDUSD - Still Bullish Bias.** AUDUSD touched the 50-DMA at 0.7900 before reversing to levels around 0.7865 as we write. Pair was brought lower after risk appetite soured on the firing of the US Secretary of State Rex Tillerson. Bullish momentum remains intact and rising. The move lower was after making another daily high. The 21-DMA at 0.7840 remains a support level. Resistance at 0.7900 (50-DMA). Our mildly bullish medium term view for AUD remains, as domestic and external demand continues to strengthen and we look for the AUDUSD pair to break above 0.80 within this half of the year. According to the RBA on 6 Mar, the economy is now projected to “grow faster in 2018 than it did in 2017” - a change from its previous statement of “GDP to pick up, a bit above 3 per cent over the next couple of years”. However, we see some signs that RBA is poised to hike this Aug after it added that “rate of wage growth appears to have troughed”. This is something that we have been observing for the past few months and back our call for RBA to raise cash rate in May (now in Aug). Week ahead brings RBA’s Bullock Speaks today; RBA Kent speaks (Wed) on Wed; Consumer inflation expectations (Mar) on Thu; RBA Debelle Speaks on Fri.
- **USDCAD - Focus was on Dovish Poloz overnight.** Pair rebounded on the back of dovish comments made by Poloz, fall of the crude as well as news that Far-Right Mike Pompeo has replaced the more moderate Rex Tillerson as Secretary of State. Last seen around 1.2950, this pair could remain supported amid underlying fears that the latest development could harden US’ stance on its trade and foreign policies. Even BoC Poloz said that NAFTA uncertainty has curbed Canada’s investment. He also said the economy has room to expand without fueling inflation which suggests that the next rate hike is unlikely to be soon. BoC “will remain cautious” on future rate moves. The 1.2970 remains a very firm resistance to break before 1.3040 and 1.3130 resistance levels. Support at 1.2870 before 1.2760 (21-DMA). With rate hike speculation unwound, the fate of the CAD remains tied to the developments on the NAFTA agreement. Week ahead has existing home sales and ADP payrolls on Thu, mfg sales on Fri.

## Asia ex Japan Currencies

- **SGD trades around 0.81% above the implied mid-point of 1.3221. We estimate the top at 1.2958 and the floor at 1.3483.**
- **USDSGD - *Stuck-In-Range*.** USDSGD remains pressured lower amid the sell-off in the USD against most of the AXJs this morning and lower UST yields, briefing breaking below the 1.31-levels overnight to touch 1.3096. The softer USDCNH this morning that could signal a lower USDCNY added weight to the pair. In the backdrop remains speculation that MAS will normalise policy with a shift to a ‘slight gradual appreciation’ at its Apr meeting from its current neutral policy amid healthy economic growth that is supportive of the SGD. Softer UST yields overnight weighed on the 3-month SOR, down 1 pip 1.37%.. Further softness in UST yields could keep the 3-month SOR weighed intraday. Last seen at 1.3115-levels, pair has lost most of its bullish momentum on the daily and weekly charts. Stochastics on the daily chart remains at oversold conditions, while stochastics on weekly chart continues to climb higher from oversold conditions. A symmetrical triangle has been formed and pair could trade sideways within the triangle for the time being. Support is around the 1.3060 levels (16 Feb low) before 1.3009 (2018 low). Immediate resistance at 1.3135 (61.8% fibo retracement of the 2018 low to high), 1.3175 (50% fibo, 21DMA). Remaining week has NODX (Feb) on Fri.
- **AUDSGD - *Bullish Momentum Intact*.** AUDSGD slipped towards 1.0310 as we write this morning, not entirely reversing its recent moves up. Broad USD weakness continues to underpin this cross. Support at 1.0200, 1.0146 (Dec low). Break of the 1.0330 opens the way towards 1.0380 (100-DMA) before the 50-DMA at 1.0420. **Hold our tactical buy (date 6 Mar 2018) at 1.0254 for a target of 1.0450. Stop-loss at 1.0200.**
- **SGDMYR - *Central Bank Divergence*.** SGDMYR was a touch softer overnight amid MYR outperformance; last seen at 2.9690 levels. Daily momentum and stochastics continue to indicate a mild bullish bias. Though medium term bias remains to sell on rally, we caution that the cross could head higher in the short term first. Resistance seen at 2.9750 (50 DMA), 2.9810 (23.6% fibo retracement of Nov high to Jan low) and 3.0060 (38.2% fibo). Sustained price action above 3.0060 could see the cross head higher towards 3.0260 (50% fibo). Area of support seen at 2.94 - 2.95 levels. The risk of MAS “Normalisation” vs BNM “On Hold” suggest potential monetary policy divergence (or catch-up) play and this could present risks for SGDMYR to head higher in the lead-up to MAS meeting, which is likely to be held in second or third week of April (actual date to be announced closer to April).
- **USDMYR - *Bias to Lean against Strength Remains*.** USDMYR fell overnight amid broad USD weakness. Pair was last seen at 3.8930 levels. Mild bullish momentum is waning while stochastics is falling. Support at 3.88, 3.8660 (previous low). Resistance at 3.92, 3.9510 levels (38.2% fibo retracement of Jan high to low). Our bias remains to lean against strength. Our medium term bias for MYR strength remains 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; (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 - *Bearish Bias but Stochastics in Near-Oversold Conditions.*** 1m USDKRW NDF was little changed; last seen at 1064 levels. Bearish momentum on daily chart remains intact while stochastics is falling into near-oversold conditions. Key area of support at 1055 - 1060 levels in the near term. Resistance at 1065, 1072 (21, 50 DMAs).
- **USDCNH - *Yoyo.*** USDCNH yo-yo-ed at the news with a fall at first, in tandem with the rest and then recovery on the back of news that US may charge on more than U\$30bn of Chinese imports as punishment for the country's alleged intellectual property theft (Politico, BBG). This pair is determined to remain within the 6.28-6.35 range. PBoC fixed the USDCNY reference rate at **6.3205**, **13 pips lower than the previous 6.3218**. CNYMYR was fixed at **0.6164**, **10 pips lower than 0.6174**. EURCNY was fixed **323 pips higher at 7.8325 vs. the previous at 7.8002**. PBoC is said to inject CNY50bn with reverse repo.
- **1M USDINR NDF - *Time to Short The Pair.*** 1M tests the 21-DMA as we write, last seen at 65.15. Resistance at 65.50. We have warned of a bearish divergence with the MACD forest so we look for the break of the support level at 65.10 for bears to take firmer control. Week ahead has WPI is due today before trade numbers on Thu. Eyes also on current account balance for 4Q due 15-28<sup>th</sup> of Mar. **We caution that the rupee could also benefit from an upgrade in the Fitch rating agency. Economic Affairs Secretary Subhash Chandra Garg said that the rating agency is "extremely positive" of the "economy, reforms and path forward".** Investors bought U\$217.4mn of equities on Mon and sold U\$223.2mn of bonds. We see opportunity to short the pair at the break of 65.10 towards 64.45. Stoploss at 65.50.
- **1m USDIDR NDF - *Softer Within Range.*** 1m USDIDR trades softer amid the sell-off in the USD against the AXJs. Softer risk appetite yesterday saw foreign investors sell USD51mn in equities. Meanwhile, they had sold USD148.2mn in debt on 12 Mar (latest data available). Expectations of improving risk appetite should weigh on the 1m NDF intraday, though should this fail to materialize could see further paring of foreign holdings that could lead to a reduction in short-USDIDR positions ahead, keeping the 1m NDF supported. The



move lower could be short-lived given that monetary policy may not be supportive of the IDR following BI governor Agus Martowardojo's comments that closing window for easing did not mean BI will raise rates amid easing inflation. In addition, S&P's suggestion that Indonesia's credit rating is not expected to change up or down in the next year or two points to little catalyst for IDR strength ahead. We caution that this could lead us to adjust our IDR outlook for the next six-to-12 months. Market remains wary of BI intervention in the FX market to smoothen volatility that could be supportive of the IDR. Last seen around 13767. MACD now shows bullish momentum on the daily chart, while stochastics is falling from overbought conditions. Weekly chart remains bullish bias. Look for the pair to continue to trade sideways within its current trading range in the absence of fresh catalyst. We need to see a break of the 13730 support level for confirmation of bearish extension towards the 13700-levels, 13645 levels (38.2% fibo retracement of the 2018 low to high). Resistance around 13815 levels ahead of 13875 (2018 high). JISDOR was fixed at 13757 yesterday, 11 pips lower than the fixing on Thu. Quiet week ahead with just trade (Feb) on tap tomorrow.

- **1m USDPHP NDF - *Still Stuck-In-Range*.** 1m USDPHP NDF trades bid this morning but still within its recent trading range of 52.00-52.50 range. 1m NDF continues to face upside pressure on the monetary divergence not only with the major economies but among its ASEAN peers following jawboning by BSP and government officials pouring cold water on any need to hike policy rates. It also did not help that risk appetite remains soft with foreign investors selling USD9.2mn in equities yesterday. Taken together, this has spurred an increased in long USD positions against the PHP. Last seen around 52.22 levels. Momentum indicators on the daily chart remain bearish bias but waning. Weekly chart remains bullish bias. 50DMA cuts the 200DMA and 100DMA to the upside, a bullish signal. This suggests that the 1m NDF could remain supported above the 52-handle for now. Look for 1m NDF to still trade within its current ranges for now. Resistance is around around 52.30 levels, 52.50 levels, 52.70 levels (2018 high). Support nearby is around the 52-handle (23.6% fibo retracement of the Jan low to Feb high), 51.80 levels. Quiet week ahead with just overseas remittances (Jan) due tomorrow.
- **USDTHB - *Making New Lows*.** USDTHB briefly touched a new 2018 low at 31.185 - a level not seen since Nov 2013 - amid a return of foreign portfolio inflows. Foreign investors had purchased USD143.2mn in debt yesterday, though they were cold to equities, selling USD10.9mn. Improving risk sentiments and healthy economic fundamentals vis-à-vis its regional peers is fueling net foreign portfolio inflows to Thai assets. This show keep the THB supported ahead. Last seen around 31.200 levels, pair has lost most of its bullish bias on the daily chart, while stochastics is fast approaching oversold conditions. Weekly chart shows bearish bias dissipating while stochastics remains in oversold conditions. Look the recent low at 31.185 to be re-tested. A close below this level on a weekly basis could see the pair headed towards the 31-handle, 30.880 levels. Any rebound could meet resistance around the 31.300 levels (yesterday's high) ahead of 31.370 levels (23.6% fibo retracement of the Feb high to low). Quiet week ahead with just foreign reserves (9 Mar) on tap on Fri.

## Malaysia Fixed Income

### Rates Indicators

### Analysts

| MGS          | Previous Bus. Day | Yesterday's Close | Change (bps) |
|--------------|-------------------|-------------------|--------------|
| 3YR MH2/21   | 3.40              | 3.39              | -1           |
| 5YR MI3/22   | 3.58              | 3.57              | -1           |
| 7YR ML9/24   | -                 | 3.86              | -            |
| 10YR MO11/27 | 3.97              | 3.96              | -1           |
| 15YR MX4/33  | 4.42              | 4.41              | -1           |
| 20YR MX4/37  | 4.55              | *4.56/53          | Not traded   |
| 30YR MZ3/46  | 4.78              | *4.78/75          | Not traded   |
| IRS          |                   |                   |              |
| 6-months     | 3.71              | 3.71              | -            |
| 9-months     | 3.72              | 3.73              | +1           |
| 1-year       | 3.75              | 3.75              | -            |
| 3-year       | 3.81              | 3.81              | -            |
| 5-year       | 3.89              | 3.88              | -1           |
| 7-year       | 4.01              | 4.01              | -            |
| 10-year      | 4.14              | 4.14              | -            |

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Source: Maybank KE

\*Indicative levels

- MGS yields lowered 1bp on steady buying after a strong showing on new 7y MGS 3/25 auction in the morning. The new 7y MGS benchmark closed about 3bps lower from morning trade session at 3.86%. All eyes turn to the US CPI print.
- IRS curve dipped lower at the belly in line with the firmer MGS on the back of solid demand for the new 7y benchmark. But there was not much trading activity on the IRS side with only the 5y negotiated at 3.88%. Market to remain quiet until the upcoming US FOMC meeting. 3M KLIBOR flat at 3.69%.
- In corporate bonds, GGs widened another 1bp at the front and long ends with Danainfra, PASB and Jambatan Kedua seeing better sellers. AAA space was muted except for front end Cagamas bonds trading much wider, up to 13bps higher from previous levels. AA curve remain unchanged and saw front ends being dealt.



## Singapore Fixed Income

### Rates Indicators

| SGS  | Previous Bus. Day | Yesterday's Close | Change (bps) |
|------|-------------------|-------------------|--------------|
| 2YR  | 1.80              | 1.79              | -1           |
| 5YR  | 2.13              | 2.09              | -4           |
| 10YR | 2.48              | 2.44              | -4           |
| 15YR | 2.78              | 2.75              | -3           |
| 20YR | 2.82              | 2.79              | -3           |
| 30YR | 2.97              | 2.94              | -3           |

Source: Maybank KE

- SGS opened with mixed interest. Initially there was selling despite overnight strength in UST, but market soon reversed sentiment as short dated forwards were well offered. Yields traded lower with the curve flattening as some scrambled to cover shorts. Short term funding rates continued to ease in the afternoon, lending support to SGS while UST futures met resistance at current levels. SGS yield curve lowered 1-4bps, while SGD IRS curve lowered 1-2bps. Expect sideways trading in the immediate future until stronger cues arise.
- Asian credit space opened on a slightly weaker tone. CBA's new USD bonds traded wider, and some selling was also seen on HAOHUA credits which traded 2-3bps wider. EM sovereigns declined about 0.13-0.25pts in cash. China tech credits traded slightly more active compared to others.

## Indonesia Fixed Income

### Rates Indicators

| IDR Gov't Bonds | Previous Bus. Day | Yesterday's Close | Change (bp) |
|-----------------|-------------------|-------------------|-------------|
| 2YR             | 5.73              | 5.66              | (6.50)      |
| 5YR             | 6.17              | 6.14              | (2.28)      |
| 10YR            | 6.75              | 6.68              | (6.35)      |
| 15YR            | 7.10              | 7.06              | (4.54)      |
| 20YR            | 7.39              | 7.35              | (4.66)      |
| 30YR            | 7.39              | 7.40              | 0.90        |

\* Source: Maybank Indonesia

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- Indonesia bond market closed higher during Tuesday trading session as awarded WAY during the auction was noted lower compared to previous day close amid heavy demand. Surging foreign participation during the scheduled auction yesterday have affected positively towards IndoGB market movement. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.144%, 6.683%, 7.057% and 7.348% while 2y yield moved lower to 5.661%. During the day, FR0073 (13y) yield decline the most by 15bps while FR0066 (2m) yield increased the most by 4bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 29bps). Trading volume at secondary market was noted heavy at government segments amounting Rp18,378b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp5,247b with 94x transaction frequency.
- Indonesian government conducted their bi-weekly conventional auctions yesterday and received heavy incoming bids worth of Rp46.47t versus its target issuance of Rp17.00t or oversubscribed by 2.73x. However, DMO only awarded Rp23.45t bids for its 3mo, 1y, 5y, 10y, 20y and 30y bond offered series. Incoming bids were more clustered on FR0064 series (10y benchmark series). 3mo SPN was sold at a weighted average yield (WAY) of 4.20352%, 1y SPN was sold at 5.03161%, 5y FR0063 was sold at 6.15958%, 10y FR0064 was sold at 6.74998%, 20y FR0075 was sold at 7.33990% while 30y FR0076 was sold at 7.384514%. No bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.32X - 4.47X. Foreigner demands during the auction were noted Rp10.82t/23.3% of total incoming bids. However, only Rp5.70t bid/24.3% of total awarded bids were awarded to foreign investors.
- Foreign ownership stood at Rp828.9t or 39.0% of total tradable government bond as of Mar 12<sup>th</sup>. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp13.7t from begin month of Mar 18.
- Corporate bond traded heavy amounting Rp1,455b. BFIN03CCN4 (Shelf Registration III BFI Finance Phase IV Year 2018; C serial bond; Rating: AA<sub>(idn)</sub>) was the top actively traded corporate bond with total trading volume amounted Rp270b yielding 7.599%.

## Foreign Exchange: Daily Levels

|                | EUR/USD | USD/JPY | AUD/USD | GBP/USD | USD/CNH | NZD/USD | EUR/JPY  | AUD/JPY |
|----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| R2             | 1.2463  | 107.74  | 0.7920  | 1.4063  | 6.3440  | 0.7387  | 133.1833 | 84.9327 |
| R1             | 1.2426  | 107.16  | 0.7890  | 1.4012  | 6.3354  | 0.7356  | 132.6167 | 84.3503 |
| <b>Current</b> | 1.2395  | 106.68  | 0.7865  | 1.3979  | 6.3206  | 0.7335  | 132.2400 | 83.9070 |
| S1             | 1.2334  | 106.13  | 0.7838  | 1.3893  | 6.3155  | 0.7293  | 131.2967 | 83.3663 |
| S2             | 1.2279  | 105.68  | 0.7816  | 1.3825  | 6.3042  | 0.7261  | 130.5433 | 82.9647 |

  

|                | USD/SGD | USD/MYR | USD/IDR | USD/PHP | USD/THB | EUR/SGD | CNY/MYR | SGD/MYR |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| R2             | 1.3170  | n/a     | 13779   | 52.1187 | 31.3513 | 1.6316  | 0.6290  | 2.9789  |
| R1             | 1.3145  | n/a     | 13765   | 52.0793 | 31.2907 | 1.6286  | 0.6228  | 2.9741  |
| <b>Current</b> | 1.3115  | 3.8965  | 13746   | 52.0800 | 31.2160 | 1.6256  | 0.6172  | 2.9715  |
| S1             | 1.3096  | n/a     | 13738   | 51.9923 | 31.1837 | 1.6204  | 0.6109  | 2.9670  |
| S2             | 1.3072  | n/a     | 13725   | 51.9447 | 31.1373 | 1.6152  | 0.6053  | 2.9647  |

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

## Equity Indices and Key Commodities

|                         | Value     | % Change |
|-------------------------|-----------|----------|
| Dow                     | 25,007.03 | -0.68    |
| Nasdaq                  | 7,511.01  | -1.02    |
| Nikkei 225              | 21,968.10 | 0.66     |
| FTSE                    | 7,138.78  | -1.05    |
| Australia ASX 200       | 5,974.71  | -0.36    |
| Singapore Straits Times | 3,553.73  | 0.38     |
| Kuala Lumpur Composite  | 1,864.03  | 0.15     |
| Jakarta Composite       | 6,412.85  | -1.35    |
| Philippines Composite   | 8,419.57  | -0.40    |
| Taiwan TAIEX            | 11,095.63 | 0.85     |
| Korea KOSPI             | 2,494.49  | 0.42     |
| Shanghai Comp Index     | 3,310.24  | -0.49    |
| Hong Kong Hang Seng     | 31,601.45 | 0.02     |
| India Sensex            | 33,856.78 | -0.18    |
| Nymex Crude Oil WTI     | 60.85     | -0.86    |
| Comex Gold              | 1,326.80  | 0.25     |
| Reuters CRB Index       | 194.28    | -0.13    |
| MBB KL                  | 10.44     | 0.00     |

| Rates                      | Current (%) | Upcoming CB Meeting | MBB Expectation |
|----------------------------|-------------|---------------------|-----------------|
| MAS SGD 3-Month SIBOR      | 1.3778      | Apr-18              | Neutral         |
| BNM O/N Policy Rate        | 3.25        | 10/5/2018           | Neutral         |
| BI 7-Day Reverse Repo Rate | 4.25        | 22/3/2018           | Neutral         |
| BOT 1-Day Repo             | 1.50        | 28/3/2018           | 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      |
| PRC 1Y Lending Rate        | 4.35        | -                   | Tightening Bias |
| RBI Repo Rate              | 6.00        | 5/4/2018            | Neutral         |
| BOK Base Rate              | 1.50        | 12/4/2018           | Tightening      |
| Fed Funds Target Rate      | 1.50        | 22/3/2018           | Tightening      |
| ECB Deposit Facility Rate  | -0.40       | 26/4/2018           | Easing Bias     |
| BOE Official Bank Rate     | 0.50        | 22/3/2018           | Neutral         |
| RBA Cash Rate Target       | 1.50        | 3/4/2018            | Neutral         |
| RBNZ Official Cash Rate    | 1.75        | 22/3/2018           | 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 5/2015 3.759% 15.03.2019           | 3.759% | 15-Mar-19     | 2              | 3.045     | 3.045    | 3.045   |
| MGS 3/2004 5.734% 30.07.2019           | 5.734% | 30-Jul-19     | 11             | 3.227     | 3.227    | 3.19    |
| MGS 3/2015 3.659% 15.10.2020           | 3.659% | 15-Oct-20     | 24             | 3.365     | 3.373    | 3.365   |
| MGS 5/2017 3.441% 15.02.2021           | 3.441% | 15-Feb-21     | 34             | 3.393     | 3.393    | 3.393   |
| MGS 1/2011 4.16% 15.07.2021            | 4.160% | 15-Jul-21     | 11             | 3.439     | 3.439    | 3.424   |
| MGS 3/2014 4.048% 30.09.2021           | 4.048% | 30-Sep-21     | 132            | 3.536     | 3.551    | 3.536   |
| MGS 1/2017 3.882% 10.03.2022           | 3.882% | 10-Mar-22     | 443            | 3.57      | 3.87     | 3.567   |
| MGS 1/2012 3.418% 15.08.2022           | 3.418% | 15-Aug-22     | 10             | 3.702     | 3.702    | 3.702   |
| MGS 2/2015 3.795% 30.09.2022           | 3.795% | 30-Sep-22     | 1              | 3.698     | 3.698    | 3.698   |
| MGS 3/2013 3.480% 15.03.2023           | 3.480% | 15-Mar-23     | 1              | 3.768     | 3.768    | 3.768   |
| MGS 1/2016 3.800% 17.08.2023           | 3.800% | 17-Aug-23     | 36             | 3.779     | 3.8      | 3.779   |
| MGS 2/2017 4.059% 30.09.2024           | 4.059% | 30-Sep-24     | 50             | 3.882     | 3.884    | 3.867   |
| MGS 1/2018 14.03.2025                  | 3.882% | 14-Mar-25     | 691            | 3.882     | 3.89     | 3.852   |
| MGS 1/2015 3.955% 15.09.2025           | 3.955% | 15-Sep-25     | 43             | 3.947     | 3.971    | 3.94    |
| MGS 3/2016 3.900% 30.11.2026           | 3.900% | 30-Nov-26     | 15             | 4.023     | 4.023    | 4.023   |
| MGS 4/2017 3.899% 16.11.2027           | 3.899% | 16-Nov-27     | 767            | 3.961     | 3.97     | 3.961   |
| MGS 5/2013 3.733% 15.06.2028           | 3.733% | 15-Jun-28     | 60             | 3.978     | 3.984    | 3.972   |
| MGS 3/2010 4.498% 15.04.2030           | 4.498% | 15-Apr-30     | 1              | 4.379     | 4.39     | 4.379   |
| MGS 4/2011 4.232% 30.06.2031           | 4.232% | 30-Jun-31     | 68             | 4.383     | 4.397    | 4.382   |
| MGS 4/2013 3.844% 15.04.2033           | 3.844% | 15-Apr-33     | 13             | 4.411     | 4.42     | 4.411   |
| MGS 4/2015 4.254% 31.05.2035           | 4.254% | 31-May-35     | 5              | 4.515     | 4.54     | 4.515   |
| MGS 3/2017 4.762% 07.04.2037           | 4.762% | 7-Apr-37      | 5              | 4.545     | 4.545    | 4.545   |
| GII MURABAHAH 5/2015 3.508% 15.05.2018 | 3.508% | 15-May-18     | 20             | 3.173     | 3.173    | 3.173   |
| PROFIT-BASED GII 1/2011 30.08.2018     | 3.872% | 30-Aug-18     | 344            | 3.16      | 3.16     | 3.138   |
| PROFIT- BASED GII 4/2008 31.10.2018    | 4.295% | 31-Oct-18     | 25             | 3.138     | 3.138    | 3.138   |
| GII MURABAHAH 7/2013 30.04.2019        | 3.558% | 30-Apr-19     | 31             | 3.355     | 3.355    | 3.355   |
| PROFIT-BASED GII 1/2009 13.08.2019     | 3.910% | 13-Aug-19     | 60             | 3.456     | 3.456    | 3.456   |
| PROFIT-BASED GII 7/2012 15.05.2020     | 3.576% | 15-May-20     | 1              | 3.647     | 3.647    | 3.647   |
| GII MURABAHAH 2/2015 3.799% 27.08.2020 | 3.799% | 27-Aug-20     | 3              | 3.584     | 3.584    | 3.584   |
| GII MURABAHAH 3/2017 3.948% 14.04.2022 | 3.948% | 14-Apr-22     | 152            | 3.831     | 3.833    | 3.819   |
| GII MURABAHAH 1/2016 4.390% 07.07.2023 | 4.390% | 7-Jul-23      | 90             | 3.99      | 3.991    | 3.989   |
| GII MURABAHAH 8/2013 22.05.2024        | 4.444% | 22-May-24     | 1              | 4.092     | 4.092    | 4.092   |
| GII MURABAHAH 2/2017 4.045% 15.08.2024 | 4.045% | 15-Aug-24     | 4              | 4.066     | 4.066    | 4.066   |
| GII MURABAHAH 1/2018 4.128% 15.08.2025 | 4.128% | 15-Aug-25     | 260            | 4.022     | 4.025    | 4.014   |
| GII MURABAHAH 3/2016 4.070% 30.09.2026 | 4.070% | 30-Sep-26     | 1              | 4.242     | 4.242    | 4.242   |
| GII MURABAHAH 1/2017 4.258% 26.07.2027 | 4.258% | 26-Jul-27     | 1              | 4.156     | 4.156    | 4.156   |
| GII MURABAHAH 6/2017 4.724% 15.06.2033 | 4.724% | 15-Jun-33     | 100            | 4.55      | 4.55     | 4.545   |
| <b>Total</b>                           |        |               | <b>3,513</b>   |           |          |         |

Sources: BPAM

## MYR Bonds Trades Details

| PDS  | Rating  | Coupon  | Maturity Date | Volume (RM 'm) | Last Done | Day High | Day Low |
|--|---------|---------|---------------|----------------|-----------|----------|---------|
| PASB IMTN (GG) 3.96% 05.06.2020 - Issue No. 28     | GG      | 3.960%  | 5-Jun-20      | 10             | 3.894     | 3.901    | 3.894   |
| JAMB.KEDUA IMTN 4.300% 28.05.2025                  | GG      | 4.300%  | 28-May-25     | 10             | 4.41      | 4.412    | 4.41    |
| PASB IMTN (GG) 4.63% 05.02.2026 - Issue No. 23     | GG      | 4.630%  | 5-Feb-26      | 30             | 4.426     | 4.431    | 4.426   |
| PRASARANA IMTN 0% 04.08.2026 - MTN 4               | GG      | 4.350%  | 4-Aug-26      | 10             | 4.476     | 4.479    | 4.476   |
| DANAINFRA IMTN 4.610% 05.04.2030 - Tranche No 33   | GG      | 4.610%  | 5-Apr-30      | 10             | 4.71      | 4.721    | 4.71    |
| DANAINFRA IMTN 4.820% 12.11.2030 - Tranche No 39   | GG      | 4.820%  | 12-Nov-30     | 20             | 4.76      | 4.761    | 4.759   |
| LPPSA IMTN 4.940% 16.04.2032 - Tranche No 10       | GG      | 4.940%  | 16-Apr-32     | 10             | 4.789     | 4.791    | 4.789   |
| DANAINFRA IMTN 4.380% 08.02.2033 - Tranche No 8    | GG      | 4.380%  | 8-Feb-33      | 40             | 4.889     | 4.891    | 4.889   |
| PRASARANA IMTN 5.120% 08.03.2038 - Series 7        | GG      | 5.120%  | 8-Mar-38      | 20             | 5.069     | 5.072    | 5.069   |
| DANAINFRA IMTN 5.380% 21.04.2039 - Tranche No 18   | GG      | 5.380%  | 21-Apr-39     | 20             | 5.09      | 5.096    | 5.09    |
| PTPTN IMTN 26.07.2041                              | GG      | 4.850%  | 26-Jul-41     | 10             | 5.17      | 5.18     | 5.17    |
| CAGAMAS MTN 5.270% 29.3.2019                       | AAA     | 5.270%  | 29-Mar-19     | 40             | 4.012     | 4.012    | 4.012   |
| AL-AQAR IMTN 4.190% 06.05.2020                     | AAA     | 4.190%  | 6-May-20      | 10             | 4.058     | 4.198    | 4.058   |
| CAGAMAS MTN 4.10% 18.11.2020                       | AAA     | 4.100%  | 18-Nov-20     | 140            | 4.1       | 4.1      | 4.1     |
| IGB REIT RM1.2B MTN 20.9.2024 (Tranche 1)          | AAA     | 4.400%  | 20-Sep-24     | 10             | 4.39      | 4.397    | 4.39    |
| TNB WE 5.520% 30.01.2032 - Tranche 16              | AAA IS  | 5.520%  | 30-Jan-32     | 5              | 4.896     | 4.896    | 4.896   |
| PUBLIC SUB-NOTES 4.80% 25.9.2023                   | AA1     | 4.800%  | 25-Sep-23     | 10             | 4.297     | 4.297    | 4.297   |
| IMTIAZ II IMTN 4.600% 22.03.2019                   | AA2 (S) | 4.600%  | 22-Mar-19     | 20             | 4.246     | 4.246    | 4.226   |
| IMTIAZ II IMTN 4.580% 27.05.2022                   | AA2 (S) | 4.580%  | 27-May-22     | 25             | 4.57      | 4.57     | 4.57    |
| FPSB IMTN 4.800% 13.03.2023                        | AA IS   | 4.800%  | 13-Mar-23     | 12             | 4.791     | 4.793    | 4.78    |
| PBFIN 7.500% 05.06.2059 - Tranche No.1             | AA2     | 7.500%  | 5-Jun-59      | 3              | 4.947     | 4.947    | 4.947   |
| AMMB HOLDINGS BHD MTN 2556D 8.8.2019(SENIOR NOTES) | AA3     | 4.500%  | 8-Aug-19      | 10             | 4.564     | 4.571    | 4.564   |
| JEV IMTN 0% 12.11.2019                             | AA3     | 9.050%  | 12-Nov-19     | 10             | 4.224     | 4.242    | 4.224   |
| AMMB HLDG MTN 3653D 14.3.2028                      | A1      | Pending | 14-Mar-28     | 15             | 5.23      | 5.23     | 5.23    |
| CIMB 5.500% Perpetual Capital Securities - T2      | A1      | 5.500%  | 25-May-16     | 4              | 4.877     | 5.251    | 4.877   |
| CIMB 5.800% Perpetual Capital Securities - T1      | A1      | 5.800%  | 25-May-16     | 1              | 4.828     | 5.23     | 4.828   |
| MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH | NR(LT)  | 6.800%  | 29-Mar-15     | 2              | 6.269     | 6.269    | 6.259   |
| <b>Total</b>                                       |         |         |               | <b>506</b>     |           |          |         |

Sources: BPAM

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