

Global Markets Daily

Temporary Setback for AXJs

Unexpected Twists and Global Growth Downgrade

AXJs were under pressured this morning amid unexpected twists in US-China relations and IMF's global growth downgrades. China's threat of retaliation if US pass HK bill aimed at supporting HK protests could derail trade talk progress. In particular China's way of expressing retaliation via higher USDCNY fix this morning was telling. Nervous sentiment could send USD/AXJ firmer. Elsewhere IMF downgraded 2019 global growth to 3%, its slowest pace since GFC. Its description of "synchronised slowdown, precarious outlook" does not help sentiment.

A Brexit Deal Tonight or Wishful Thinking?

GBP jumped nearly 2% higher overnight on news that EU and UK are closing in on a deal. According to news source - "the major issue blocking a deal - how to handle the Irish border - is close to being resolved". EU brexit chief negotiator told lawmakers that Irish Sea would become the customs border. But some gains were given up after Northern Ireland DUP party leader Arlene Foster said "it would be fair to indicate gaps remain and further work is required" Focus remain on whether EU-UK can put legal text to the deal. The reality could come as soon as tonight or tomorrow ahead of EU Summit (17 - 18 Oct). Risk of no final agreement is still possible given the history of fluid brexit talks. A total disappointment here could unwind recent gains. Nonetheless if negotiation positively progresses into a deal (agreed by EU), then BoJo will bring the deal back to parliament for a vote this Sat.

US Retail Sales; CPI Reports from EU, UK Today

Data of interests today include US Retail sales (Sep); NAHB Housing Market Index (Oct); Fed's Evans speak; Fed's Beige Book; EU CPI (Sep); Trade (Aug); ECB's Knot, Lane, Weidmann, Villeroy speak; UK CPI, PPI.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1033	↑ 0.05	USD/SGD	1.3708	↑ 0.09
GBP/USD	1.2787	↑ 1.42	EUR/SGD	1.5122	↑ 0.13
AUD/USD	0.6753	↓ -0.32	JPY/SGD	1.2591	↓ -0.34
NZD/USD	0.6294	↓ -0.08	GBP/SGD	1.7527	↑ 1.50
USD/JPY	108.86	↑ 0.42	AUD/SGD	0.9257	↓ -0.25
EUR/JPY	120.1	↑ 0.48	NZD/SGD	0.8626	↓ -0.01
USD/CHF	0.9988	↑ 0.15	CHF/SGD	1.3724	↓ -0.07
USD/CAD	1.3199	↓ -0.26	CAD/SGD	1.0384	↑ 0.35
USD/MYR	4.192	↑ 0.08	SGD/MYR	3.0581	↑ 0.03
USD/THB	30.438	↑ 0.10	SGD/IDR	10336.05	↑ 0.11
USD/IDR	14166	↑ 0.18	SGD/PHP	37.6789	↑ 0.02
USD/PHP	51.64	↑ 0.11	SGD/CNY	5.1663	↑ 0.08

Implied USD/SGD Estimates at 16-Oct-19, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3642	1.3920	1.4199

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G7: Events & Market Closure

Date	Ctry	Event
14 Oct	US	Market Closure
	CA	
	JP	

AXJ: Events & Market Closure

Date	Ctry	Event
14 Oct	TH	Market Closure
16 Oct	KR	BoK Meeting

G7 Currencies

- **DXY Index - Bias Remains to Sell Rallies.** USD remains mixed with relative stability vs. EUR; weakness vs. GBP, CAD and strength vs. Most AXJs including CNH, SGD, KRW, etc. DXY was last seen at 98.33 levels. Daily momentum is bearish while stochastics is falling. Sustained close below key support at 98.40 (50 DMA) could open way for further decline towards 97.80 (100 DMA) before 97.30 (200 DMA). Resistance at 98.75 (21 DMA), 99.60 (2019 high) levels. Data/Events of focus this week include Retail sales (Sep); NAHB Housing Market Index (Oct); Fed's Evans speak; Fed's Beige Book on Wed; Building Permits, Housing Starts, IP (Sep); Philly Fed (Oct); Fed's Evans speaks on Thu; Fed's Williams speaks on Fri. We hold to our bias looking for further downside for USD. Continued USD appreciation and slowing global growth will result in tighter financial conditions, resulting in the need for Fed to turn more dovish. This could take the USD lower, especially when USD long positions are stretched at 30-month high.
- **EURUSD - Pullback Risks Intra-day.** EUR remains steady despite moves seen in other FX such as GBP, CNH, etc. So steady that one may even call it a low-beta currency as trading range remains confined to 1.10 - 1.1050 in spite of plenty of headlines from China retaliation if US passes a bill that supports HK protests, brexit progress, IMF growth downgrades, etc. Possibly EUR's relative stability could be due to lack of idiosyncratic factors relating to EUR but macro headlines do not seem to drive EUR as much as before. Pair was last seen at 1.1030 levels. Bullish momentum on daily chart remains intact while stochastics is showing tentative signs of turning from near-overbought conditions. Some downside risk to its "relative stability" is not ruled out. Support at 1.0980 (21 DMA), 1.0950 levels. Resistance at 1.1040 (50 DMA), 1.1080 levels. Focus this week on CPI (Sep); Trade (Aug); ECB's Knot, Lane, Weidmann, Villeroy speak on Wed; Construction output (Aug); ECB's Villeroy, Visco, Knot, De Cos speak on Thu; Current account (Aug) on Fri.
- **GBPUSD - 2-Way Trades Continue; CPI Report Today.** GBP jumped nearly 2% higher overnight on news that EU and UK are closing in on a deal. According to news source - "the major issue blocking a deal - how to handle the Irish border - is close to being resolved". EU brexit chief negotiator told lawmakers that Irish Sea would become the customs border and there would not be a land border on the island of Ireland. But some gains were given up after Northern Ireland DUP party leader Arlene Foster said "it would be fair to indicate gaps remain and further work is required" Eyes remain on whether EU-UK can put legal text to the deal. The reality could come as soon as tonight or tomorrow ahead of EU Summit (17 - 18 Oct). Risk of no final agreement is still possible given the history of fluid brexit talks. A total disappointment here could unwind recent gains. Nonetheless if negotiation positively progresses into a deal (agreed by EU), then BoJo will bring the deal back to parliament for a vote this Sat. A rejection by UK lawmakers will be negative for GBP but an approval will cement a brexit on

31st Oct, with a transitional deal. This would reinforce our idea of *buy GBP on dips*. In the lead up to key event dates this week, we continue to see 2-way trades amid rising vols (1m GBP vol at 14-handle). Our bias remains for GBP to trend higher on the back of our base case assumption that calls for a smooth, orderly exit (i.e. either UK to leave EU with a modified deal by 31st Oct or another Brexit extension). GBP was last seen at 1.2750 levels. Momentum and stochastics indicators on weekly, daily chart are bullish bias. Bullish divergence on weekly MACD is underway. Immediate resistance at 1.28 (yesterday high). Break above this could accelerate more gains towards 1.2880 (38.2% fibo retracement of 2018 high to 2019 low), 1.3170 (50% fibo) and 1.3450 (61.8% fibo). Support at 1.2710 (200 DMA), 1.2530 (23.6% fibo) and 1.2410 (100 DMA). Focus this week on CPI, PPI, RPI; BoE's Carney speaks on Wed; Retail sales (Sep) on Thu.

- **USDJPY - Sell Rallies.** The pair was largely trading in the 108.20 to 108.40 range before a move up at 10+pm yesterday, likely on positive UK-related news that UK and EU negotiators were close to a draft Brexit deal. Now that resistance at 108.45 has been broken, next resistance is at Aug high of 109.30. Pair last seen around 108.66. Confirmation/rejection of the draft deal could either swing the pair towards 109.30 or back towards 108.45 (and below) these two days. Meanwhile, a greater sense of caution seems to be setting in over US-China trade talk developments. Besides asking for more talks to concretize “phase 1” details, China has also hinted that current tariffs will need to be rolled back (on both sides) before it can buy the amount of US agricultural products (US\$40-50bn) US wants it to. It has also vowed retaliation if US passes a bill supporting HK protests. We note that it will take another 4-5 weeks for the actual US-China agreement to be inked, and the pair could remain volatile in the interim. Meanwhile, US sanctions on Turkey for its Syrian incursion could see tensions escalate in the region. Domestically, the economic impact of Typhoon Hagibis is still being assessed, but it was admittedly one of the worst in recent years, with nearly 8 million people advised to evacuate at one point—past experience usually shows the JPY strengthening on residents’ repatriation to cover damages in such circumstances. Further gains for the USDJPY pair could still be an upward grind for now. Momentum on daily chart is modestly bullish and stochastics are inching towards overbought territory. Resistance at 109, 109.30 (Aug high). Support at 108.45 (Sep high), 107.50 (23.6% Fibonacci retracement from Aug low to Sep high), 106.90 (38.2% fibo). CPI due on Fri.
- **NZDUSD - Under Pressure.** NZD rose this morning in response to upside surprise in 3Q CPI data (+0.7% q/q vs. 0.6% expected/prior). But gains were erased on comments from RBNZ deputy Governor and retaliatory warnings China (on US). RBNZ’s Bascand said that NZ economy is in a good place... lower interest rates may still be needed to achieve inflation and maximum employment objectives. He added that bank capital proposals are still being reviewed in light of submissions. Elsewhere China threatens retaliation if US passes HK bill aimed at supporting HK protests. Pair was last seen

at 0.6275 levels. Mild bullish shows signs of fading while stochastics is falling. Support at 0.6250, 0.6210 levels. Resistance at 0.63 (21 DMA), 0.6350 (50 DMA).

- **AUDUSD - Capped.** AUDUSD was deflated after China is said to request for Trump to reduce the value of Chinese-origin goods that attract tariffs to just \$50bn in order for China to raise its purchase of agricultural US products to \$50bn. Market players took this as a sign that China is bargaining harder and could lift the bar for a deal. In addition, China is said to retaliate should the US pass the bill supposedly in support of Hong Kong protestors. The USDCNY fix is very telling today, 38pips higher than yesterday and away from the 7.0730-range that was held for 15 sessions since 17th Sep. This underscores the wrath of Beijing after the passage of the House of Representative passed the bill. Last seen around 0.6740, this pair remains a tad heavy this morning. Easing expectations could still weigh on this pair, especially amid the trade uncertainty as well as the release of the Minutes yesterday that could be interpreted as rather dovish. Members of the board were concerned about the limited ammunition but took the cash target rate lower from 1.00% to 0.75% anyway as they see the benefits of a rate cut outweighing the concerns on “dwindling ammunition”. Does that mean more rate cuts in the future? As long as growth does not pick up and wage growth remains subdued, that remains a risk and drag on the AUDUSD. In addition, there appears to be some element of international pressure as many other central banks have been engaged in easing. Price was last seen around 0.6730. Bias is to the downside towards support at 0.6760/25. Week ahead has labour report for Sep on Thu - a key data that could swing the AUD, China’s activity numbers on Fri. Resistance is seen at 0.6757 before 0.6780.
- **USDCAD - Range-Trades Likely.** USDCAD hovered around 1.3200, not very much different from where it was this time yesterday. Range-bound action seems likely to continue within 1.3150 and 1.3340. perhaps with the Federal Election on 21st Oct, investors like to keep their best on the CAD conservative. Week ahead has Sep CPI on Wed, Aug manufacturing sales for Thu and ADP payroll on Thu.

Asia ex Japan Currencies

- **SGD trades around 1.4% above the implied mid-point of 1.3920 with the top estimated at 1.3642 and the floor at 1.4199.**
- **USDSGD - *Upward Bias*.** The pair saw broad upward pressure yesterday, as tentative cracks in the partial US-China trade deal started appearing. Besides asking for more talks to concretize “phase 1” details, China has also hinted that current tariffs will need to be rolled back (on both sides) before it can buy the amount of US agricultural products (US\$40-50bn) US wants it to. It has also vowed retaliation if US passes a bill supporting HK protests. SGD NEER is currently around +1.4% above the estimated mid-point of the policy band, and there is a lack of triggers to cause SGD to weaken to policy mid quickly. A more likely outcome is for SGD NEER to see a more gentle decline, perhaps by -0.5% or more, in the interim. We still expect USDSGD to take cue from USDCNH in the interim. In particular, the yuan reference rate (7.0746 today vs. 7.0708 prior) could exert a tad of upward pressure on USDSGD, especially if this soft-yuan bias is maintained in subsequent fixings. Daily chart is modestly bearish, while stochastics are nearing oversold conditions. Support at 1.3660 (200 DMA), 1.36 (76.4% Fibonacci retracement from Jul low to Sep high). Resistance at 1.3770 (38.2% fibo), 1.3840 (23.6% fibo). Trade due Thurs.
- **AUDSGD - *Downtrend intact, GFC Low*.** AUDSGD slipped to GFC low and was last seen around 0.9236, effectively taking out the strong support around at 0.9250 and extending the downtrend that started since 2017. As we have stated before, the next support is seen at 0.9060 (2008 low).
- **SGDMYR - *Overbought*.** SGDMYR eased from recent highs amid SGD underperformance. Cross was last seen at 3.0570 levels. Though bullish momentum on daily chart remains intact, stochastics shows signs of turning from overbought conditions. We see tentative signs of an interim top being formed on this run-up. A pullback lower is not ruled out. Support at 3.5210, 3.0430 levels. Resistance at 3.0610 (Oct high) before 3.0680 levels.
- **USDMYR - *Range*.** USDMYR inched modestly higher amid broad USD strength vs. AXJs. Last seen at 4.1940 levels. Daily momentum and stochastics indicators are shot showing a clear bias. Resistance at 4.20, 4.22 levels. Support at 4.18 before 4.16 (neckline of the head & shoulders pattern). Look for 4.19 - 4.2030 range intra-day.
- **1m USDKRW NDF - *Rebound Risks*.** BoK lowered policy rate by 25bps to 1.25%, as expected. Accompanying statement said that the pace of global growth has continued to slow while global financial markets exhibited high levels of volatility. CPI will fluctuate around 0% levels for some time before rising towards 1% range in 2020. This validated our call for rate cut owing to deflation risks in Korea, risk of protracted growth slowdown and ongoing trade disputes. 1m USDKRW NDF marginally rose but we think the rise was more attributed to external developments such as China’s retaliatory warnings in response to US bill aimed to supporting HK protests, IMF

growth downgrades. Pair was last seen at 1186 levels. Bearish momentum remains intact but stochastics is showing signs of turning from oversold conditions. Resistance at 1188 9100 DMA), 1195 levels. Support at 1177 (61.8% fibo retracement of Jul low to Aug high) before 1166 (76.4% fibo).

- **USDCNH - *Wrath of Beijing*.** PBoC fixed USDCNY reference rate at 7.0746, 38 pips higher than the previous 7.0708. This move up in the USDCNY fix is the most since 17th Sep and suggests that USDCNY fix could reflect more of market forces than before. This USDCNY was telling, as it serves to reinforce the message of potential retaliation should the US Congress continues to act in support of Hong Kong protestors. The US House of Representative (HoR) passed a bill that would require an annual review of whether the city is sufficiently autonomous from Beijing to justify its special trading status under the US law. The bill would enable US to impose sanctions against officials “responsible for undermining fundamental freedoms and autonomy in Hong Kong”. China has urged the US to stop meddling in “China’s internal affairs” via the Hong Kong Human Rights and Democracy Act, H.R. 3289. The US HoR also passed H.RE. 543 to reaffirm the HK-US relationship and another bill named the Protest Hong Kong Act H.R. 4570 to stop the export of crowd control devices so as to prevent the police from combating the protestors. The bills now go to the Senate and the clearance of the bill at the Senate would see them sent to Trump for him to sign the act or issue a veto. In addition, China is said to have asked for a roll-back of tariffs so that only \$50bn of goods attract levies by the US. That had lifted the USDCNH higher in overnight trades as market investors perceive this latest request as a sign that China is bargaining harder and raised the bar for a deal in Nov. We continue to hold our view that there needs to be caution for now. Resistance is seen around 7.11 (50-dma) before 7.12 (a 23.6% fibo level of Aug- Sep rally) for the USDCNH. At home, in reaction to the firmer CPI numbers yesterday, PBoC monetary policy department Chief Sun Guofeng told the press that the central bank would closely follow the CPI and PPI trend to “prevent spread of inflation expectations”. Eyes are on the activity numbers due out of Fri. In spite of the discouraging PPI prints that bode ill for industrial profits and activity, we note that the improvements in the PMI-mfg prints released earlier this month hint that the infrastructure boosts and other fiscal stimulus including tax cuts and fee reductions could start to see effect. The OECD composite leading indicator also project a stable growth momentum in China with a tentative turning point already emerged the latest report published 8 Oct. So we do think that there is a potential for an upside surprise in the activity prints and the 3Q GDP number that can take the USDCNH and USDCNY lower, along with the rest of USDAsians including USDSGD. We continue to watch the USDCNY fix, the spread between the USDCNY spot and the fix as well as the spread between the USDCNY fix and our estimate of the fix for a sense of policy guidance from PBoC and also clues of trade talk development. Given the swings markets have seen last week, we hold our view to remain cautious leading into the main APEC event in Chile on 17th Nov where both Trump and Xi Jinping would attend and where the

deal is expect to sealed. Should the neckline of the head and shoulders be broken and played out for USDCNH, this could usher in the next leg of RMB gains. This leg of the RMB rally could bring the USDCNH to test the 7.0. We had taken partial profit on our short USDCNH here at 7.11 (25 Sep) at 7.0760 on Monday. We still maintain the view that the break of the 7.07 would open the way towards 7.0 and then at 6.95, 6.90. Stoploss at 7.19. Risk reward ratio of 1:2.63. In the near-term, resistance at 7.1150 (21-dma). We also hold our short SGD against the CNH as the rising wedge seems to have been violated. This cross is still supported by the 21-dma at 5.16. Break there would bring this cross towards 5.1450 before 5.1430. First target at 5.0970 before the next target at 5.0788. Spot reference at 5.1620 (25 Sep). Stoploss at 5.20 with a risk-reward ratio of 1:2.19. Separately, PBoC injects net CNY200bn via the 1Y MLF (rates unchanged at 3.30%) on a day where there was no significant maturity. This comes after Premier Li Keqiang stressed on the “proper use of Countercyclical tools needed to support growth” cited earlier this week and underscores the commitment by the central bank to support credit growth that has remained rather subdued.

- **1M USDINR NDF - *Sideways***. This pair rose towards 71.80 this morning as market players become increasing concerned about the lack of room for further easing by RBI given the recent firmer CPI numbers. Weakness in domestic demand belies the narrower trade deficit posted for Sep yesterday with a drop of -13.8%/y recorded that exceeded the drop in exports. Narrower trade deficit could mean INR could be less hurt in times of risk-off but weakness in aggregate demand could weigh on the INR in the medium term. Based on our recent study, sharp weakness in CNY coincides with weakness in the INR as the impact of shrinking global trade (owed no less to the US-China trade war) starts to crimp on India’s export receipts. This is in addition to domestic concerns at home that also undermined INR vs. the rest of regional peers.
- **1M USDPHP NDF - *Upsides Capped***. NDF traded fairly ranged yesterday, but saw a step-up this morning. Last seen at 51.76. Developments on the US-China trade front could still swing sentiments in EM Asia FX—the “phase 1” deal trumpeted by Trump seems to be met with some reservations on the Chinese side, even as they concurred that talks were a breakthrough in relations. Nonetheless, in the interim, we think up-moves in the NDF will be capped. PHP will likely continue to see some support, on good news at home. BSP halved reserve rate for banks’ bonds to 3%, from 6% previously, which could reduce intermediation costs for bond-holders. Strong demand continued to be seen in PHP government bonds. Remittances continued to rise by 4.6%/y in August. Prior tax reforms seem to be working, with collections above target for the first half of 2019. Momentum on daily chart is modestly bearish, while stochastics are in oversold conditions. Support at 51.60 (61.8% Fibonacci retracement from Jul low to Aug high), 51.30 (76.4% fibo). Resistances at 52.10 (38.2% fibo, 50/200 DMA), 52.90 (Aug high). BoP due Friday.
- **1m USDIDR NDF - *Range***. NDF saw broad upward pressure yesterday. Last seen at 14240. External and domestic conditions could weigh on

the IDR in the interim, even as longer-term prospects remain positive. Externally, signs of cracks are appearing in US-China relations yet again, just after the bout of optimism last week on breakthrough in trade talks. IMF has cut Indonesia's growth projection in 2019 down to 5%, from 5.2% previously. A surprise trade deficit was also recorded in Sep (-US\$161mn vs. revised +\$112mn prior). News at home indicate that some political uncertainty is unfolding, as parliament discusses amendments to the constitution that could see reduced influence for President Jokowi and potentially return power to traditional Indonesian elites, which might dampen sentiments on credibility of proposed reforms. Such negative news contend with positive news of continued progress in key infrastructure projects, including in West Kalimantan's international port, which is expected to begin operations in 2020. China Communications Construction's subsidiary in Indonesia is also expected to invest up to US\$1.65bn in 170km of Indonesian toll roads. We see fair chance of ranged trading around the 14100 to 14300 level in the interim. Momentum on daily chart is largely neutral while stochastics are inching up from near-oversold conditions. Support at 14200-level (38.2% Fibonacci retracement from Aug high to Sep low), 14100 (23.6% fibo), 14000. Resistance at 14300, 14430 (76.4% fibo).

- **USDTHB - Range.** USDTHB continued to trade ranged. Last seen at 30.423. Ranged behavior has largely dominated after the step-up last Thurs (on news that BoT will soon relax rules relating to capital outflow and gold trading, in a bid to curb THB strength). We expect this behavior to continue in the interim. While business sentiment is at a 21-month low in September, firm macro fundamentals (current account balance >5% of GDP, growth between 2-3%) could continue to assuage market concerns. Targeted stimulus measures continue to be approved by parliament. For instance, over THB24bn in subsidies for rubber farmers was approved yesterday. Momentum on daily chart is mildly bearish, while stochastics remain in oversold conditions. Resistance at 30.51 (21 DMA), 30.61 (50 DMA), then 31.00 (38.2% Fibonacci retracement from May high to Sep low). Support at 30.40 (longer-term 23.6% fibo retracement from 2009 high to 2013 low), then 30.00.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MI 3/22	3.10	3.12	+2
5YR MI 6/24	3.22	3.23	+1
7YR MK 7/26	3.37	3.38	+1
10YR MO 8/29	3.42	3.41	-1
15YR MS 7/34	3.59	3.62	+3
20YR MX 6/38	3.72	3.73	+1
30YR MZ 7/48	3.97	3.98	+1
IRS			
6-months	3.33	3.33	-
9-months	3.28	3.28	-
1-year	3.24	3.24	-
3-year	3.24	3.23	-1
5-year	3.29	3.28	-1
7-year	3.33	3.31	-2
10-year	3.41	3.39	-2

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Source: Maybank KE

*Indicative levels

- Govvies traded mixed with a tilt towards better sellers. MGS yields rose 1-3bps higher except the 10y which lowered 1bp on the back of better buying by both foreign and local accounts and had the decent volume traded. 20y GII was also active and traded 1bp higher in yield amid good two-way interests. 7y GII yield lowered 1bp as the level looks attractive relative to the 10y and has positive bond swap. Off-the-run bonds provide yield pick-up but liquidity may be an issue heading closer towards year end.
- Onshore IRS rates retraced lower on the back of defensive bids, with the curve lowering 1-2bps along the 3y10y. Liquidity was still thin. 3M KLIBOR remained at 3.38%.
- Uneventful day for corporate bonds with better selling interest across GGs like Danainfra and Prasarana, with Danainfra 2027 up 2bps in yield while PTP bonds dealt unchanged. AAA space was muted. AA credits saw mostly short dated bonds being traded. Corporate credits seem supported but incoming new supply may weigh on secondary levels.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.58	1.58	-
5YR	1.60	1.59	-1
10YR	1.70	1.69	-1
15YR	1.78	1.78	-
20YR	1.89	1.89	-
30YR	2.01	2.01	-

Source: MAS

- Selling interest in long dated SGS drove yields up by 1-2bps at the open, while SGD IRS remained well offered, possibly due to liquidation of paid positions in SGD rates post MPC. The sharp drop in cut-offs of 4w and 12w MAS bills revived buying interests in short dated bonds and prices rebounded in thin trading. SGD IRS and SGS yields ended either flat or -1bp. Swap spreads remained wide amid tepid buying interest in SGS.
- Constructive Asian USD credit space as US and Japan markets reopened. SOE-linked AMC's tightened 2-4bps with better buying in the 10y part of the curve, led by HRINTH 2029. In Malaysian USD credits, local investors were better buyers at the long end, with TNBMK 2028, MALAYS 2045 and 2046 in demand while market has a shortage on them. CDS tightened marginally by 0.25-0.50pts while sovereign bonds were unchanged, except for the 30y which was driven up 0.5pts by Asian lifers. India and Korea credits largely unchanged in spreads, while Thailand bonds tightened 2bps given a lack of new supply. Notwithstanding the potential for a US-China trade deal, there is still uncertainty as an actual deal has yet to be signed.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
1YR	5.95	5.93	(0.02)
3YR	6.50	6.42	(0.08)
5YR	6.65	6.64	(0.01)
10YR	7.23	7.21	(0.02)
15YR	7.63	7.60	(0.03)
20YR	7.85	7.84	(0.01)
30YR	8.00	8.00	0.00

* Source: Bloomberg, Maybank Indonesia

- Indonesian bond market sustained its appreciation trends until yesterday. Positive sentiments lingered here. Yesterday, Ministry of Finance held Sukuk Auction and absorbed Rp7.040 Trillion. Loosening tension of trade war and small deficit on recent Indonesian trade balance kept positive momentum for Indonesian bond market. Bonds better bid across the curve, but we still see that there are more demands on the long-end of the curve. FR0068 (15 years) shifted lower to 7.568pct while FR0079 (20 years) at 7.792pct. While FR0077 and Fr0081 dealt steadily at 6.70pct region, shorter dated bonds like FR0061 (3 years) saw good demands at 6.357. We reckon that the demands on 3 years are much affected by market expectation of rate cut on Bank Indonesia's October meeting.
- Indonesia recorded relative small trade deficit by US\$160.50 million in Sep-19. This record worsened from previous surplus by US\$112.40 million in Aug-19. Total imports were stronger than total exports during Sep-19. On annual basis, it was shown that total exports dropped deeper than imports. Total exports and imports dropped by 5.74% YoY and 2.41% YoY, subsequently, in Sep-19. Meanwhile, on monthly basis, total exports dropped by 1.29% MoM to US\$14.10 billion in Sep-19. Total imports slightly increased by 0.63% MoM to US\$14.26 billion in Sep-19. Recent Indonesian trade results seemed relative silent, not yet to significantly revive. On the imports side, it confirmed current conditions of domestic weakening economic growth due to the side effects of global trade war. On the exports side, Indonesian exports performances still weakened, as the consequences of sluggish global demand and lower natural resources commodities prices. We foresaw Indonesian economy to grow slower from 5.05% in 2Q19 to 5.02% in 3Q19. Meanwhile, a weakening on imports was in line recent stagnant domestic economic performances. Furthermore, total demand for overseas products also loosens if national income isn't growing fast.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1078	109.38	0.6808	1.2927	7.1051	0.6345	120.9267	74.0330
R1	1.1056	109.12	0.6780	1.2857	7.0948	0.6320	120.5133	73.7700
Current	1.1033	108.82	0.6752	1.2760	7.0853	0.6290	120.0700	73.4680
S1	1.1001	108.38	0.6734	1.2660	7.0680	0.6264	119.4033	73.1630
S2	1.0968	107.90	0.6716	1.2533	7.0515	0.6233	118.7067	72.8190

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3739	4.1993	14187	51.7793	30.5133	1.5173	0.5972	3.0634
R1	1.3723	4.1957	14177	51.7097	30.4757	1.5147	0.5946	3.0608
Current	1.3712	4.1950	14169	51.6510	30.4330	1.5128	0.5921	3.0598
S1	1.3688	4.1862	14147	51.5407	30.3777	1.5085	0.5896	3.0553
S2	1.3669	4.1803	14127	51.4413	30.3173	1.5049	0.5872	3.0524

*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	1.8747	Oct-19	Easing Bias
BNM O/N Policy Rate	3.00	5/11/2019	Easing Bias
BI 7-Day Reverse Repo Rate	5.25	24/10/2019	Easing
BOT 1-Day Repo	1.50	6/11/2019	Neutral
BSP O/N Reverse Repo	4.00	14/11/2019	Easing
CBC Discount Rate	1.38	19/12/2019	Neutral
HKMA Base Rate	2.25	-	Neutral
PBOC 1Y Lending Rate	4.35	-	Easing
RBI Repo Rate	5.15	5/12/2019	Easing
BOK Base Rate	1.50	16/10/2019	Easing
Fed Funds Target Rate	2.00	31/10/2019	Easing
ECB Deposit Facility Rate	-0.50	24/10/2019	Easing Bias
BOE Official Bank Rate	0.75	7/11/2019	Neutral
RBA Cash Rate Target	0.75	5/11/2019	Easing Bias
RBNZ Official Cash Rate	1.00	13/11/2019	Easing Bias
BOJ Rate	-0.10	31/10/2019	Easing
BoC O/N Rate	1.75	30/10/2019	Neutral

Equity Indices and Key Commodities

	Value	% Change
Dow	27,024.80	0.89
Nasdaq	8,148.71	1.24
Nikkei 225	22,207.21	1.87
FTSE	7,211.64	-0.03
Australia ASX 200	6,652.01	0.14
Singapore Straits Times	3,116.17	-0.27
Kuala Lumpur Composite	1,566.23	-0.09
Jakarta Composite	6,158.17	0.51
Philippines Composite	7,840.31	-0.56
Taiwan TAIEX	11,111.80	0.41
Korea KOSPI	2,068.17	0.04
Shanghai Comp Index	2,991.05	-0.56
Hong Kong Hang Seng	26,503.93	-0.07
India Sensex	38,506.09	0.76
Nymex Crude Oil WTI	52.81	-1.46
Comex Gold	1,483.50	-0.94
Reuters CRB Index	174.75	-0.73
MBB KL	8.51	-0.23

MYR Bonds Trades Details

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	221	3.024	3.05	3.024
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	306	3.047	3.064	3.03
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	11	3.071	3.082	3.071
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	10	3.081	3.081	3.081
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	90	3.09	3.09	3.079
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	3	3.113	3.113	3.113
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	190	3.112	3.112	3.112
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	16	3.125	3.127	3.113
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	17	3.115	3.115	3.115
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	150	3.119	3.119	3.116
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	5	3.137	3.137	3.137
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	101	3.196	3.196	3.174
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	2	3.203	3.203	3.203
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	3	3.274	3.29	3.274
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	54	3.27	3.277	3.266
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	10	3.344	3.372	3.344
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	45	3.415	3.415	3.398
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	205	3.379	3.387	3.371
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	5	3.453	3.453	3.441
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	4	3.475	3.475	3.475
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	10	3.505	3.505	3.505
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	4	3.473	3.473	3.471
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	20	3.449	3.449	3.433
MGS 3/2008 5.248% 15.09.2028	5.248%	15-Sep-28	10	3.547	3.547	3.547
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	422	3.411	3.426	3.409
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	53	3.555	3.565	3.544
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	26	3.67	3.719	3.67
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	5	3.716	3.716	3.71
MGS 4/2019 3.828% 05.07.2034	3.828%	05-Jul-34	4	3.617	3.617	3.6
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	2	3.727	3.727	3.727
MGS 3/2017 4.762% 07.04.2037	4.762%	07-Apr-37	1	3.756	3.756	3.756
MGS 4/2018 4.893% 08.06.2038	4.893%	08-Jun-38	1	3.731	3.731	3.714
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	15	3.945	3.945	3.945
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	88	3.952	3.968	3.952
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	30	3.981	3.981	3.965
PROFIT-BASED GII 3/2010 15.06.2020	4.284%	15-Jun-20	5	3.078	3.078	3.078
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	8	3.086	3.086	3.086
GII MURABAHAH 2/2016 3.743% 26.08.2021	3.743%	26-Aug-21	610	3.144	3.147	3.122
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	2	3.158	3.158	3.158
PROFIT-BASED GII 2/2013 31.10.2023	3.493%	31-Oct-23	7	3.224	3.224	3.224
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	40	3.242	3.242	3.242
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	1	3.299	3.299	3.299
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	1	3.312	3.312	3.312
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	40	3.255	3.283	3.255
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	13	3.319	3.347	3.319
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	2	3.399	3.399	3.399

GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	200	3.39	3.413	3.39
PROFIT-BASED GII 1/2013 08.08.2028 GII MURABAHAH 1/2019 4.130% 09.07.2029	3.871%	08-Aug-28	30	3.44	3.44	3.44
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.130%	09-Jul-29	11	3.417	3.441	3.417
GII MURABAHAH 6/2019 4.119% 30.11.2034	4.582%	30-Aug-33	40	3.663	3.663	3.66
GII MURABAHAH 2/2019 4.467% 15.09.2039	4.119%	30-Nov-34	30	3.65	3.65	3.65
	4.467%	15-Sep-39	402	3.837	3.845	3.83
Total			3,584			

Sources: BPAM

MYR Bonds Trades Details								
PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low	
DANAINFRA IMTN 4.040% 20.07.2027 - Tranche No 4	GG	4.040%	20-Jul-27	10	3.59	3.59	3.59	
PTP IMTN 4.660% 01.11.2030	GG	4.660%	01-Nov-30	20	3.71	3.71	3.71	
PTP IMTN 4.750% 31.10.2031	GG	4.750%	31-Oct-31	20	3.75	3.75	3.75	
DANAINFRA IMTN 4.850% 03.05.2041 - Tranche No 47	GG	4.850%	03-May-41	15	4.04	4.04	4.04	
PRASARANA SUKUK MURABAHAH 5.11% 12.09.2042 - S5	GG	5.110%	12-Sep-42	10	4.01	4.011	4.01	
DANAINFRA IMTN 5.020% 03.05.2046 - Tranche No 48	GG	5.020%	03-May-46	5	4.11	4.11	4.11	
TELEKOM IMTN 4.550% 20.12.2024	AAA	4.550%	20-Dec-24	20	3.514	3.514	3.505	
TELEKOM IMTN 4.88% 28.11.2025	AAA	4.880%	28-Nov-25	10	3.546	3.553	3.546	
PBSB IMTN 4.550% 11.09.2026	AAA IS	4.550%	11-Sep-26	10	3.622	3.622	3.619	
TELEKOM IMTN 4.580% 03.09.2027	AAA	4.580%	03-Sep-27	10	3.587	3.593	3.587	
PASB IMTN 4.540% 23.02.2029 - Issue No. 12	AAA	4.540%	23-Feb-29	10	3.663	3.665	3.663	
TNB NE 4.655% 29.11.2033	AAA IS	4.655%	29-Nov-33	10	3.909	3.916	3.909	
TNB NE 4.690% 29.05.2034	AAA IS	4.690%	29-May-34	10	3.919	3.926	3.919	
SABAHDEV MTN 1095D 04.9.2020 - Tranche No 16	AA1	4.150%	04-Sep-20	1	3.899	3.899	3.899	
SEB IMTN 5.280% 17.08.2035	AA1	5.280%	17-Aug-35	30	4.054	4.061	4.054	
MALAKOFF POW IMTN 5.050% 17.12.2019	AA- IS	5.050%	17-Dec-19	20	3.118	3.118	3.118	
BGSM MGMT IMTN 4.680% 28.09.2023 - Issue No 16	AA3	4.680%	28-Sep-23	10	3.799	3.812	3.799	
UEMS IMTN 4.75% 22.03.2024 - Issue No. 7	AA- IS	4.750%	22-Mar-24	2	3.778	3.78	3.778	
MMC CORP IMTN 5.800% 12.11.2025	AA- IS	5.800%	12-Nov-25	10	4.718	4.721	4.718	
EDRA ENERGY IMTN 6.030% 05.01.2029 - Tranche No 15	AA3	6.030%	05-Jan-29	30	4.338	4.342	4.338	
EDRA ENERGY IMTN 6.090% 04.01.2030 - Tranche No 17	AA3	6.090%	04-Jan-30	50	4.378	4.381	4.378	
EDRA ENERGY IMTN 6.120% 05.07.2030 - Tranche No 18	AA3	6.120%	05-Jul-30	20	4.398	4.401	4.398	
EDRA ENERGY IMTN 6.190% 04.07.2031 - Tranche No 20	AA3	6.190%	04-Jul-31	10	4.448	4.451	4.448	
EDRA ENERGY IMTN 6.230% 05.01.2032 - Tranche No 21	AA3	6.230%	05-Jan-32	50	4.469	4.472	4.469	
SPG IMTN 5.450% 31.10.2033	AA- IS	5.450%	31-Oct-33	10	4.239	4.251	4.239	
DRB-HICOM IMTN 5.330% 14.03.2022	A+ IS	5.330%	14-Mar-22	5	4.414	4.414	4.414	
WCT IMTN 5.800% 27.09.2119 (Series 1 Tranche 1)	A	5.800%	27-Sep-19	10	5.67	5.693	5.67	
MUAMALAT IMTN 5.800% 15.06.2026	A3	5.800%	15-Jun-26	2	4.476	4.482	4.476	
MAGNUM MTN 1827D 13.9.2024 (Series 13)	NR(LT)	5.160%	13-Sep-24	1	5.108	5.11	5.108	
YNHP 6.850% PERPETUAL SECURITIES - TRANCHE NO 1	NR(LT)	6.850%	07-Aug-19	1	6.601	6.998	6.601	
Total				423				

Sources: BPAM

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