

Global Markets Daily

Cautious of UST Yields Extending Pace of Rise

Softer US Data May Help to Slow the Rise of Yields and USD

Appetite for risk assets was curtailed overnight as rapid rise in UST yield dampened sentiment. Better than expected US data (Empire manufacturing and retail sales) catalysed the rise of UST yields further, with 10Y yield rising above 3.09% (near 7-year high) at one point before easing off slightly while USD strength was seen broadly across most currencies. INR, EUR, NZD were amongst some of the currencies at the mercy of USD strength while gold fell below \$1,300. Elsewhere oil prices remain supported amid geopolitical concerns and supply-side issues. Looking ahead US industrial production and housing-related data tonight will be of interest. Downside surprises could slow or reverse the recent up-move for yields and USD.

Our Economists' Update on Briefing by Council of Eminent Persons

Our Economists met with the Council of Eminent Persons at the briefing in KL yesterday and highlighted that the immediate policy objectives and priorities are people's well-being, review of mega projects and to address governance issue. Our Economists expect comprehensive measures (not piecemeal) to be announced probably via a supplementary/mini budget instead of piecemeal announcements of measures over the first 100 days amid on-going questions over Government finance.

Focus on US IP, Housing-related Data; EU CPI and BOT Meeting

Key data/events for today include US IP, housing starts and building permits; EU CPI. Bank of Thailand meets today. 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.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1838	↓ -0.75	USD/SGD	1.3446	↑ 0.65
GBP/USD	1.3502	↓ -0.40	EUR/SGD	1.5916	↓ -0.11
AUD/USD	0.7472	↓ -0.72	JPY/SGD	1.2185	↑ 0.02
NZD/USD	0.6862	↓ -0.74	GBP/SGD	1.8158	↑ 0.27
USD/JPY	110.35	↑ 0.63	AUD/SGD	1.0047	↓ -0.08
EUR/JPY	130.63	↓ -0.12	NZD/SGD	0.9227	↓ -0.10
USD/CHF	1.0013	↑ 0.07	CHF/SGD	1.3428	↑ 0.56
USD/CAD	1.2877	↑ 0.50	CAD/SGD	1.0442	↑ 0.15
USD/MYR	3.9562	↑ 0.14	SGD/MYR	2.959	↓ -0.13
USD/THB	32.128	↑ 0.70	SGD/IDR	10495.24	↑ 0.05
USD/IDR	14037	↑ 0.46	SGD/PHP	39.223	↓ -0.28
USD/PHP	52.453	↑ 0.12	SGD/CNY	4.7484	↓ -0.11

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.3149	1.3472	1.3741

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com.sg

Christopher Wong
(65) 6320 1347
wongkl@maybank.com.sg

Fiona Lim
(65) 6320 1374
fionalim@maybank.com.sg

Leslie Tang
(65) 6320 1378
leslietang@maybank.com.sg

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 - IP and Housing-Related Data in Focus.** Better than expected US data (Empire manufacturing and retail sales) catalysed the rise of UST yields further, with 10Y yield rising above 3.09% (near 7-year high) at one point before easing off slightly while USD strength was seen broadly across most currencies. Yesterday 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.* Taking stock, these materialised. Looking ahead US industrial production and housing-related data tonight will be of interest. Downside surprises could slow or reverse the recent up-move for yields and USD. While we have been right to posture that policy and economic data divergence in favour of US has been driving the strength in USD and UST yields since mid-Apr (which we then projected to last about 4 -6 weeks into mid-late May), we also believe this is temporary. Latest development in price-related data in US suggests that current pace of Fed monetary policy normalisation remains appropriate. Markets speculating on Fed to quicken its pace of normalisation may have gotten a little ahead of themselves, in our opinion. Higher energy and commodity prices globally as well as tightness in labour markets in other majors should feed through to inflation and brings back the case of monetary stimulus removal for other majors at some stage and that should see USD strength tapering. Nonetheless for now, stronger data in US does provide the excuse (or catalyst) for yields to go higher and USD to trade higher. DXY was last seen at 93.31 levels. Mild bullish momentum seen on daily chart while stochastics is re-exerting itself into near overbought conditions. Resistance at 93.40 (May high) and 94.30 (2018 high). Support at 92.42 (23.6% fibo), 91.90 (200 DMA, 38.2% fibo retracement of mid-Apr low to May high). Week remaining brings 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 - CPI Data on Tap.** EUR fell overnight, in line with our caution yesterday - *weaker than expected print for EU IP, GDP may expose EUR to the downside.* Pair traded 1 big figure lower. Last seen at 1.1826 levels. Mild bearish momentum on daily chart remains intact while stochastics remains in oversold conditions. The setup does look increasingly vulnerable for more EUR downside especially if 2018-low support at 1.1820 gives way. Beyond this support puts next level at 1.1710 (38.2% fibo retracement of 2016 low to 2018 high). Resistance at 1.1960. Risks skewed to the downside for now. A lower than expected CPI (to be released today) could weigh on the EUR. Italy government formation may be delayed as Five Star Movement and League are seeking more time as they work out on coalition plans and proposal for Prime Minister. League said they will hold an informal referendum of its voters on 19th and 20th May on any deal. Week remaining brings CPI (Apr) on Wed; Construction Output (Mar) on Thu; Current Account, Trade (Mar) on Fri.
- **GBPUSD - Driven by Externalities This Week.** GBP failed to hold on to gains on positive job report (employment change surprised to the upside while wage growth came in as expected) as broad USD strength overwhelms. Pair was last seen at 1.3490 levels. Bearish momentum on

daily chart is waning while stochastics still show signs of turning from oversold condition. Suggest 1.3460 - 1.3560 range intra-day. Pair is likely to be driven by external developments as no key domestic data scheduled for the rest of the week.

- **USDJPY - Rebound Risks.** USDJPY climbed to a three month high of 110.45 overnight after UST yields retook the 3.0% levels and USD rose. Yield differentials between 10Y UST and JGB have widened above the 3.0% for the past three sessions. Pair cleanly broke above the 200DMA that had capped upside since the start of May. Though 10Y yield has softened this morning, further upside cannot be ruled out and we could see further upside pressure on the USDJPY and keep the pair supported above the 110-levels for the time being. For now, profit-taking activities after the overnight climb higher is weighing on the pair, though pair continues to hover above the 200DMA. 1Q 2018 GDP was released earlier in the morning, showing the economy's winning streak ending. For the first time in nine quarters, GDP contracted by 0.6% annualised in 1Q (vs. est. of -0.1% and 4Q's +0.6%), weighed by sluggish private consumption and dip in business spending. Markets though appear to take this contraction in stride, expecting a quick rebound in 2Q as the global economic momentum gains traction. This expectation has helped to limit downside in the pair. The political scandals surrounding PM Abe has not hogged the headlines for a while but continues to simmer in the background. We caution that failure to 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 110.30-levels, pair has lost most of its bullish momentum on the daily and weekly chart, while stochastics for both are fast approaching overbought conditions. Pair is now back within its upward trend channel that was formed in Mar, portending to further upside pressure on the pair. Resistance at 110.50 levels ahead of the 111-handle. Support nearby is at 110.20 (200DMA). A clean break of this support level could see the pair headed back below the 110-handle around 109.90 levels (lower bound of the upward sloping trend line). Remaining week has capacity utilization, industrial production (Mar) on Wed; core machine orders (Mar) on Thu; CPI (Apr) on Fri.
- **NZDUSD - 0.6820 Next Support.** NZD fell further overnight despite GDT auction showing a rebound in dairy prices. Broad USD strength and rapid rise in UST yields overnight the main culprits. The move lower is consistent with our call for NZD as a laggard/sluggish play (on the back of RBNZ governor's recent comments which are somewhat tilted to the dovish realm). Pair was last seen at 0.6860 levels. Bearish momentum on daily chart remains intact while stochastics is falling. Next support at **0.6820 (Dec 2017 low)**. Resistance at 0.6920 (upward sloping trend-line support from the lows of 2015, 2017), 0.6960 levels. Week remaining brings PPI (1Q); Finance Minister delivers Budget on Thu; Post-Budget Speech on Fri.
- **AUDUSD - Softer Wage Price Crimps.** AUDUSD was pressed lower by USD dominance and the softer wage price index at 0.5%q/q (vs. prev. 0.6%) for 1Q did not help. The USD surge also weighed on commodity prices and added further pressure on the AUD, last seen around 0.7475 vs. the USD this morning. US strength came in tandem with the rise in UST rates, underpinned by a solid empire manufacturing print for May

at 20.1 vs. the prev. 15.8. Eyes are on the wage price index for 1Q, an upside surprise could lift the AUDUSD towards 0.76. At this point, data is important as momentum indicators suggest that market forces are indecisive. 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, also determined by the wage price index today. We stick to our forecast of 0.81 by the end of the year. Week ahead has labour report on Thu.

- **USDCAD - Retracement Lower Likely for today.** USDCAD bounced on a combination of USD strength and oil decline, last seen around the 1.28-figure. Momentum indicators still suggest there are two-way risks at this juncture on the daily chart. Intra-day, USDCAD looks like it could correct on the 4-hourly chart towards 1.2840 before 1.2800. Stochs turns from overbought conditions on the intra-day chart. Beyond that, support is also seen around 100-DMA at 1.2680. Rebounds to meet resistance around 1.2870 before 1.2960. PM Trudeau continues to play up expectations of a deal with comments such as we are “very close” without any firm commitment to a deadline. Existing home sales fell unexpectedly by -2.9%/m vs. the previous 1.3%. Week ahead has manufacturing sales today, ADP payrolls on Thu, retail sales and CPI on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.28% above the implied mid-point of 1.3472 with the top estimated at 1.3203 and the floor at 1.3741.**
- **USDSGD - *Near-Term Downside Risks.*** USDSGD trade bid to an overnight high of 1.3457 amid a rebound in UST yields back above the 3.0% levels and rising USD. Since then, pair has eased off from that high as UST yields soften this morning. Firmer UST yields yesterday was supportive of the 3-month SOR, which rose by 49bp to 1.54%. Though UST yields have softened this morning, further upside cannot be discounted and this should keep 3-month SOR supported intraday. Last seen around the 1.3440-levels. Pair has lost most of its bullish momentum on the daily chart, and stochastics is falling 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. Support is around 1.3380 (200DMA). Resistance at 1.3490 levels, 1.3550 levels. Remaining week has NODX (Apr) on Thu; GDP (1Q F) is due sometime 18-25 May..
- **AUDSGD - *Biased downside.*** Last seen around 1.0040, this cross is weighed by the softer AU wages. USD strength continues to weigh on this cross. Support around 0.9955. Rebound to meet resistance at 1.0120 (50-DMA), before 1.0275.
- **SGDMYR - *Bias to Lean against Strength.*** SGDMYR slipped amid SGD underperformance. Cross was last seen at 2.9510 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. We stick to our bias to lean against strength (if any).
- **USDMYR - *Signs of Bullish Momentum Waning.*** Our Economists met with the Council of Eminent Persons at the briefing in KL yesterday and highlighted that the immediate policy objectives and priorities are people's well-being, review of mega projects and to address governance issue. Our Economists expect comprehensive measures (not piecemeal) to be announced probably via a supplementary/mini budget instead of piecemeal announcements of measures over the first 100 days amid on-going questions over Government finance. USDMYR inched higher this morning amid broad USD strength. Last seen at 3.9640 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). Week ahead brings 1Q GDP and current account data on Thu.
- **1m USDKRW NDF - *1074 - 1082 Range Intra-day.*** 1m USDKRW NDF traded higher amid USD strength and softer risk sentiment. Pair was last seen at 1078 levels. Daily momentum and stochastics indicators are lacking conviction. 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 1082. Suggest range of 1074 - 1082 intra-day.

- **USDCNH - *Rallying With The USD.*** USDCNH made a pretty significant jump yesterday, on the back of the US data and the rise of the UST rates. This pair was last seen around 6.3690 and further upmove could break the resistance at 6.3837. At this juncture, momentum indicators are rather flat. 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. Activity data came in mixed. Retail sales disappointed for Apr with a softer growth of 9.4%/y vs. the previous 10.1%. Industrial production surprised to the upside at 7.0%/y, quickening from the previous 6.0%. meanwhile, fixed assets ex rural slowed to 7.0%/y for the first four months from 7.5% in the first quarter. A mixed data like could add to the negative sentiments on the yuan if one juxtapose the data with those of US overnight releases which were rather strong. Monetary divergence at this point could lift this USDCNH for now but just as data could lift the USD, data could also bring the USD down and we look towards the industrial production release tonight. **PBoC fixed the USDCNY reference rate at 6.3745, 259 pips higher than the previous 6.3486. CNYMYR was fixed at 0.6213, 14 pips lower than the previous 0.6227. EURCNY was fixed 359 pips lower at 7.5352 vs. the previous at 7.5711.** Week ahead has new home prices on Wed, FX net settlements on behalf of clients on Fri.
- **1M USDINR NDF - *Rallying.*** 1M NDF rallied to a high of 68.66 yesterday and is still looking bid at around 68.50 this morning. Price action is underpinned by the USD and UST rates increase so far this week. Resistance is still seen at 68.80. The recent rise in price pressure on the manufacturing and retail front also raises the expectation of a RBI rate hike in the near-term, underpinning the bond sell-off. Concerns on India's current account deterioration continue to weigh and INR's sensitivity to UST rates does not help in the least. Trade deficit for India widened less than expected to US\$13.7bn for Apr. Foreign investors bought US\$122.1mn of equities and sold US\$49.6mn of bonds on 14 May.
- **1m USDIDR NDF - *Risks Tilting To The Upside.*** 1m USDIDR NDF is trading bid this morning amid a firmer USD tone but was off its overnight high of 14260. Pressure on the 1m NDF remained to the upside after a record trade deficit was recorded in Apr. The trade deficit rose to USD1.6bn in Apr after imports surged by 34.68% y/y vs. export's 9.01% rise. Note though that the rise in imports was largely due to the imports of raw material and intermediary goods, as well as the jump in consumption goods import possibly due to the approaching fasting month and Hari Raya festivities. Weak sentiments led foreign investors to continue their sell-off in Indonesian assets with USD83.1mn in equities sold yesterday. Meanwhile, they had sold USD403.2mn in debt on 14 May (latest data available). Further sell-off by foreign funds should keep the 1m NDF supported. This record trade deficit has countered the downside pressure on the 1m NDF 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. 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 14070 this morning from yesterday's close of 140373, playing catch-up with its regional peers amid a firmer USD. Last seen around 14220-levels. Daily chart now shows very mild bullish momentum even as stochastics continues to fall from overbought conditions. Weekly chart shows bullish bias intact, and stochastics still at overbought conditions. This suggests risks to the 1m NDF are once again tilting to the upside. Resistance is at 14275 levels (61.8% fibo retracement of the 2015-2016 downswing), 14364 (2018 high). Support at 14070-levels (21DMA). 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 at 14020 yesterday, 44 pips higher than the fixing on Mon. Remaining week has BI policy meeting on Thu.

- **1m USDPHP NDF - Still Supported Above 52-Levels.** 1m USDPHP NDF traded to a new multi-year and 2018 high of 52.93 yesterday after remittances fell for the first time in 5 months. Overseas remittances fell 9.8% y/y in Mar vs. Feb's +4.5%. According to our economic team though this drop reflects a high base effect from a year ago due to the lesser number of banking days in Mar this year as Holy Week holidays fell in Mar instead of Apr as it did last year. The team expects remittances to rebound in Apr. Market appears to agree with this sentiment and has reversed its gains this morning even as USD continues to climb higher. Nevertheless, we expect the 1m NDF to remain supported above the 52-handle for now as market remains unconvinced of the central bank's commitment to anchor inflationary expectations. Spot USDPHP gapped mildly lower at the opening to 52.410 this morning from yesterday's close of 52.453 as yesterday's moves higher was seen as overdone. 1m NDF was last seen around 52.64-levels. Daily and weekly momentum indicators and stochastics are bullish bias. This suggests the potential for further upside risks to the 1m NDF ahead. Support remains around the 52.45-levels (76.4% fibo retracement of the Feb-May downswing). Resistance around the 52.95-levels. A clean break here could see the pair headed towards the 53-handle. Remaining week has BoP overall (Apr) on Fri.
- **USDTHB - Eyeing BoT Decision.** USDTHB is trading bid this morning amid firmer USD. This was even as foreign investors piled back into Thai debt yesterday with a purchase of USD295.4mn. They had sold off USD5.9mn in equities at the same time though. Still further net foreign portfolio inflows should be supportive of the THB and cap upside in the pair. Focus will be on the BoT policy meeting later today. 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. Last seen around 332.147-levels. Bullish momentum on the daily chart remains intact, while stochastics is at overbought conditions. Weekly chart remains bullish bias. Resistance is at 32.225 (2018 high) ahead of 32.290 levels. Support at 31.960 levels. Remaining week 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	3.67	*3.70/67	Not traded
5YR MI4/23	3.81	3.84	+3
7YR MK3/25	3.94	3.98	+4
10YR MO11/27	4.09	4.16	+7
15YR MT11/33	4.57	4.58	+1
20YR MX4/37	4.80	4.80	Unchanged
30YR MZ3/46	4.93	*4.95/90	Not traded
IRS			
6-months	3.71	3.71	-
9-months	3.74	3.74	-
1-year	3.76	3.76	-
3-year	3.84	3.85	+1
5-year	3.92	3.93	+1
7-year	4.02	4.02	-
10-year	4.15	4.16	+1

Winson Phoon
(65) 6231 5831
winsonphoon@maybank-ke.com.sg

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

Source: Maybank KE

*Indicative levels

- MGS yield curve bear-flattened amid domestic inflows at the long end, especially the 15y benchmark. The front end to the belly of the curve faced selling, likely by offshore parties, amid 10y UST yield breaking the 3.00% level. Soon-to-be relegated 10y MGS benchmark jumped 7bps from previous day; new 10y MGS benchmark will be out next week. Market continues to watch for policy announcements by the new administration.
- MYR IRS market turn muted with the curve up by about 1bp given the weakness in MGS. Only the 5y IRS was negotiated at 3.93% for a small size. Rates could trade range bound as market takes a wait-and-see approach. 3M KLIBOR still the same at 3.69%.
- Liquidity still thin in corporate bonds market. GG credits were under some selling pressure, causing the belly to widen 3-10bps with Danainfra 7/24 underperforming. The long end was unchanged, supported by buying interest. In AAA, Telekom 3/24 widened 10bps. Reckon these may be knee-jerk reaction, possibly by foreign investors, and expect market to stabilize as the new government provides greater clarity on economic policies. AA curve was better supported, widening just 1bp at the belly and long end.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.95	1.97	+2
5YR	2.18	2.22	+4
10YR	2.59	2.63	+4
15YR	2.80	2.86	+6
20YR	2.80	2.85	+5
30YR	2.91	2.97	+6

Source: Maybank KE

- SGD rates opened higher, tracking the overnight movement in UST. SGS yields were up by 1-2bps as initial short covering interest capped the rise in yields. Rates rose further when the short ends got paid up, pushing SGD IRS curve up by 2-4bps. SGS yields also increased as the 10y UST yield broke the 3.00% level again. SGS yield curve steepened with yields up by 2-6bps, while SGD IRS ended 4-6bps higher.
- Active Asian credit space with IGs mostly tightening 2-5bps as the 10y UST yield hit 3.00% again. Tech credits remained in demand. BOCAVI's new 7y bond rallied 3-4bps with reoffer at +130bps. ICBCAS Sydney's 3y FRN traded pretty much unchanged. On rating changes, Vietnam's rating was upgraded to BB from BB- by Fitch, premised on improved policy making that focuses on macroeconomic performance, stronger external reserves, improved banking sector liquidity on the back of capital inflows and firm commitment to curb debt levels and reform SOEs.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	6.71	6.46	(25.42)
5YR	6.71	6.68	(3.12)
10YR	7.03	7.03	0.64
15YR	7.47	7.52	4.44
20YR	7.65	7.63	(1.38)
30YR	7.92	7.94	2.39

* Source: IBPA, Bloomberg, Maybank Indonesia

Analysts

Anup Kumar (Fixed Income Analyst)
(62) 21 2922 8888 ext 29692
akumar@maybank.co.id

Myrdal Gunarto (Economist)
(62) 21 2922 8888 ext 29695
MGunarto@maybank.co.id

- Indonesia bond market closed slightly lower during Tuesday trading session following a huge trade deficit in Apr 2018 which came in at -1.63b (vs exp: +\$0.73b) and depreciating local currency to above Rp14,000 level. Aside from conducting bi-weekly auction, DMO also conducted PBS014 issuance worth of Rp1t through private placement. PBS014 was sold at yield of 6.90%. UST 10y yield reaching its highest level at 3.06% may affect negatively towards IndoGB during today's trading. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.681%, 7.034%, 7.516% and 7.633% while 2y yield moved lower to 6.461%. During the day, FR0066 yield decline the most by 15bps while FR0036 (1.3y) yield increased the most by 17bps. Trading volume at secondary market was noted thin at government segments amounting Rp10,962b with FR0056 (8y) as the most tradable bond. FR0056 total trading volume amounting Rp1,935b with 29x transaction frequency.
- Indonesian government conducted their bi-weekly sukuk auctions yesterday and received moderate incoming bids worth of Rp9.11t versus its target issuance of Rp4.00t or oversubscribed by 2.28x. However, DMO only awarded Rp4.06t bids for its 5mo, 2y, 4y, 14y and 19y sukuk offered series. Incoming bids were more clustered on front-end tenor series. 5mo SPNS was sold at a weighted average yield (WAY) of 4.62500%, 2y PBS016 was sold at 6.44518%, 4y PBS002 was sold at 6.85508%, 14y PBS012 was sold at 7.77764% while 19y PBS004 was sold at 7.98905%. PBS017 bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.02X - 8.34X.
- Foreign ownership stood at Rp828.2t or 37.9% of total tradable government bond as of May 14th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp19.0t from begin month of May 18.
- Corporate bond traded heavy amounting Rp1,177b. BTPN03BCN2 (Shelf Registration III Bank BTPN Phase II Year 2017; B serial bond; Rating: AAA_(idn)) was the top actively traded corporate bond with total trading volume amounted Rp225b yielding 7.389%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1983	110.95	0.7576	1.3629	6.3938	0.6951	131.4367	82.9667
R1	1.1911	110.65	0.7524	1.3566	6.3803	0.6907	131.0333	82.7113
Current	1.1823	110.31	0.7458	1.3495	6.3686	0.6865	130.4200	82.2650
S1	1.1793	109.85	0.7434	1.3445	6.3435	0.6836	130.3333	82.1973
S2	1.1747	109.35	0.7396	1.3387	6.3202	0.6809	130.0367	81.9387
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3525	n/a	14069	52.8757	32.3893	1.5992	0.6243	2.9657
R1	1.3485	n/a	14053	52.6643	32.2587	1.5954	0.6223	2.9624
Current	1.3438	3.9650	14100	52.3440	32.1410	1.5889	0.6236	2.9510
S1	1.3378	n/a	14005	52.2783	31.9167	1.5882	0.6193	2.9547
S2	1.3311	n/a	13973	52.1037	31.7053	1.5848	0.6182	2.9503

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,706.41	-0.28
Nasdaq	7,351.63	-0.31
Nikkei 225	22,818.02	-0.21
FTSE	7,722.98	0.16
Australia ASX 200	6,097.82	-0.31
Singapore Straits Times	3,540.23	-0.32
Kuala Lumpur Composite	1,848.20	-0.32
Jakarta Composite	5,838.12	-1.33
Philippines Composite	7,885.97	1.73
Taiwan TAIEX	10,874.73	-0.31
Korea KOSPI	2,458.54	-0.31
Shanghai Comp Index	3,192.12	0.57
Hong Kong Hang Seng	31,152.03	-1.33
India Sensex	35,543.94	-0.04
Nymex Crude Oil WTI	71.31	0.49
Comex Gold	1,290.30	-2.32
Reuters CRB Index	203.45	-0.33
MBB KL	10.80	0.00

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5104	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

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	180	3.411	3.508	3.411
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	164	3.569	3.631	3.569
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	41	3.598	3.598	3.589
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	30	3.582	3.653	3.582
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	771	3.714	3.714	3.653
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	134	3.742	3.742	3.742
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	4	3.758	3.758	3.758
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	4	3.754	3.754	3.737
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	461	3.807	3.865	3.78
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	61	3.803	3.82	3.803
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	5	3.831	3.831	3.808
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	10	3.711	3.711	3.711
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	220	3.889	3.904	3.881
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	252	3.92	3.945	3.9
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	73	3.835	3.835	3.806
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	6	4.012	4.012	3.991
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	12	4.115	4.115	4.051
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	249	4.139	4.176	4.049
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	182	3.966	3.983	3.923
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	56	4.275	4.275	4.172
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	139	4.238	4.309	4.238
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	58	4.303	4.331	4.303
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	176	4.156	4.156	4.13
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	348	4.669	4.689	4.623
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	298	4.615	4.64	4.569
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	5	4.95	4.95	4.95
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	202	4.802	4.819	4.794
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	20	4.907	4.977	4.907
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	20	3.621	3.621	3.621
PROFIT-BASED GII 1/2009 13.08.2019	3.910%	13-Aug-19	77	3.657	3.782	3.657
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	120	3.706	3.706	3.706
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	40	3.774	3.774	3.774
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	30	4.063	4.063	4.063
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	350	4.179	4.179	4.156
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	1	4.324	4.324	4.324
GII MURABAHAH 2/2018 31.10.2028	4.369%	31-Oct-28	90	4.324	4.333	4.311
Total			4,887			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.67% 12.03.2024 - Tranche 2	GG	4.670%	12-Mar-24	5	4.399	4.399	4.399
DANAINFRA IMTN 4.410% 24.07.2024 - Tranche No 21	GG	4.410%	24-Jul-24	15	4.52	4.52	4.52
PRASARANA IMTN 4.38% 24.03.2025 - Series 2	GG	4.380%	24-Mar-25	5	4.43	4.43	4.43
PRASARANA SUKUK MURABAHAH 5.01% 14.09.2037 - S4	GG	5.010%	14-Sep-37	4	5.158	5.159	5.158
MANJUNG IMTN 4.100% 25.11.2019 - Series 1 (4)	AAA	4.100%	25-Nov-19	5	4.284	4.284	4.284
HBMS IMTN 4.240% 27.03.2020	AAA	4.240%	27-Mar-20	1	4.311	4.311	4.311
TELEKOM IMTN 4.820% 21.03.2024	AAA	4.820%	21-Mar-24	10	4.62	4.62	4.62
SEB IMTN 4.500% 19.01.2022	AA1	4.500%	19-Jan-22	10	4.615	4.636	4.615
NGISB MTN 2191D 29.8.2023 (SERIES 4)	AA1	4.800%	29-Aug-23	10	4.695	4.708	4.695
UOBM 4.650% 08.05.2025	AA1	4.650%	8-May-25	2	5.188	5.188	5.188
DANAJAMIN IMTN 4.800% 06.10.2027	AA1	4.800%	6-Oct-27	2	4.817	4.819	4.817
SEB IMTN 5.320% 03.12.2032	AA1	5.320%	3-Dec-32	4	5.329	5.33	5.329
SEB IMTN 5.280% 17.08.2035	AA1	5.280%	17-Aug-35	3	5.43	5.43	5.43
KRUNG THAI 5.100% 04.07.2025 - Tranche No 1	AA2	5.100%	4-Jul-25	2	4.572	4.577	4.572
BGSM MGMT IMTN 6.600% 27.12.2019 - Issue No 5	AA3	6.600%	27-Dec-19	10	4.448	4.467	4.448
JEP IMTN 4.980% 04.06.2021 - Tranche 1	AA- IS	4.980%	4-Jun-21	5	4.652	4.652	4.652
SPG IMTN 4.790% 31.10.2023	AA- IS	4.790%	31-Oct-23	30	4.739	4.752	4.739
CIMB THAI 5.600% 05.07.2024 - Tranche No 1	AA3	5.600%	5-Jul-24	1	4.778	4.796	4.778
SPG IMTN 4.910% 31.10.2025	AA- IS	4.910%	31-Oct-25	20	4.849	4.852	4.849
ISLAM 5.08% 12.11.2027 - Tranche 3	A1	5.080%	12-Nov-27	10	4.977	4.992	4.977
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	2	5.319	5.319	5.319
CIMB 5.800% Perpetual Capital Securities - T1	A1	5.800%	25-May-16	1	5.3	5.3	5.3
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	2	6.145	6.145	6.145
Total				158			

Sources: BPAM

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank") and consequently no representation is made as to the accuracy or completeness of this report by Maybank and it should not be relied upon as such. Accordingly, no liability can be accepted for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those companies whose securities are mentioned in this report. Any information or opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the use of Maybank's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank. Maybank accepts no liability whatsoever for the actions of third parties in this respect. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange

Singapore

Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com.sg
(+65) 6320 1379

Christopher Wong

Senior FX Strategist
Wongkl@maybank.com.sg
(+65) 6320 1347

Leslie Tang

Senior FX Strategist
leslietang@maybank.com.sg
(+65) 6320 1378

Fiona Lim

Senior FX Strategist
Fionalim@maybank.com.sg
(+65) 6320 1374

Fixed Income

Malaysia

Winson Phoon Wai Kien
Fixed Income Analyst
winsonphoon@maybank-ib.com
(+60) 3 20747176

Se Tho Mun Yi

Fixed Income Analyst
munyi.st@maybank-ib.com
(+60) 3 2074 7606

Indonesia

Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Anup Kumar

Fixed Income Analyst
akumar@maybank.co.id
(+62) 21 2922 8888 ext 29602

Myrdal Gunarto

Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales

Malaysia

Adoni Mastura Bte Mohamed Idris
Head of Global Markets, KL
adonimastura@maybank.com
(+60) 3 27869106

Singapore

Loo Hin Chong
Head of Corporate Sales, Singapore
Loohc@maybank.com.sg
(+65) 6320 1339

Indonesia

Sales, Indonesia
(+62) 21 29936399
(+62) 21 23008888 ext 22122

China (Shanghai)

Eddy Lui
GM Head, Greater China
eddy.lui@maybank.com.hk
(+852) 35188816

Joyce Ha

Senior Sales Dealer
joyce.ha@maybank.com.cn
(+86) 21 28932588