

Global Markets Daily

UST Yields on the Up-Move

Another Run up to 3% Overnight

10Y UST yield rose above 3% at one point overnight, taking cues from Fed Mester's comments. In a speech in Paris, Fed's Mester (often seen as a relatively hawkish Fed official) said that Fed may have to raise rates to a restrictive level above 3% in order to meet its twin goals of stable inflation and low unemployment. But she added that she does not see inflation rising sharply and therefore the Fed can keep on its path of continued gradual rate hikes. We cautioned that another rapid rise in UST yield may pose upside risks to the USD. Amongst AXJs, IDR, INR and PHP may be most vulnerable. USDJPY could potentially test 110 again. We maintain our call for NZD to trade sluggish. Decisive break below 0.6920 puts next support at 0.6820 levels.

Briefing by Council of Eminent Persons at 11am SG/KL time

On the Ringgit, we believe the 100-day promises made by PH in its manifesto will be a "scorecard" for investors to check if PH and its team of Eminent Persons fulfilled their objectives, in terms of execution and implementation. Swift execution of its objectives and clear communication to address government finances will demonstrate the new government's capability; dispel uncertainty associated with government policies and restore investors' confidence within the next 100 days. This could manifest into further gains for the Ringgit. Meantime we do not rule out bouts of volatility as investors await outcome.

Focus on UK Labor Report, China Activity and US Retail Sales

Key data/events for today include US retail sales, empire Mfg; EU GDP and IP; RBA meeting minutes; UK labor report; China retail sales, IP and FAI; ID trade as well as PH overseas remittances.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1927	↓ -0.13	USD/SGD	1.3359	↓ -0.04
GBP/USD	1.3556	↑ 0.10	EUR/SGD	1.5934	↓ -0.18
AUD/USD	0.7526	↓ -0.23	JPY/SGD	1.2183	↓ -0.27
NZD/USD	0.6913	↓ -0.80	GBP/SGD	1.811	↑ 0.08
USD/JPY	109.66	↑ 0.25	AUD/SGD	1.0055	↓ -0.20
EUR/JPY	130.79	↑ 0.12	NZD/SGD	0.9236	↓ -0.75
USD/CHF	1.0006	↑ 0.08	CHF/SGD	1.3353	↓ -0.06
USD/CAD	1.2813	↑ 0.14	CAD/SGD	1.0426	↓ -0.18
USD/MYR	3.9505	↑ 0.02	SGD/MYR	2.963	↑ 0.18
USD/THB	31.906	↓ -0.06	SGD/IDR	10489.65	↑ 0.34
USD/IDR	13973	↑ 0.09	SGD/PHP	39.3314	↑ 0.41
USD/PHP	52.39	↑ 0.15	SGD/CNY	4.7536	↑ 0.28

Implied USD/SGD Estimates @ 15 May-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3149	1.3416	1.3683

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G7: Events & Market Closure

Date	Ctry	Event
16 May	NZ	Budget
17 May	US, CA, MX	NAFTA Deadline

AXJ: Events & Market Closure

Date	Ctry	Event
16 May	TH	BOT Meeting Decision
18 May	ID	BI Meeting Decision

G7 Currencies

- **DXY - Retail Sales Data on Tap.** USD reversed early losses yesterday taking the lead from Mester's comments which drove UST yields and USD higher. 10Y yield rose above 3% at one point overnight before easing off. In a speech in Paris, Fed's Mester (often seen as a relatively hawkish Fed official) said that Fed may have to raise rates to a restrictive level above 3% in order to meet its twin goals of stable inflation and low unemployment. But she added that she does not see inflation rising sharply and therefore the Fed can keep on its path of continued gradual rate hikes. This is in contrast to Bullard's earlier comments that US interest rates have already returned to neutral, with no further increases necessary to meet the inflation target. We continue to think that **USD rally (since mid-Apr) on the back of policy and data divergence in favour of USD is temporary.** Latest development in price-related data suggests that current pace of Fed monetary policy normalisation remains appropriate and this should dispel fears that Fed may quicken its pace of normalisation. Higher energy and commodity prices globally as well as tightness in labour market should feed through to inflation and brings back the case of monetary stimulus removal for other majors at some stage. **We still look for USD gains since mid-Apr to reverse further** though another rapid rise in UST yield may pose upside risks to the USD. DXY was last seen at 92.60 levels. Bullish momentum on daily chart is waning while stochastics is falling from overbought conditions. These signals are consistent with a potential pullback in the USD from gains since mid-Apr. Support at 92.42 (23.6% fibo), 91.90 (200 DMA, 38.2% fibo retracement of mid-Apr low to May high), 91.30 (21 DMA, 50% fibo). Resistance at 92.80, 93.40 (May high). Week ahead brings retail Sales (Apr); Empire Mfg (May); Fed's Williams speaks; Fed's Nominees Clarida and Bowman testify before Senate Panel on Tue; Housing Starts, Building Permits, IP (Apr); Fed's Bostic speaks on Wed; Fed's Bullard, Kashkari speak; Philly Fed Business Outlook (May) on Thu; Fed's Mester speaks on Fri.
- **EURUSD - GDP and IP Data on Tap.** EUR rose to a high as 1.1996 yesterday but failed to maintain altitude before reversing gains into losses amid resurgence in UST yields and USD. EU IP and growth data on tap today would be of interest. Weaker than expected print may expose EUR to the downside. Pair was last seen at 1.1930 levels. Bearish momentum on daily chart is waning while stochastics is turning from oversold conditions. Resistance at 1.1960 (23.6% fibo retracement of Apr high to May low) before 1.20-1.2040 area of resistance. Support at 1.1820. Week ahead brings IP (Mar); GDP (1Q); ZEW Survey Expectations (May) on Tue; CPI (Apr) on Wed; Construction Output (Mar) on Thu; Current Account, Trade (Mar) on Fri. On Italy government formation development, both Five Star Movement and League are said to reach an agreement on introducing flat tax as low as 15% and a universal basic income but remains deadlocked on who to lead Italy as the next Prime Minister.
- **GBPUSD - Labor Report in Focus.** GBP traded range-bound. Focus on today's labor report. Consensus expects wage growth to moderate at +2.7% y/y (vs. 2.8% prior). Upside surprise to data should support GBP. Pair was last seen at 1.3560 levels. Bearish momentum on daily chart is waning while stochastics is showing signs of turning from oversold condition. We do not rule out potential short term rebound risks in a bearish environment (bearish momentum as indicated on weekly chart).

Resistance at 1.3690. Immediate support at 1.3480- 60 levels. Bias to buy on dips. Relatively quiet week ahead with Average weekly earnings, Unemployment rate, Employment Change (Mar) for Tue.

- **USDJPY - *Still Within Familiar Range.*** USDJPY extended overnight gains into the Asian session, tracking the 10Y UST yields climb back above the 3.0% handle as trade and geopolitical tensions rise. UST yield back above the 3% levels had led to the widening of yield differentials between 10Y UST and JGB, which rebounded back to 2.96% yesterday from 2.93% (11 May). Still, we could see yield differentials narrow intraday as UST yields slip lower from the 3.0% handle, and this should weigh on the pair. Pair though continues to trade well-within its current trading range of 109-110.20. Not to be discounted is the political scandals surrounding PM Abe that continues to simmer in the background. We continue to watch the evolving political saga and caution that failure resolve these issues could undermine support for his government and his position as PM. Further erosion of support for PM Abe could embolden a challenge to his leadership of the ruling LDP in Sep, potentially putting Abenomics and BOJ's massive stimulus programme at risk and puts downside pressure on the pair. Last seen at 109.78-levels, pair has lost most of its bullish momentum on the daily chart, while stochastic shows tentative signs of turning higher from overbought conditions. Bullish bias on the weekly chart remains intact. This suggest that USDJPY could continue to trade sideways whilst awaiting fresh cues. Look for 110.20 (200DMA) to still cap upside for now. Support at 109-handle (50% fibo retracement of the Jan-Mar downswing, 21DMA. Week ahead has tertiary industry index (Mar) on Tue; GDP (1Q P), capacity utilization, industrial production (Mar) on Wed; core machine orders (Mar) on Thu; CPI (Apr) on Fri. BOJ Governor Kuroda will appear in Parliament today at 3.30pm (Tokyo time) but he is unlikely to deviate from his mantra of persistent monetary easing until the 2% inflation target is achieved.
- **NZDUSD - *Sluggish.*** NZD losses resumed, in line with our call for NZD as a laggard play. This is on the back of RBNZ governor's recent comments which are somewhat tilted to the dovish realm. NZD was last seen at 0.6910 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Key support at 0.6920 (upward sloping trend-line support from the lows of 2015, 2017). **We caution that a break below these support level could point to further downside towards 0.6820 (Dec 2017 low).** Resistance at 0.7050/60 levels (61.8% fibo). Week remaining brings GDT auction on Tue; PPI (1Q); Finance Minister delivers Budget on Thu; Post-Budget Speech on Fri.
- **AUDUSD - *Broad USD Gains Weigh.*** AUDUSD was pushed towards the 0.75-figure overnight by broad USD gains again. USD strengthen came in tandem with the rise in UST rates in the last session with 10y back above the 3%-level. The greenback and rates were spurred by comments by Fed Voter Loretta Mester who expects inflation to rise toward 2% target and that Fed may eventually need to raise federal funds rate above its longer-run neutral rate (3%). On the daily chart, momentum is still biased upward. With support seen around 0.7500/10 for intra-day before the next at 0.7440. The mid-point of the downward sloping trend channel has shifted lower to 0.7580. Copper price did not help in the least with a decline of around 0.8% (LME 3mth futures) recorded yesterday. Iron ore prices on the other hand, have been rather

supportive in the past few sessions. Latest available price (11 May) was higher. While the near-term risks are still to the upside, we do not rule out another bearish move. Monthly chart is bearish as a break of the long-term diagonal resistance line last month has attracted more bearish bets. A break of the 0.7380-support could mean see this pair fall towards the 0.7160 and we do not like to rule this out. However, we would not like to chase this and prefer to focus on the light at the end of the tunnel where the fundamentals underpin. We stick to our forecast of 0.81 by the end of the year. Week ahead has minutes of the RBA May meeting today, wage price index on Wed, labour report on Thu. **Eyes especially on the wage price index tomorrow that could give bulls more steam.**

- **USDCAD - Two-way risks.** USDCAD hovered around the 21-dma and was last seen around the 1.28-figure. Momentum indicators suggest there are two-way risks at this juncture. Support around the 100-DMA at 1.2680. Rebounds to meet resistance around 1.2870 before 1.2960. PM Trudeau's office put out a statement that "progress being made" so far and "the possibility of bringing the negotiations to a prompt conclusion". There is still no firm deadline or signs of a conclusion for NAFTA at this point and they are likely to miss the deadline set on 17 May by US Paul Ryan. Not helping in the least is Mexico's former President Vicente Fox who spoke about a back-up plan by taking on China's market. Week ahead has existing home sales today, manufacturing sales on Wed, ADP payrolls on Thu, retail sales and CPI on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.52% above the implied mid-point of 1.3416.** The top is estimated at 1.3149 and the floor at 1.3683.
- **USDSGD - Potential Pullback Risks.** USDSGD traded to a recent low of 1.3308 yesterday amid a pullback in UST yields and USD but has since rebounded as the USD firmed. Softer UST yields yesterday weighed on the 3-month SOR, which slipped 23bp to 1.49%. Further UST yield softness today should continue to put downside pressure on the 3-month SOR supported. Pair is now trading little changed and was last seen around the 1.3362-levels. Pair has lost most of its bullish momentum on the daily chart, while stochastics is turning lower from overbought conditions. Weekly technical remains bullish bias. This suggests potential of further pullback risk in the near term even as upside risks to the pair remains intact in the medium term. Resistance remains at 1.3380 (200DMA), 1.3445 (61.8% fibo). Support at 1.3280 (38.2% fibo retracement of the Oct 2017-Jan 2018 downswing), 1.3240, 1.3180 (23.6% fibo). Week ahead has NODX (Apr) on Thu; GDP (1Q F) is due sometime 18-25 May.
- **AUDSGD - Risks still tilted upside.** This cross came off and waffled around 1.0055 at last sigh. USD strength tends to weigh on this cross. However, we do not expect this to sustain. Cross is still slightly on the upmove. Support around 0.9955. Further rebound to meet resistance at 1.0131 (50-DMA).
- **SGDMYR - Upside Risks Interim but Bias to Fade.** SGDMYR was last seen at 2.9570 levels. Daily momentum and stochastics indicators are mild bullish but lacks conviction. Next resistance at 2.9880 (50% fibo), 3.0020 (61.8% fibo retracement of 2018 high to low). Support at 2.95 (21 DMA), 2.93 levels. Interim upside risks seen but bias to lean against strength.
- **USDMYR - Briefing by Council of Eminent Persons Today.** USDMYR was last seen at sub-3.95 levels. Bullish momentum on daily chart remains intact but shows tentative signs of waning while stochastics is showing signs of turning lower from near-overbought conditions. Reversal risks not ruled out. Support at 3.9440 (38.2% fibo retracement of 2018 high to low), 3.91 levels (23.6% fibo) and 3.8530 (2018 low). Resistance seen at 3.9720 (50% fibo) before 4.00 (61.8% fibo). There will be a **briefing by Council of Eminent Persons to market analysts and fund managers today at 11am (SG/KL time)**. We believe the 100-day promises made by PH in its manifesto will be a “scorecard” for investors to check if PH and its team of Eminent Persons fulfilled their objectives, in terms of execution and implementation. Swift execution of its objectives and clear communication to address government finances will demonstrate the new government’s capability; dispel uncertainty associated with government policies and restore investors’ confidence within the next 100 days. This could manifest into further gains for the Ringgit. Meantime we do not rule out bouts of volatility as investors await results. We maintain our out-of-consensus USDMYR forecasts for this year at 3.85, 3.70 and 3.65 for 2Q, 3Q and 4Q, respectively. Current level of Ringgit remains fundamentally undervalued relative to our updated fair value estimates of 3.56 for USDMYR and we expect this misalignment to correct further in the longer term. MYR fundamentals remain well anchored by sustained current account surplus, rising FX

reserves to retained imports & short-term debt, sustained growth pick-up backed by consumption, investment and exports as well as higher oil prices. We lowered USDMYR forecasts beyond 2018 on efforts taken by the new government to improve governance, transparency and accountability. We now project USDMYR at 3.20, 3.00 and 2.80 for 2019, 2020 and 2021 (vs. old forecasts of 3.60, 3.50 and 3.50, respectively). Week ahead brings 1Q GDP and current account data on Thu.

- **1m USDKRW NDF - 1065 - 1075 Range Intra-day.** 1m USDKRW NDF rebounded amid USD strength led by rise in UST yields (following Mester's comments). Pair was last seen at 1069 levels. Mild bearish momentum on daily chart remains intact while stochastics is falling. Compression of moving averages in the 21D, 50D and 100D around 1070 levels continues to indicate market indecision and possibly consolidative trade ahead of breakout plays. Support at 1064 before 1058. Resistance at 1070. Suggest range of 1065 - 1075 intra-day.
- **USDCNH - Downside Risks.** USDCNH was hardly moved within the 3.32-3.33 range yesterday. At this juncture, momentum indicators are rather flat. We still see slightly more risks to the downside. Support is seen around 6.3099 (50-DMA), also 50% fibo retracement of the Mar-May rise. Beyond that we see support at 6.2925. Eyes are on the activity data for Apr due today. PBoC fixed the USDCNY reference rate at **6.3486, 141 pips higher than the previous 6.3345. CNYMYR was fixed at 0.6227, 25 pips lower than the previous 0.6252. EURCNY was fixed 8 pips higher at 7.5711 vs. the previous at 7.5703.** Week ahead has FDI due sometime this week, retail sales, IP and urban FAI today, new home prices on Wed, FX net settlements on behalf of clients on Fri. At home, MOF reported that China's fiscal revenue rose 11%/y in Apr. First four months saw fiscal revenue rise 12.9%/y to CNY6.9trn. Separately, Vice Premier Liu He will visit the US from Tue to Sat for economic and trade talks according to the Ministry of Foreign Affairs. Seems the swing in Trump's stance on ZTE has also accelerated the priority of the US from the NAFTA to China. Also, A-share market watchers could be excited by the 234 addition of China's large-cap domestic stocks added into MSCI EM index as of 1 Jun. A-shares will represent 0.39% of the weighting on the MSCI EM index then.
- **1M USDINR NDF - Oil and Inflation.** 1M NDF broke above the 67.84-resistance level yesterday and is still looking bid at around 68.06 this morning. Price action remains supported by the oil upmove. Resistance is still seen at 68.20 before 68.35, 68.46 and 68.80. Concerns on India's current account deterioration continue to weigh and INR's sensitivity to UST rates does not help in the least. Foreign investors sold U\$45.4mn of equities and sold U\$340mn of bonds on 11 May. Inflation rose in Apr with WPI and CPI overshooting the consensus estimates for the month. WPI quickened more than expected from 2.47%/y to 3.18%. CPI also accelerated from 4.28%/y to 4.58%, beating median estimate of 4.40% (for Bloomberg). The breakdown of CPI reveals that food, fuel and light actually decelerated in the month while clothing and footwear, housing and pan, tobacco and intoxicants rose. With oil still on the rise, mounting price pressure might force the RBI to hike rates. We hold our call for RBI to do so in Oct.
- **1m USDIDR NDF - Downside Pressure.** 1m USDIDR NDF remained under downside pressure ahead of BI's policy meeting this Thu. This meeting is highly anticipated as BI is likely to hike its 7-day reverse repo rate by

25bp to 4.50% for the first time since Nov 2014. Expectations of a rate hike heightened after BI governor Agus Martowardojo's warned that BI's "policy responses will act be executed consistently and preemptively to ensure the sustainability of stability". This signaled a shift in policy stance from a focus on growth to macroeconomic and currency stability. Consequently, 1m NDF has slipped from a multi-year high of 14364 (8 May). Still, further downside moves in the 1m NDF remains limited by the continued sell-off in Indonesian assets by foreign investors with USD14.9mn in equities sold yesterday. Updated foreign flows into debt is unavailable though. Further net foreign portfolio outflows cannot be ruled out amid elevated UST yields that could limit downside to the 1m NDF ahead. In addition, rising commodity prices, including oil, could translate into a greater financial burden on the government's fiscal position on higher subsidies on fuel as well as weigh on its external balances. These concerns over the twin deficits are likely to impact sentiments negatively and keep the 1m NDF supported, though it must be noted that the government has been taking steps to rein in the fiscal deficit. Spot USDIDR gapped higher at the opening to 13989 this morning from yesterday's close of 13973 amid a firmer USD. Last seen around 14073-levels. Daily chart now shows bearish momentum, while stochastics is falling from overbought conditions. Weekly chart shows bullish bias intact but waning, while stochastics shows tentative signs of turning lower from overbought conditions. This suggests risks are now tilting to the downside. Support nearby remains at 14015-levels (50% fibo retracement of the 2015-2016 downswing), 13940 levels. Resistance at 14175 levels. We remain wary of further *leaning-against-the wind* activities in the currency and debt markets to temper the IDR losses against the USD. JISDOR was fixed back below the 13000-levels for the first time since 7 May at 13976 yesterday, 72 pips lower than the fixing on Fri. Week ahead brings trade (Apr) on Tue; BI policy meeting on Thu.

- **1m USDPHP NDF - *Potential Upside Risks*.** 1m USDPHP NDF is trading softer this morning amid softer UST yields but is just a tad off its 2018 high of 52.72. 1m NDF remains under selling pressure even as the BSP governor attempted to counter the dovish comments by his deputy Diwa Guinigundo that the current "token" move was sufficient to meet the inflation target in 2019, which was perceived by the market as signalling the rate hike on 10 May was a one-off move. The governor said that "it would be imprudent and premature to rule out further rate hikes in the near term given the higher uncertainty on the inflation outlook relative to the inflation target over the policy horizon". We believe that a single 25bp rate adjustment may not to be sufficient to anchor inflationary expectations, especially if oil prices continue its upswing towards USD80/bbl. Our house view remains for the BSP to hike its policy rate once more by another 25bp in 4Q 2018. This should be supportive of the PHP against the USD ahead but for now, we could see further PHP weakness ahead as markets continue to unwind their long-PHP vs. short-USD positions that had been established ahead of the BSP meeting. Last seen around 52.65-levels. Daily and weekly momentum indicators and stochastics are bullish bias. This suggests the potential for further upside risks to the 1m NDF ahead. Resistance is around the 52.72 levels. A clean break here could see the pair headed towards the 53-handle. Support around the 52.45-levels (76.4% fibo retracement of the Feb-May downswing) before the 52.30 levels (61.8% fibo). Week ahead has overseas remittances (Mar) on Tue; BoP overall (Apr) on Fri.

- **USDTHB - Near-Term Downside Risks.** USDTHB trades softer amid a pullback in UST yields. Pair though appears to be in consolidation mode ahead of the BoT policy meeting tomorrow. We are not expecting the BoT to stray from its current policy stance and keep its benchmark policy rate steady at 1.50% as inflation remains manageable. After a week of selling off Thai debt, foreign investors are buying back some debt, purchasing USD50.99mn yesterday. They however continue to sell-off equities with USD8.2mn sold yesterday. Improving risk sentiments this week could see a reversal of outflows and put downside pressure on the pair ahead. Last seen around 31.873-levels. Bullish momentum on the daily chart remains intact but waning, while stochastics is falling from overbought conditions. Weekly chart remains bullish bias. This suggests that there is potential for further pullback risks in the near term. Support is at 31.750 (76.4% fibo retracement of the Feb-Mar downswing), 31.625 levels (61.8% fibo, 21DMA). Resistance at 31.960-levels ahead of the 32-handle. Week ahead has BoT policy meeting on Wed; foreign reserves (11 May) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ11/21	3.66	3.67	+1
5YR MI4/23	3.80	3.81	+1
7YR MK3/25	3.92	3.94	+2
10YR MO11/27	4.12	4.09	-3
15YR MT11/33	4.64	4.57	-7
20YR MX4/37	4.75	4.80	+5
30YR MZ3/46	4.93	*4.95/90	Not traded
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.74	+1
1-year	3.76	3.76	-
3-year	3.82	3.84	+2
5-year	3.92	3.92	-
7-year	4.02	4.02	-
10-year	4.18	4.15	-3

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Source: Maybank KE

*Indicative levels

- Government bonds market volatile post-election. Market started jittery with benchmark bonds sold off about 10bps higher. But by afternoon, sentiment had turned around and bonds recouped most losses. 7y GII 8/25 reopening auction garnered a strong bid/cover of 3.40x with the highest bid cutting off at the low end of 4.25/20% WI range. In secondary space, the 7y GII tightened another 5bps to close at 4.15%. Next auction will be the reopening of 10y MGS 6/28 which we expect a size of MYR4b.
- Volatile start for local IRS as rates jumped about 5bps at the open, with the 5y moving towards 4.05%. The 5y was given at 3.97% in the morning before retracing down slightly to trade at 3.94-95%. 4y IRS was also dealt, given at 3.90%. In the afternoon, IRS rates, along with govies and the Ringgit, returned to pre-election levels with the 5y closing at 3.92%. 3M KLIBOR unchanged at 3.69%.
- Muted secondary activity for corporate bonds on the first day market reopen after the election. Small selling by foreign accounts seen at the front end of the AAA curve, such as Genting Capital 2022s. Local players remain sidelined as there were no bids while offers were firm at last quoted levels. Expect a volatile week ahead as market awaits clarity on the new administration's policies.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.97	1.95	-2
5YR	2.19	2.18	-1
10YR	2.59	2.59	-
15YR	2.81	2.80	-1
20YR	2.81	2.80	-1
30YR	2.92	2.91	-1

Source: Maybank KE

- SGS rose in price as short term interest rates declined. 6M SOR fixing dropped 8bps to 1.676% last Friday and short dated forwards traded further to the left. Yields opened 1-2bps lower with short covering noted in selected issues. Trading remained in a tight range, but SGS prices later eased when UST declined. Benchmark yields closed 1-2bps lower, while SGD IRS curve bull-steepened, down by 1-3bps.
- Asian credit market saw buying interest in MALAYS, PETMK and GENTMK as onshore markets reopen since the election. GENTMK'27, which previously traded at +204, recovered to +190 after sentiment in local govies and FX stabilized, and MALAYS tightened 3-4bps. Elsewhere, INDONs moved in tandem with UST, trading 0.5pts lower. Activity picked up in the tech space with Huawei gaining the most after President Trump changed his rhetoric on ZTE. TENCNT and other tech credits rallied 2-3bps. China SOEs saw better buying as US and China trade talks continue to develop.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.77	6.71	(5.33)
5YR	6.88	6.71	(16.57)
10YR	7.17	7.03	(14.47)
15YR	7.52	7.47	(5.20)
20YR	7.73	7.65	(7.90)
30YR	7.83	7.92	9.28

* Source: IBPA, Bloomberg, Maybank Indonesia

- Indonesia bond market closed with a daily gain during Monday trading session. As expected, the Sunday Surabaya bombing did not significantly affect the IndoGB market. Stabilized local currency as Central Bank hints rate hike may have contributed to the IndoGB daily gains yesterday. However, we notice 2y10y IndoGB flattening which signals that the 10y IndoGB yield may potentially move higher following recent climb of 2y IndoGB yield. Indonesia statistics will be releasing Indonesia Apr 2018 trade balance number today. We expect the trade balance would come in surplus of \$0.48b. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.712%, 7.028%, 7.471% and 7.647% while 2y yield moved lower to 6.715%. During the day, FR0036 (1y) yield decline the most by 19bps while FR0061 (4y) yield increased the most by 6bps. 10y15y G-Spread is the widest on YTD basis currently (10y15y current spread: 44bps). Trading volume at secondary market was noted heavy at government segments amounting Rp17,220b with FR0072 (18y) as the most tradable bond. FR0072 total trading volume amounting Rp2,351b with 115x transaction frequency.
- DMO will be conducting their scheduled bi-weekly sukuk auction today with six series to be auctioned which are SPNS03112018 (Coupon: discounted; Maturity: 3 Nov 2018), PBS016 (Coupon: 6.250%; Maturity: 15 Mar 2020), PBS002 (Coupon: 5.450%; Maturity: 15 Jan 2022), PBS017 (Coupon: 6.125%; Maturity: 15 Oct 2025), PBS012 (Coupon: 8.875%; Maturity: 15 Nov 2031) and PBS004 (Coupon: 6.100%; Maturity: 15 Feb 2037). We believe that the demand would be oversubscribing by 2.0x - 3.0x from its indicative minimal target issuance of Rp8t.
- Foreign ownership stood at Rp836.8t or 38.1% of total tradable government bond as of May 9th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp10.4t from begin month of May 18.
- Corporate bond traded heavy amounting Rp2,106b. ISAT02ACN3 (Shelf Registration II Indosat Phase III Year 2018; A serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp875b yielding 6.046%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2020	109.97	0.7579	1.3639	6.3482	0.6996	131.8167	82.9393
R1	1.1973	109.82	0.7552	1.3598	6.3425	0.6954	131.3033	82.7347
Current	1.1936	109.70	0.7530	1.3567	6.3383	0.6917	130.9300	82.5950
S1	1.1903	109.36	0.7512	1.3525	6.3275	0.6891	130.3533	82.3817
S2	1.1880	109.05	0.7499	1.3493	6.3182	0.6870	129.9167	82.2333

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3394	n/a	14009	52.7187	32.0307	1.6005	0.6326	3.0045
R1	1.3377	n/a	13991	52.5543	31.9683	1.5969	0.6279	2.9837
Current	1.3355	3.9540	13977	52.4050	31.8960	1.5939	0.6239	2.9611
S1	1.3325	n/a	13957	52.2703	31.8083	1.5913	0.6203	2.9503
S2	1.3290	n/a	13941	52.1507	31.7107	1.5893	0.6174	2.9377

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,899.41	0.27
Nasdaq	7,411.32	0.11
Nikkei 225	22,865.86	0.47
FTSE	7,710.98	-0.18
Australia ASX 200	6,135.30	0.31
Singapore Straits Times	3,562.46	-0.22
Kuala Lumpur Composite	1,850.42	0.21
Jakarta Composite	5,947.16	-0.16
Philippines Composite	7,752.11	2.39
Taiwan TAIEX	10,952.39	0.86
Korea KOSPI	2,476.11	-0.06
Shanghai Comp Index	3,174.03	0.34
Hong Kong Hang Seng	31,541.08	1.35
India Sensex	35,556.71	0.06
Nymex Crude Oil WTI	70.96	0.37
Comex Gold	1,318.20	-0.19
Reuters CRB Index	203.83	0.13
MBB KL	10.80	0.93

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5109	Oct-18	Modest and Gradual Appreciation
BNM O/N Policy Rate	3.25	11/7/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	17/5/2018	Tightening Bias
BOT 1-Day Repo	1.50	16/5/2018	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	6.00	6/6/2018	Neutral
BOK Base Rate	1.50	24/5/2018	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	5/6/2018	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	30/5/2018	Tightening

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	343	3.508	4.114	3.401
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	109	3.459	3.754	3.459
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	43	3.72	3.762	3.72
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	88	3.76	3.796	3.717
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	535	3.715	3.735	3.654
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	109	3.741	3.798	3.657
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	1	3.839	3.839	3.839
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	140	3.662	3.811	3.662
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	53	3.845	3.904	3.756
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	76	3.738	3.855	3.738
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	443	3.695	3.802	3.644
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	144	3.975	4.038	3.952
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	8	4.037	4.063	4.037
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	67	3.97	4.125	3.97
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	51	4.019	4.019	3.988
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	320	3.813	3.914	3.813
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	36	4.012	4.109	4.012
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	32	4.069	4.152	4.069
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	28	4.049	4.085	4.049
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	65	3.94	3.966	3.94
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	83	4.259	4.351	4.162
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	10	4.219	4.256	4.219
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	3	4.245	4.252	4.245
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	493	4.156	4.27	4.091
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	19	4.597	4.597	4.564
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	29	4.61	4.624	4.61
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	411	4.57	4.692	4.569
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	10	4.955	4.955	4.955
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	41	4.802	4.802	4.774
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	1	4.891	4.891	4.891
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	7	3.448	3.448	3.448
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	8	3.633	3.633	3.599
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	5	3.659	3.659	3.659
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	60	3.881	3.881	3.881
PROFIT-BASED GII 6/2009 30.04.2020	4.492%	30-Apr-20	1	3.875	3.875	3.875
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	573	3.906	4.031	3.906
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	40	4.114	4.114	4.009
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	52	4.171	4.171	4.063
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	6	4.231	4.231	4.231
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	714	4.151	4.217	4.151
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	8	4.43	4.43	4.43
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	40	4.315	4.315	4.311
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	2	4.738	4.738	4.738

Total**5,308**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PASB IMTN (GG) 3.85% 15.06.2018 - Issue No. 18	GG	3.850%	14-Jun-18	3	3.655	3.655	3.655
GENM CAPITAL MTN 1826D 31.3.2022	AAA (S)	4.780%	31-Mar-22	5	4.805	4.805	4.805
YTL POWER MTN 2556D 24.8.2018	AA1	4.350%	24-Aug-18	7	4.308	4.308	4.308
ASIANFIN IMTN 4.600% 29.05.2019	AA1	4.600%	29-May-19	5	4.551	4.551	4.551
ASIANFIN IMTN 4.560% 24.12.2019	AA1	4.560%	24-Dec-19	30	4.653	4.653	4.653
ASIANFIN IMTN 4.700% 10.12.2021	AA1	4.700%	10-Dec-21	5	4.901	4.901	4.901
HLBANK 4.500% 21.06.2024	AA1	4.500%	21-Jun-24	2	4.946	5.059	4.505
MCIL MTN 1826D 25.2.2019	AA2	4.800%	25-Feb-19	30	4.791	4.817	4.791
RHBBANK MTN 3653D 08.7.2024	AA3	4.990%	8-Jul-24	1	4.604	4.604	4.604
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	1	5.981	6.017	5.981
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	5	6.145	6.145	6.145
Total				93			

Sources: BPAM

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