

Global Markets Daily

Mild USD Correction?

Caution for Risk of USD Rebound

It was a quieter session overnight with USD's decline taking a breather as US markets were closed for Martin Luther King holiday. Most USD/Asia FX were slightly firmer this morning, led by USD mild rebound against JPY and KRW. Though trend remains your friend, we do not rule out short term squeezes especially ahead of key events in the coming days - German SPD party conference (21 Jan) on deciding whether to move coalition government formation talks to the next stage; BoJ meeting (23 Jan) and ECB meeting (25 Jan). Profit-taking on USD shorts ahead of key events may derail USD bearish momentum. Technically, the wick formed at the bottom of the candlestick may suggest some risk of mild reversal (correction) in the near term but rebound may not be meaningful as today's opening price was below yesterday's close (short of forming a morning star pattern - a bullish reversal pattern).

But USD Downtrend Underpinned by Macro Fundamentals

USD downtrend still appears in play underpinned by macro drivers including USD as a countercyclical play - USD tends to underperform when global economic growth is well; rising fiscal deficit on tax reforms/infrastructure spending possibly getting implemented soon - USD tends to fall when deficit increases as seen from past episodes; global central banks' reserve diversification out of USD into other currencies including EUR, AUD, CNY, etc. In addition we also previously highlighted that 78-month USD rally cycle (as seen in 1978 and 1995 episodes) appear to suggest that the USD rally which begun in 2011 may be running out of steam and broad downtrend over the next 80 - 100 months may already have started.

UK Inflation; NZ GDT Auction Today

Some of the key data/events we watch this week include NZ GDT auction; US empire manufacturing; UK CPI, PPI, RPI on Tue. For Wed, US IP; TIC flows; Fed speaks (Evans, Kaplan and Mester); EU CPI; AU consumer confidence; BoE Saunders to speak; SG NODX. For Thu, US housing starts, building permits, Philly Fed Business outlook; AU employment change; ECB's Weidmann and Coeure to speak; China GDP and activity data including IP, FAI, retail sales. For Fri, US Uni. Of Michigan sentiment, Fed's Quarles to speak; NZ Mfg PMI and PH BoP data.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2264	↑ 0.51	USD/SGD	1.3212	↓ -0.24
GBP/USD	1.3792	↑ 0.47	EUR/SGD	1.6205	↑ 0.27
AUD/USD	0.7965	↑ 0.61	JPY/SGD	1.1954	↑ 0.32
NZD/USD	0.73	↑ 0.80	GBP/SGD	1.8225	↑ 0.27
USD/JPY	110.54	↓ -0.47	AUD/SGD	1.0524	↑ 0.46
EUR/JPY	135.56	↑ 0.04	NZD/SGD	0.9647	↑ 0.54
USD/CHF	0.9631	↓ -0.43	CHF/SGD	1.3719	↑ 0.29
USD/CAD	1.2429	↓ -0.24	CAD/SGD	1.0631	↑ 0.09
USD/MYR	3.9555	↓ -0.42	SGD/MYR	2.9951	↑ 0.16
USD/THB	31.92	↓ -0.08	SGD/IDR	10089.31	↑ 0.35
USD/IDR	13332	↓ -0.16	SGD/PHP	38.0991	↑ 0.47
USD/PHP	50.335	↓ -0.06	SGD/CNY	4.8685	↓ -0.05

Implied USD/SGD Estimates @ 16 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3048	1.3313	1.3578

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G7: Events & Market Closure

Date	Ctry	Event
15 Jan	US	Market Closure
17 Jan	CA	BoC Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
18 Jan	KR	BoK Meeting
17 Jan	ID	BI Meeting

G7 Currencies

- **DXY - Mild Rebound Today?** It was a quieter session overnight with USD's decline taking a breather as US markets were closed for Martin Luther King holiday. USD downtrend still appears in play underpinned by macro drivers including USD as a countercyclical play - USD tends to underperform when global economic growth is well; rising fiscal deficit on tax reforms/infrastructure spending possibly getting implemented soon - USD tends to fall when deficit increases as seen from past episodes; global central banks' reserve diversification out of USD into other currencies including EUR, AUD, CNY, etc. In addition we also previously highlighted that 78-month USD rally cycle (as seen in 1978 and 1995 episodes) appear to suggest that the USD rally which begun in 2011 may be running out of steam and broad downtrend over the next 80 - 100 months may already have started. Though trend remains your friend, we do not rule out short term squeezes especially ahead of key events in the coming days - SPD party conference (21 Jan) on deciding whether to move coalition government formation talks to the next stage; BoJ meeting (23 Jan) and ECB meeting (25 Jan). Profit-taking on USD shorts ahead of key events may derail USD bearish momentum. DXY was last seen at 90.46 levels. Bearish momentum on daily and weekly chart remains intact. Next support at 90.20 levels. Resistance at 91.70. On candlestick patterns, the wick formed at the bottom of the candlestick may suggest some risk of mild reversal (correction) in the near term but rebound may not be meaningful as today's opening price is below yesterday's close. Week ahead brings Empire Manufacturing (Jan) on Tue; IP (Dec), NAHB Housing market Index (Jan); Fed's Beige Book; Fed's Evans, Kaplan and Mester to speak; TIC flows (Nov) on Wed; Housing Starts, Building Permits (Dec); Philly Fed Business Outlook (Jan) on Thu; Uni of Mich Sentiment (Jan); Fed's Quarles to speak on Fri.
- **EURUSD - Bullish Momentum.** The sharp 2.5% rally in the EUR in the past 6 days or so was driven by news of progress on German coalition government (last Fri), market's interpretation of a hawkish ECB minutes (last Thu) and hawkish ECB member comments (15 Jan). ECB member Hansson said in an interview yesterday that ECB should adjust its policy guidance before the summer and shouldn't have any problems ending net asset purchases in one swoop after September. ECB's minutes suggested forward guidance on monetary policy could be revisited earlier than expected if required, boosting expectations that policymakers are preparing to reduce their vast monetary stimulus. On German politics, German Chancellor Merkel managed to reach an in-principle deal with Social democrats (SPD) to start formal coalition talks that could lead to a new coalition government in coming months. That said SPD delegates will still need to vote on whether to move talks to the next stage at a party conference on 21 Jan. If the SPD members vote down on the coalition treaty, Merkel's remaining options will be to form a minority government or to hold new elections. Such a scenario will dampen EUR gains. While we remain positive on EUR outlook, we caution that excessive moves in short span of period may see profit-taking on EUR longs ahead of ECB meeting (25 Jan) - Draghi may take the opportunity to talk down the currency as Euro-area financial conditions are likely to have tightened) and Italy elections (4 Mar) where oppositions are leading in the polls. That said we believe these are short term hurdles to

slow the pace of EUR appreciation if any. Medium term, reserve diversification out of USD into EUR and other majors including AUD, CNY; economic growth broadening in Euro-area and ECB withdrawal of monetary stimulus remain the main drivers supporting EUR. Pair was last seen at 1.2250 levels. Bullish momentum on weekly and daily chart remains intact though stochastics is rising into overbought conditions. Next resistance at 1.2598 (61.8% fibo retracement of 2014 high to 2017 low). Support at 1.2125 (all-time average), 1.2090 (previous double top resistance not-turned support). Week ahead brings Construction output (Nov); CPI (Dec) on Wed; ECB's Weidmann, Coeure speak on Thu; ECB Current Account (Nov) on Fri.

■ **GBPUSD - CPI, PPI on Tap.** GBP rose above 1.38-handle overnight amid broad USD weakness and recent developments on Brexit pointing towards preference for soft exit. Bloomberg reports that Spain and Netherlands were keen to maintain the closest possible ties with EU and Britain after Brexit. According to sources, both Spain and Netherlands have close trade and investment ties and are concerned about the impact of tariffs and worried about losing UK contributions to EU budget. Some influential lawmakers in EU parliament are also reported to be considering watering down legislative proposals relating to clearing houses. This dissipates fears of negative impact on London's financial centre. Another report said that lawmakers' stance may now be softening in recognition of the negative impact a major disruption to Europe's financial architecture might have. These recent development adds up and is positive for the GBP. Pair was last seen at 1.3790 levels. Bullish momentum on weekly and daily charts remains intact. Next resistance at 1.3805 (61.8% fibo retracement of Jun-2016 high to 2016 low) before 1.40. Support at 1.3610, 1.3520 levels (21 DMA). We do not rule out a pullback on disappointment with inflation data today. Week ahead brings CPI, PPI, RPI (Dec) on Tue; BoE Saunders speaks on Wed; RICS House Price Balance (Dec) on Thu; Retail Sales (Dec) on Fri.

■ **USDJPY - Near-Term Relief.** USDJPY is trading bid this morning after the excitement of the past week. Market appears to have re-established some short-JPY positions on concerns that the recent events could have been over-interpreted and the unwinding of long-USD positions overdone. The reduction in BOJ's purchases of 10-25 year bonds and bonds over 25 year maturity by JPY10bn each last week had sent the JPY into a tailspin as market interpreted the move as signal of an imminent policy tightening. Market's perception was clouded by BOJ Governor Kuroda's comments on "reversal rate" theory in Nov 2017 that suggested that the central bank was mulling plans to raise interest rate. Every word from central bank is now under even more intense scrutiny as a result. Yesterday's comments by Governor Kuroda that inflation is expected to reach 2% target and the economy is expanding moderately led to short-covering of the JPY. In addition, his failure to reiterate the BOJ's ultra-loose monetary policy was also taken as a signal of imminent BOJ unwinding of monetary stimulus. Note that our house view is for the central bank to continue with its ultra-loose monetary policy for the time being as the deflation mindset of the Japanese public has yet been defeated. BOJ's first meeting of the year is on 23 Feb. Last seen at 110.73-levels. Bearish bias on both

the daily, weekly charts remain intact. We look for a weekly close below the 111-handle (50% fibo retracement of the Sep-Nov 2017 upswing) for bearish extension towards the 100-handle (61.8% fibo). Failure to do so could see the pair rebound towards 111.70-levels (200DMA), 112.30-levels (100DMA). Week ahead has tertiary industry index (Nov) today; core machine orders (Nov) on Wed; industrial production, capacity utilization (Nov) on Thu.

- **NZDUSD - GDT Auction Tonight.** NZD traded higher overnight. Rise came amid a weaker USD and upbeat risk sentiment. Pair was last seen at 0.7290 levels. Bullish momentum on weekly and daily chart remains intact though stochastics is in overbought conditions. We caution for risk of pullback especially if GDT auction disappoints tonight. Support at 0.7260 (61.8% fibo), 0.7170 (50% fibo). Resistance at 0.7375 levels (76.4% fibo retracement of Jul high to Nov low). Week ahead brings Food prices (Dec) on Mon; GDT Dairy Auction; Card Spending (Dec) on Tue; Commodity Prices (Dec) on Wed; BusinessNZ Mfg PMI (Dec) on Fri.
- **AUDUSD - Eye The 0.80.** AUD outperformed its peers yesterday with the antipode seen at 0.7967 against the USD as we write this morning. Bulls seem to have recharged their momentum and could threaten the 0.7979-resistance (76.4% Fibonacci retracement of the Sep-Dec pullback). The weekly chart suggests that there is more room for upside. Thereafter, 0.8125 comes into view. Insofar, strong base metal prices have been underpinning the AUD and the overnight rally in the copper prices lent further support to the antipode. Support at 0.7888 (61.8% fibo). Week ahead has consumer confidence for Jan on Wed, home loans as well. Dec jobs report is due on Thu. The average forecast is an addition of 15K compared to the previous 61.6k.
- **USDCAD - Upside Risks.** The USDCAD edged higher this morning after dipped close to the 1.24-handle overnight on broad USD weakness. Focus this week will be on BoC's rate decision on Wed 11pm (SG/KL time). With continuous instances of stronger-than-expected economic data, markets are pricing in a 87% rate hike on Wed. However, we do not rule out a possibility of a no hike scenario. Recent CAD strength and NAFTA concerns could BoC may prefer to err on the side of caution given looming NAFTA concerns and the surge in CAD. A no-hike surprise would see the USDCAD higher. USDCAD is currently at 1.2444 levels, with further gains capped by the bullish crude, WTI last seen at \$64.52/bbl. On the daily charts, momentum indicators shows little signs of bias in either direction, while stochastics is hovering above oversold levels. Support is now at 1.2390 (61.8% fibo retracement from Sep low to Oct high), 1.2264 levels (76.4%). Resistance at 1.2490 (50%, 100DMA fibo), 1.2590 (38.2% fibo). Week ahead brings BoC's rate decision on Wed, Mfg sales on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.59% above the implied mid-point of 1.3313. We estimate the top at 1.3048 and the floor at 1.3578.**
- **USDSGD - Capped.** USDSGD is trading mildly bid this morning after slipping lower for the past few sessions as markets pause to reassess recent developments, including the sell-off in the USD could have been overdone. With US markets out for a holiday yesterday, the firmer SGD weighed on the 3-month SOR, lowering the 3-month SOR by 1.2% to 1.02%. Firmer UST yields this morning amid a softer SGD today should put upside pressure on the 3-month SOR intraday. Last seen around 1.3226 levels. Bearish bias on the daily and weekly charts remain intact, while both stochastics remain at oversold conditions. This suggests risks to the pair remains to the downside, and further upside moves intraday could be capped. Resistance is at 1.3310 levels, 1.3350 (21DMA). Support at 1.3150 levels (29 Apr 2015 low). Quiet week ahead with just NODX (Dec) tomorrow. MAS managing director Ravi Menon warned yesterday of three “bears” of risks to watch out for, namely the lack of inflation, risk of protection, and risk of financial instability amid a global economy that is chugging along lukewarm.
- **AUDSGD - Objective Met; Pullback Risks Ahead.** AUDSGD traded high of 1.0542 yesterday meeting our objective at 1.0540 (50% fibo retracement of 2017 high to low, 200 DMA). Though bullish momentum remains intact, stochastics is in overbought conditions. We do not rule out the risk of a pullback, possibly towards 1.0490 (100 DMA), 1.0450 (38.2% fibo). Bias to buy on pullback.
- **SGDMYR - Caution for Rebound Risks.** Decline in SGDMYR somewhat lost momentum with the cross last seen at 2.9950 levels. Bearish momentum on daily chart shows signs of waning while stochastics shows signs of turning from oversold conditions. We caution for rebound risks, possibly towards 3.0020 (23.6% fibo retracement of Dec high to Jan low), 3.0100 (38.2% fibo). Broader term bias remains for further downside. Next support at 2.9750.
- **USDMYR - Maintain Bearish Bias.** USDMYR rebounded slightly this morning from its recent lows. Last seen at 3.9620 levels. Bearish momentum on daily chart remains intact though shows tentative signs of waning while stochastics shows signs of rising from oversold conditions. These signals could suggest rebound risks ahead, possibly towards 3.9840, 4.0050 levels. Support remains at 3.95 before 3.9350. Barring short term reversal which represents healthy correction, we maintain our positive outlook on the MYR. We still expect MYR strength continue in early part (next few months) of 2018 amid Malaysian GE (likely to be held in coming months), positive development in domestic fundamentals including shifts in investor sentiment, strong GDP outlook, hawkish tilt in BNM rhetoric, 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 - *Rebound Risks*** Pair rebounded this morning tracking the mild rebound in the USD and USDCNH. Last seen at 1064 levels. Though bearish momentum on weekly and daily chart remains intact, stochastics on the weekly shows signs of turning from oversold conditions. Caution on rebound is warranted. Resistance at 1070 (21 DMA). Support remains at 1060 before 1045. BoK meets on Thu. We expect BoK to keep policy rate unchanged at 1.5% but do not rule out further tightening in 2Q-3Q if demand-induced price pressures picks up pace amid reacceleration in growth momentum. We believe BoK is monitoring if inflationary pressures from the demand side picks up. So far the jump in headline CPI above 2% for 3Q (and has since eased) was due to seasonal factors (heavy rain, summer heatwave and recent incident relating to contaminated eggs) while core inflation has so far remained subdued at 1.2% for Nov. But into 2018, minimum wage will increase by 16%, its largest magnitude of increase since 2001. Wage pass-through may have positive impact on consumption spending and growth.
- **USDCNH - *Upside Capped***. USDCNH broke through key 2016 support yesterday before a mild rebound to levels around 6.4430 as investors take profit from the recent plunge. The Asian Financial Forum held in Hong Kong on the 14-16 Jan saw central bank speakers suggests increase inclusion of Yuan or Yuan denominated assets in their currency reserves. In fact, Germany's Bundesbank is said to be in preparation to add the RMB to their reserves. Domestically, CBRC is in full reform throttle after announcing greater focus on unhealthy corporate governance, macroeconomic policy violations, shadow banking and damages in financial consumer interests over the weekend(BBG). This is in line with the Party's plan to tighten financial regulation and deleverage in order to shift towards a more sustainable growth model for China. Focus this week is on the GDP and IP data on Thu. Estimates show 4Q GDP at 6.7% y/y, well above China's GDP target for 2018 at 6.5% y/y. Pair was last seen at 6.4438 levels. On the daily charts, momentum is bearish while stochastics flags oversold conditions. Resistance is now at 6.4800 (23.6% fibo from Oct 2017 high to Jan 2017 low), 6.5200 (38.2% fibo, 21DMA) levels. Support is now at 6.4152 (2018 low) levels. **PBoC fixed the USDCNY reference rate at 6.4371, 202 pips lower than previous 6.4574. CNYMYR was fixed 4 pips higher at 0.6149 vs. previous at 0.6145.** Week ahead brings 4Q GDP, Retail sales, IP, Urban FAI (Dec), Property prices on Thu.
- **1m USDINR NDF - *Bias to the Upside***. 1m USDINR NDF is trading higher, last seen around 63.85. Wholesale prices for Dec was lower than expected at 3.58%/y/while trade deficit widened to highest in 3-years. Trade data showed India's import bill rising 21.1% y/y as higher oil prices and gold more than offsets export growth. Brent crude is currently trading above \$70/bbl levels. Rising oil prices, along with higher inflationary pressures could induce RBI to hike rates sooner than expected. We reiterate that with INR could be a possible outlier amongst Asian synchronous recovery; undesirable rate hikes could dampen India's recovery from the twin deficit problems. Pair was last seen at 63.88 levels. On the daily charts, momentum has turned mild bullish, while stochastics is climbing

higher from oversold conditions. Support is now at 63.37 levels (2018 low). Resistance is at 64.00 (23.6% fibo from Sep 2017 high to Jan 2018 low, 21 DMA), 64.45(38.2% fibo). No tier 1 data on tap this week.

- **1m USDIDR NDF - *Risks Still To The Downside.*** 1m USDIDR NDF saw some relief this morning as markets re-established some long-USDIDR positions. This comes after foreign investors had purchased USD147.5mn of equities yesterday. Meanwhile, they had sold off USD51mn of debt last Fri. Nevertheless, continuing carry trade plays and risk-on sentiments could see further net foreign portfolio inflows, which should weigh on the 1m NDF intraday. Weighing on the 1m NDF though was the trade deficit of USD0.3bn in Dec (Nov: +USD0.1bn) following softer exports of 6.9% (Nov: +13.2%) and strong imports of 17.8% (Nov: +19.2%). BI meets for the first time this year this Thu and no fireworks are expected with the central bank likely to hold its policy steady for now to support growth. Last seen around 13335 levels. Daily chart shows bearish bias intact, while stochastics remains in oversold conditions. Weekly momentum indicators and stochastics remain bearish bias. This suggests risks to the 1m NDF remains to the downside for now and further upside could be capped. Resistance is at 13370 levels (61.8% fibo retracement of the Sep-Oct upswing), 13440 (50% fibo). Support remains at around 13280 (76.4% fibo). JISDOR was fixed at 13330 on yesterday, 32 pips lower than the fixing on Fri. Remaining week has BI policy meeting on Thu.
- **1m USDPHP NDF - *Still In Consolidation Mode.*** 1m USDPHP NDF is trading bid this morning amid possible profit-taking activities. Also supportive of the 1m NDF was the weak overseas remittances in Nov, which rose by 2.0% y/y after rising by a stronger 8.4% in Oct, that could worsen the current account deficit. Mitigating upside risks to the 1m NDF yesterday was the foreign inflow of USD8.3mn of equities. Further foreign portfolio inflows into Philippine assets is likely to mitigate upside pressure faced by the 1m NDF intraday. Last seen around 50.50 levels. Momentum indicators on the daily chart are still mildly bullish bias, while stochastics fast approaching overbought conditions. Weekly charts show bearish momentum intact but waning and stochastics shows tentative signs of turning higher from oversold conditions. We continue to look for the 1m NDF to stay in consolidative mode around current levels for now. Resistance is at 50.65 (200DMA), 50.80 (50% fibo retracement of Apr-Oct 2017 upswing). Support at 50.15 (21DMA). Remaining week has BoP overall (Dec) on Fri.
- **USDTHB - *Upside Could Be Capped.*** USDTHB is on the rebound after briefly hitting a new 4-year and 2018 low of 31.838 yesterday amid re-establishment of some long USDTHB positions. After BoT Asst. Governor Sucharitakul's revelation that the central bank has stepped in when the THB moves too fast, though the goal of intervention is to reduce impact on the private sector and not to move against the market or gain a trade advantage, the THB strength has now attracted the attention of DPM Somkid Jatusripitak. DPM Somkid revealed that the THB was under BoT's close scrutiny. Much of the gains in the THB can be attributed foreign portfolio inflows, particularly to the debt market. Foreign investors had purchased USD74.9mn in debt yesterday, even as they

sold USD46.3mn in equities. Continuing net foreign portfolio inflow into Thai assets should be supportive of the THB and cap upside to the pair. Last seen around 31.956 levels. Daily and weekly momentum indicators are still bearish bias, while both stochastics are at oversold conditions. Risks to the pair remain to the downside. Look for upside to be capped around 32.100 levels. Support is at 31.870, 31.740 (Jul 2014 low). Week ahead has foreign reserves (12 Jan) on Fri; customs trade (Dec) (due 19-24 Jan).

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.32	3.30	-2
5YR MI3/22	3.51	3.53	+2
7YR ML9/24	3.84	3.82	-2
10YR MO11/27	3.84	3.84	Unchanged
15YR MX4/33	4.38	*4.41/36	Not traded
20YR MX4/37	4.59	4.59	Unchanged
30YR MZ3/46	4.82	4.84	+2
IRS			
6-months	3.55	3.55	-
9-months	3.60	3.60	-
1-year	3.65	3.65	-
3-year	3.76	3.77	+1
5-year	3.84	3.84	-
7-year	3.95	3.95	-
10-year	4.06	4.06	-

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Source: Maybank KE

*Indicative levels

- Government bonds started strong with yields lowering 1-2bps on the back of the USD weakness. Profit taking set in early afternoon with the 10y MGS 11/27 yield ending flat to previous close. Trades mostly centered on 5y GII 4/22 which also ended unchanged in yield and recorded a total volume of MYR580m.
- Another quiet day for the local IRS market, with a +1bp movement at the belly of the curve. Only one trade was reported for the day which is the 3y IRS taken at 3.77%. 3M KLIBOR was unchanged at 3.44%.
- In corporate bond, GG and AAA spaces were rather quiet with market still better offered in GGs, while AAAs saw better bids though offer levels were stubborn. AA's long end continued to be active with DUKE3 and SPG seeing good demand, trading up to 1bp tighter. Front end, however, widened 4bps amid sellers on Malakoff 2022s. The belly of AAA curve still looks attractive with spreads as high as 75bps against the benchmark.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.45	1.45	-
5YR	1.70	1.68	-2
10YR	2.08	2.07	-1
15YR	2.37	2.36	-1
20YR	2.43	2.42	-1
30YR	2.55	2.55	-

Source: Maybank KE

- SGS started on a positive note as demand for bonds continued, underpinned by flushed liquidity and strong capital inflows. Yields opened circa 1bp lower and traded down further on the back of buying at the long end, with the curve down 1-3bps in a flattening bias. Likewise, SGD IRS curve shifted 1-4bps down and stayed in a tight range for the rest of the day. Afternoon saw profit taking interest emerge causing SGS to retreat slightly. At the close, SGS yields were mostly 1-2bps lower, while SGD IRS were down 1-3bps.
- Asian credit space still preoccupied with the new TENCENT bonds and good 2-way interest also extended to other tech names such as HUAWEI and LENOVO. Korean credits picked up momentum from last week as market actively traded financial names and KOROIL. S&P placed Adani Transmission on negative outlook, same with Moody's.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.45	5.45	(0.70)
5YR	5.53	5.54	0.71
10YR	6.02	6.06	4.01
15YR	6.56	6.57	1.71
20YR	6.88	6.89	1.65
30YR	7.11	7.11	(0.10)

* Source: Maybank Indonesia

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- Indonesia bond market closed slightly positive however with the benchmark series yield seen increasing. During the day, Indonesia Statistics released Dec 17 Trade Balance data which came in deficit of \$270m or far below surplus expectation of \$579m as exports grew slower compared to imports growth. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.537%, 6.058%, 6.574% and 6.895% while 2y yield moved lower to 5.446%. 10y15y G-Spread remain the widest on YTD basis currently (10y15y current spread: 32bps). Trading volume at secondary market was noted moderate at government segments amounting Rp15,963b with FR0056 (9y) as the most tradable bond. FR0056 total trading volume amounting Rp1,613b with 53x transaction frequency.
- DMO will conduct their bi-weekly conventional auction this Tuesday with five series to be auctioned which are SPN03180417 (Coupon: discounted; Maturity: 17 Apr 2018), SPN12190104 (Coupon: discounted; Maturity: 4 Jan 2019), FR0064 (Coupon: 6.125%; Maturity: 15 May 2028), FR0065 (Maturity: 15 May 2033) and FR0075 (Coupon: 7.500%; Maturity: 15 May 2038). We believe that the auction will be oversubscribing by 2.0x - 3.0x from its indicative minimal target issuance of Rp17 tn while our view on the indicative yield are as follows SPN03180417 (range: 4.200% - 4.350%), SPN12190104 (range: 4.950% - 5.050%), FR0064 (range: 6.000% - 6.100%), FR0065 (range: 6.540% - 6.640%) and FR0075 (range: 6.840% - 6.940%).
- Foreign ownership stood at Rp861.5t or 40.7% of total tradable government bond as of Jan 12th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp23.40t from begin month Jan 18.
- Corporate bond traded thin amounting Rp213b. BBRI02CCN3 (Shelf Registration II Bank BRI Phase III Year 2017; A serial bond; Rating: idAAA) was the top actively traded corporate bond with total trading volume amounted Rp43b yielding 7.570%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2359	111.55	0.8036	1.3875	6.4924	0.7366	136.4933	88.4617
R1	1.2311	111.04	0.8001	1.3833	6.4615	0.7333	136.0267	88.2543
Current	1.2269	110.71	0.7965	1.3797	6.4388	0.7296	135.8300	88.1850
S1	1.2202	110.18	0.7908	1.3737	6.4074	0.7249	135.0567	87.7563
S2	1.2141	109.83	0.7850	1.3683	6.3842	0.7198	134.5533	87.4657

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3280	3.9775	13355	50.4497	32.0333	1.6307	0.6235	3.0014
R1	1.3246	3.9665	13344	50.3923	31.9767	1.6256	0.6190	2.9982
Current	1.3226	3.9580	13333	50.3450	31.9510	1.6227	0.6148	2.9929
S1	1.3189	3.9485	13319	50.2903	31.8507	1.6138	0.6096	2.9908
S2	1.3166	3.9415	13305	50.2457	31.7813	1.6071	0.6048	2.9866

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

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.3113	Apr-18	Neutral
BNM O/N Policy Rate	3.00	25/1/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	18/1/2018	Neutral
BOT 1-Day Repo	1.50	14/2/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	8/2/2018	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	7/2/2018	Neutral
BOK Base Rate	1.50	18/1/2018	Easing Bias
Fed Funds Target Rate	1.50	1/2/2018	Tightening
ECB Deposit Facility Rate	-0.40	25/1/2018	Easing Bias
BOE Official Bank Rate	0.50	8/2/2018	Neutral
RBA Cash Rate Target	1.50	6/2/2018	Neutral
RBNZ Official Cash Rate	1.75	8/2/2018	Neutral
BOJ Rate	-0.10	23/1/2018	Easing
BoC O/N Rate	1.00	17/1/2018	Tightening

Equity Indices and Key Commodities

	Value	% Change
Dow	25,803.19	0.89
Nasdaq	7,261.06	0.68
Nikkei 225	23,714.88	0.26
FTSE	7,769.14	-0.12
Australia ASX 200	6,077.08	0.12
Singapore Straits Times	3,536.41	0.45
Kuala Lumpur Composite	1,825.91	0.18
Jakarta Composite	6,382.20	0.19
Philippines Composite	8,857.72	0.49
Taiwan TAIEX	10,956.31	0.66
Korea KOSPI	2,503.73	0.29
Shanghai Comp Index	3,410.49	-0.54
Hong Kong Hang Seng	31,338.87	-0.23
India Sensex	34,843.51	0.73
Nymex Crude Oil WTI	64.30	0.78
Comex Gold	1,334.90	0.94
Reuters CRB Index	196.06	0.46
MBB KL	9.85	0.00

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	3	2.957	2.957	2.957
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	45	3.093	3.093	2.986
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	12	3.308	3.308	3.258
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	40	3.303	3.303	3.303
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	520	3.441	3.501	3.441
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	50	3.606	3.606	3.606
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	266	3.447	3.466	3.438
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	10	3.528	3.528	3.528
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	1	3.667	3.667	3.667
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	29	3.76	3.76	3.76
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	257	3.819	3.835	3.811
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	8	3.962	3.962	3.962
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	40	4.067	4.077	4.067
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	35	3.995	3.995	3.987
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	38	3.843	3.843	3.831
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	10	4.386	4.386	4.386
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	50	4.592	4.592	4.592
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	3	4.84	4.84	4.84
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	20	3.2	3.2	3.2
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	20	3.25	3.25	3.25
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	2	3.187	3.187	3.187
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	10	3.496	3.505	3.496
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	1	3.636	3.636	3.636
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	580	3.823	3.823	3.79
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	30	4.082	4.082	4.082
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	80	4.055	4.055	4.053
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	10	4.208	4.208	4.208
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	331	4.126	4.129	4.112
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	40	4.629	4.629	4.627

Total**2,540**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 0% 27.09.2024 - MTN 1	GG	4.850%	27-Sep-24	60	4.336	4.341	4.336
PRASARANA SUKUK MURABAHAH 5.23% 13.09.2047 - S6	GG	5.230%	13-Sep-47	20	5.239	5.239	5.239
CAGAMAS MTN 3.950% 20.03.2018	AAA	3.950%	20-Mar-18	95	3.546	3.546	3.546
PUBLIC MTN 1826D 03.5.2018	AAA	3.650%	3-May-18	10	3.758	3.758	3.758
AMAN IMTN 4.780% 30.05.2024 - Tranche No 34	AAA IS	4.780%	30-May-24	10	4.493	4.502	4.493
KEVSB IMTN 4.300% 05.07.2018	AA+ IS	4.300%	5-Jul-18	20	3.919	3.967	3.919
SCC IMTN 05.05.2022	AA1	4.770%	5-May-22	35	4.657	4.657	4.657
SCC IMTN 4.835% 23.06.2023	AA1	4.835%	23-Jun-23	5	4.737	4.737	4.737
SAMALAJU IMTN 5.55% 28.12.2028 - Issue No. 6	AA1 (S)	5.550%	28-Dec-28	3	5.034	5.035	5.034
UNITAPAH 6.15% Series 30 12.12.2030	AA1	6.150%	12-Dec-30	6	4.899	4.9	4.899
BEWG IMTN 5.100% 17.07.2020	AA IS	5.100%	17-Jul-20	11	4.881	4.902	4.881
ANIH IMTN 5.22% 29.11.2022 - Tranche 9	AA IS	5.220%	29-Nov-22	10	4.452	4.452	4.448
KRUNG THAI 5.100% 04.07.2025 - Tranche No 1	AA2	5.100%	4-Jul-25	2	4.413	4.417	4.413
ANIH IMTN 6.00% 29.11.2028 - Tranche 15	AA IS	6.000%	29-Nov-28	20	4.832	4.832	4.828
UEMS IMTN 4.90% 30.06.2021 - Issue No. 4	AA- IS	4.900%	30-Jun-21	10	4.791	4.804	4.791
TBEI IMTN 5.180% 16.03.2022	AA3	5.180%	16-Mar-22	10	4.513	4.513	4.508
SPG IMTN 4.700% 29.04.2022	AA- IS	4.700%	29-Apr-22	20	4.636	4.641	4.636
WCT IMTN 5.050% 21.10.2022	AA- IS	5.050%	21-Oct-22	7	5.177	5.179	5.177
MALAKOFF POW IMTN 5.350% 16.12.2022	AA- IS	5.350%	16-Dec-22	10	4.6	4.602	4.6
SPG IMTN 4.760% 28.04.2023	AA- IS	4.760%	28-Apr-23	10	4.728	4.728	4.728
SPG IMTN 4.790% 31.10.2023	AA- IS	4.790%	31-Oct-23	5	4.757	4.757	4.757
SEGI ASTANA MTN 2557D 08.1.2025	AA-	5.400%	8-Jan-25	20	5.199	5.199	5.199
SPG IMTN 4.880% 30.04.2025	AA- IS	4.880%	30-Apr-25	5	4.848	4.848	4.848
SPG IMTN 4.910% 31.10.2025	AA- IS	4.910%	31-Oct-25	5	4.868	4.868	4.868
SEGI ASTANA MTN 2922D 08.1.2026	AA-	5.500%	8-Jan-26	20	5.299	5.299	5.299
SEGI ASTANA MTN 3287D 08.1.2027	AA-	5.600%	8-Jan-27	20	5.4	5.4	5.4
EDRA ENERGY IMTN 5.940% 05.07.2027 - Tranche No 12	AA3	5.940%	5-Jul-27	5	5.5	5.5	5.5
SEGI ASTANA MTN 3651D 07.1.2028	AA-	5.700%	7-Jan-28	40	5.5	5.5	5.5
SPG IMTN 5.060% 31.10.2028	AA- IS	5.060%	31-Oct-28	10	4.995	5.001	4.995
SPG IMTN 5.250% 30.04.2031	AA- IS	5.250%	30-Apr-31	5	5.179	5.179	5.179
SPG IMTN 5.450% 31.10.2033	AA- IS	5.450%	31-Oct-33	9	5.388	5.388	5.388
EDRA ENERGY IMTN 6.390% 05.01.2034 - Tranche No 25	AA3	6.390%	5-Jan-34	5	5.97	5.97	5.97
EDRA ENERGY IMTN 6.510% 05.07.2035 - Tranche No 28	AA3	6.510%	5-Jul-35	10	6.12	6.12	6.12
LDF3 IMTN 6.130% 22.08.2036	AA- IS	6.130%	22-Aug-36	10	5.314	5.314	5.314
GOLDEN ASSET IMTN 4.750% 03.08.2018	A1 (S)	4.750%	3-Aug-18	10	4.981	4.99	4.981
ISLAM 5.50% 15.12.2025 - Tranche 2	A1	5.500%	15-Dec-25	8	4.6	4.604	4.6
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	10	4.806	5.099	4.806
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.32	6.33	6.32

Total**572**

Sources: BPAM

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