

Global Markets Daily

Vols May Pick Up Further

More Choppy Price Action Ahead

USD rebound yesterday was short-lived, as cautioned in our GM Daily. We shared that there may be some risk of mild reversal but USD rebound may not be meaningful. UST yield curve compression resumed with 2Y10Y narrowing to +51.8bps (nearing its record low this year at 50.1 bps). VIX jumped over 10% to more than 2-month high of 11.66 while US equities reversed earlier gains. Softer risk sentiment and renewed weakness in USD may partially be attributed to US government shutdown Fri as Congressional leaders struggle to agree on funding bill to avert the shutdown. Asian equities opened in the red this morning, led by losses in Japanese and Aussie bourses. Risk-off sentiment may slow gains in higher beta proxies in particular KRW which might see some weakness ahead. That said US tends to avert a government shutdown at the eleventh hour and if such a scenario plays out again, we might see a return of risk-on sentiment, favouring selected AXJ longs. We expect more choppy price action in coming days as vols may pick up further in the lead up to various event risks - 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).

BoK MPC to Keep Monetary Policy Status Quo Tomorrow

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.

EU Inflation; US IP in Focus Today

Some of the key data/events we watch today include US IP; TIC flows; Fed speaks (Evans, Kaplan and Mester); EU CPI; BoE Saunders to speak.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.226	↓ -0.03	USD/SGD	1.3207	↓ -0.04
GBP/USD	1.3792	→ 0.00	EUR/SGD	1.6192	↓ -0.08
AUD/USD	0.7961	↓ -0.05	JPY/SGD	1.1959	↑ 0.04
NZD/USD	0.7268	↓ -0.44	GBP/SGD	1.8216	↓ -0.05
USD/JPY	110.45	↓ -0.08	AUD/SGD	1.0513	↓ -0.10
EUR/JPY	135.42	↓ -0.10	NZD/SGD	0.96	↓ -0.49
USD/CHF	0.9595	↓ -0.37	CHF/SGD	1.3766	↑ 0.34
USD/CAD	1.2435	↑ 0.05	CAD/SGD	1.0622	↓ -0.08
USD/MYR	3.9575	↑ 0.05	SGD/MYR	2.9909	↓ -0.14
USD/THB	31.931	↑ 0.03	SGD/IDR	10080.11	↓ -0.09
USD/IDR	13338	↑ 0.05	SGD/PHP	38.1635	↑ 0.17
USD/PHP	50.495	↑ 0.32	SGD/CNY	4.8672	↓ -0.03

Implied USD/SGD Estimates @ 17 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1 3076	1 3290	1 3554

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Our Research intern, Randall Ho contributed to this report

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 - Short-lived Rebound.** USD rebound yesterday was short-lived, as cautioned in our GM Daily. We shared that *there may be some risk of mild reversal but USD rebound may not be meaningful*. UST yield curve compression resumed with 2Y10Y narrowing to +51.8bps (nearing its record low this year at 50.1 bps). VIX jumped over 10% to more than 2-month high of 11.66 while US equities reversed earlier gains. Softer risk sentiment and renewed weakness in USD may partially be attributed to US government shutdown Fri as Congressional leaders struggle to agree on funding bill to avert the shutdown. Asian equities opened in the red this morning, led by losses in Japanese and Aussie bourses. Risk-off sentiment may slow gains in higher beta proxies in particular KRW which might see some weakness ahead. That said US tends to avert a government shutdown at the eleventh hour and if such a scenario plays out again, we might see a return of risk-on sentiment, favouring selected AXJ longs. We expect more choppy price action in coming days as vols may pick up further in the lead up to various event risks - 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). DXY was last seen at 90.24 levels. Bearish momentum on daily and weekly chart remains intact. Next support at 90.20, 89.30 levels. Resistance at 91.70. Week remaining brings 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 - CPI on Tap.** EUR rebounded to trade fresh multi-month highs of 1.2323 this morning. ECB Villeroy's earlier comments that *recent euro appreciation is a source of uncertainty and requires monitoring as it could damp inflation* saw EUR dipped below 1.22 overnight. This was in contrast with ECB Hasson's earlier comments on Mon 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. Divergence of views within ECB GC suggests that more emphasis will be placed on upcoming ECB post-meeting press conference on 25 Jan for clarity on direction. But prior to that, German Social democrats (SPD) party conference on 21 Jan will be a key focus - if party members agree to move coalition talks to the next stage - and that could keep EUR volatile in coming sessions. Berlin branch of SPD has already voted against forming a coalition with Merkel's CDU/SDU. However Berlin branch represents only 23 of the 600 delegates. Focus on the largest stronghold from North Rhine-Westphalia which will send 144 delegates. Failure to get a vote to move coalition talks could dampen EUR's recent 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 1.2290 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 - *En-route to 1.40?*** GBP remains better bid amid broad USD weakness. CPI data came in as expected, though slightly softer than previous number (3% vs. 3.1% in Nov), it is still much higher than BoE's target of 2%. Firmer currency may well do the job to bring down imported inflation (recall that post-brexite GBP depreciation saw a surge in inflation) - hence policymakers may have greater tolerance for GBP appreciation. Recent positive development with Brexit - Spain and Netherlands' preference for soft Brexit, influential lawmakers in EU parliament reportedly considering watering down legislative proposals relating to clearing houses (helps to dissipate fears of negative impact on London's financial centre) should also fuel GBP's rally. Pair was last seen at 1.3820 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) - if broken on daily basis could see the pair hit 1.40 soon. Support at 1.3610, 1.3520 levels (21 DMA). Week remaining brings BoE Saunders speaks on Wed; RICS House Price Balance (Dec) on Thu; Retail Sales (Dec) on Fri.

■ **USDJPY - *Edging Towards 110-Handle.*** USDJPY traded to an overnight low of 110.25 amid EUR strength that dampened the USD. This reversed gains earlier in the Asian session yesterday where strong demand for 5Y JGB during auction and comments by FinMin Aso about the JPY sudden moves being problematic, as well as speculation of China intervention to slow pace of yuan gains had been supportive of the JPY. Market remained fixated with the possibility of a change in BOJ stance following the central bank's cut in purchases of 10-25 year bonds and bonds over 25 year maturity by JPY10bn each last week that sent the JPY into a tailspin. 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. 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 to be defeated. BOJ's first meeting of the year is on 23 Feb. Last seen at 110.33-levels. Bearish bias on both the daily, weekly charts remain intact. Further downside towards the 100-handle (61.8% fibo) cannot be discounted. Failure to do so could see the pair rebound towards 111-handle, 111.70-levels (200DMA). Remaining week has industrial production, capacity utilization (Nov) tomorrow.

■ **NZDUSD - *Room to Correct Lower?*** NZD corrected lower, tracking softer risk sentiment overnight. Pair was last seen at 0.7280 levels. Bullish momentum on daily chart remains intact but shows tentative signs of waning while stochastics is in overbought conditions. We

continue to caution for risk of pullback. Support at 0.7260 (61.8% fibo) if broken should test lower towards 0.7170 (50% fibo). Resistance at 0.7320, 0.7375 levels (76.4% fibo retracement of Jul high to Nov low). Week remaining brings Commodity Prices (Dec) on Wed; BusinessNZ Mfg PMI (Dec) on Fri.

- **AUDUSD - Eye The 0.80.** AUDUSD was as touch firmer this morning amid broad USD weakness. Last seen around 0.7990. The weekly chart suggests that there is more room for upside and it could be a matter of time before the big 0.80-figure is taken. Support at 0.7888 (61.8% fibo retracement of the Sep-Dec pullback). Consumer confidence for Jan came in firmer today, lending support to the AUD. Home loans are due later. Dec jobs report is due on Thu. The average forecast is an addition of 15K compared to the previous 61.6k. A firmer-than-consensus print could give the AUD added boost. AUDNZD double bottom formation is playing out nicely, reaching 21-DMA at 1.0964 and may head further towards 1.1050.
- **USDCAD - BoC Meets Today.** USDCAD traded heavy this morning ahead of BoC's rate decision later at 11pm (SG/KL time). We recall that the BoC raised rates in Jul, along with a surprise hike in Sep. Although the probability of a hike is almost at 90%, we do not rule out the possibility of a no-hike scenario that could see a USDCAD upside. The BoC could prefer to err on the side of caution given looming NAFTA concerns, recent CAD strength, and rising mortgage rates that could hurt private consumption. 1-week implied vols on the USDCAD has risen in the past few weeks ahead of this decision, also underpinned by the NAFTA jitters. Vols have held steady overnight as markets are almost fully priced in on 25bps hike decision. On the daily charts, momentum indicators shows little signs of bias in either direction, while stochastics is hovering above oversold levels. Failure to break support at 1.2390 (61.8% fibo retracement from Sep low to Oct high) could mean a double bottom formation there. If broken, 1.2264-support (76.4%) awaits. Resistance at 1.2490 (50%, 100DMA fibo), 1.2590 (38.2% fibo). Week ahead brings BoC's rate decision today, Mfg sales on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.73% above the implied mid-point of 1.3290.** The top is estimated at 1.3026 and the floor at 1.3554.
- **USDSGD - Capped.** USDSGD traded to a three year and 2018 low of 1.3184 this morning amid USD weakness following a rebound in the EUR. The more moderate increase in NODX in Dec failed to dampen the pair. NODX rose by a more moderate 3.1% y/y in Dec (Nov: 9.1%), coming in below market expectation of 8.6%, dragged down by a dip in electronics shipments (Dec: -5.3% y/y vs. Nov: +5.1%). The slippage in electronics exports was mitigated by non-electronic exports, which rose 6.8% y/y in Dec from 10.6% in Nov, underpinned by a pick-up in pharmaceuticals (Dec: +7.0% y/y vs. Nov: +3.2%). Non-oil retained imports (NORI) of intermediate goods dipped in Dec after rising in the past three months, while non-oil re-exports (NORX) slipped by 7.0% in Dec after gaining 3.9% in Nov. These suggests external demand could be moderating with manufacturing slowing in the lead-up to Chinese New Year. The firmer UST yields earlier yesterday evening was supportive of the 3-month SOR, which rose 3.42% to 1.05%. Should softer UST yields prevail today, we can expect downside pressure on the 3-month SOR intraday. Last seen around 1.3193 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. Further downside pressure could see a re-test of the 1.3197 levels and a break here could see the pair headed towards the 1.3150 support-levels (29 Apr 2015 low). Rebounds should meet resistance at 1.3250, 1.3310 levels.
- **AUDSGD - Bias to Buy on Dips.** AUDSGD is little changed; last seen at 1.540 levels (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 remains to buy on pullback.
- **SGDMYR - En-route to 2.9750?** SGDMYR continues to trade near recent lows; last seen at 2.99 levels. Bearish momentum on daily chart shows signs of waning while stochastics is in oversold conditions. Next support at 2.9750. Resistance at 3.0020 (23.6% fibo retracement of Dec high to Jan low), 3.0100 (38.2% fibo). Broader term bias remains for further downside.
- **USDMYR - Maintain Bearish Bias.** USDMYR slipped to fresh multi-month lows amid broad USD weakness. Last seen at 3.9460 levels. Bearish momentum on daily chart remains intact while stochastics is in oversold conditions. Next support at 3.9350 levels. Resistance at 3.9840 levels. 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 Offset by USD Weakness***. Pair continues to hold above recent 1060 lows amid risk-off sentiment. Last seen at 1064 levels. Daily momentum is mild bullish while stochastics on the weekly chart shows signs of turning from oversold conditions. Caution on rebound is warranted on risk-off sentiment and *leaning against the wind* activities while broader USD downtrend and lower USDCNY offset upside pressures. Resistance at 1070 (21 DMA). Support remains at 1060 before 1045. BoK meets tomorrow. 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 - *Pressure Ahead of GDP***. USDCNH traded lower as optimism continues to build in China ahead of GDP data on Thu, also weighed by some speculation that rising growth and steady price pressures could allow PBOC some room to tighten further. The fall in FDI for Dec that was released yesterday (-9.1% y/y) saw little upside on the USDCNH. Focus this week remains 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 6.4215 levels. On the daily charts, momentum is bearish while stochastics flags oversold conditions. Resistance is now at 6.4440 (2017 Sep low), 6.4800 (23.6% fibo from Oct 2017 high to Jan 2017 low), 6.5200 (38.2% fibo, 21DMA) levels. Support is seen at 6.4152 (2018 low) levels. **PBoC fixed the USDCNY reference rate at 6.4335, 37 pips lower than previous 6.4372. CNYMYR was fixed 9 pips lower at 0.6138 vs. previous at 0.6149.** Week ahead brings 4Q GDP, Retail sales, IP, Urban FAI (Dec), Property prices on Thu. Elsewhere, China Securities Journal cited "unidentified analysts" looking for the RMB to appreciate more this year but will stabilize eventually in the longer term, guided by the economic fundamentals.
- **1m USDINR NDF - *Consolidate with upside bias***. 1m USDINR NDF continues to near yesterday's high after concerns over India's widening trade deficit. Expect pair to remain in consolidation mode with some bias to the upside for the day ahead as little tier 1 data is on tap this week. Pair was last seen at 64.23 levels. On the daily charts, momentum has turned, while stochastics is climbing higher. Resistance is at 64.45(38.2% fibo), 64.8 (50% fibo). Support is now at 64.00 (23.6% fibo from Sep 2017 high to Jan 2018 low), 63.37 levels (2018 low). Risk-off mood could weaken appetite for the rupee and favour now tilts towards the USD. We see a potential move towards the 50-DMA at 64.50.

- **1m USDIDR NDF - *Upside Could Be Capped.*** 1m USDIDR NDF is trading little changed this morning amid USD weakness. For the spot USDIDR, pair gapped lower at the opening to 1.33321 this morning from yesterday's close of 13338 amid USD weakness. Still, concerns of a slowdown in foreign portfolio inflows especially into the debt market is keeping the 1m NDF somewhat supported. On Mon, foreign investors had sold USD10.5mn of debt (latest data available), while they had purchased USD8.8mn of equities yesterday. Further slowing inflows into the debt market could weigh on the IDR and keep the 1m NDF supported. Further upmoves though could be partially mitigated by the strong auction results yesterday where the government received IDR72.47tn worth of bids vs. its target issuance of IDR17tn, though only IDR25.50tn was awarded. Eyed tomorrow is BI's first policy meeting of 2018 where no fireworks are expected with the central bank likely to hold its policy steady for now to support growth. Last seen around 13326 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 still 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 133330 on yesterday, 3 pips higher than the fixing on Mon.

- **1m USDPHP NDF - *Sideways.*** 1m USDPHP NDF is trading softer this morning amid a pullback in the USD. This comes after the surge in the 1m NDF in the previous session to a high of 50.82 (a month high) after overseas remittance came in soft in Nov that could worsen the current account deficit. This was even though foreign funds purchased USD13.9mn of equities yesterday. Still, further foreign portfolio inflows into Philippine assets is likely to mitigate any upside pressure faced by the 1m NDF intraday. In contrast, the spot USDPHP gapped higher at the opening to 50.575 this morning from yesterday's close of 50.495 following comments by BSP governor Espenilla that he was taking a cautious approach to raising rates while the central bank assess the possible secondary effects of tax cuts on inflation. Last seen around 50.68 levels. Momentum indicators on the daily chart are still mildly bullish bias, while stochastics is now at overbought conditions. Weekly charts show bearish momentum intact but waning and stochastics shows tentative signs of turning higher from oversold conditions. We look for the pair to trade sideways around current levels for now. Support is at 50.50 (50DMA). Immediate resistance at 50.80 (50% fibo retracement of Apr-Oct 2017 upswing) ahead of 50.90 (100DMA). Remaining week has BoP overall (Dec) on Fri.

- **USDTHB - *Against-The-Wind Activities Eyed.*** USDTHB trades softer this morning amid USD weakness. Pair though appears to be in consolidative mode after slipping to a new multi-year lows this week amid strong inflows into the domestic debt market. THB continues to find support from foreign portfolio inflows with USD338.10mn in debt purchased yesterday, even as they sold USD16.5mn of equities. Continuing net foreign portfolio inflow into Thai assets should keep the THB supported. Still, we caution of risks of against-the-wind activities and this is likely to keep the pair in sideway trades ahead. Last seen around 31.903 levels. Daily and weekly momentum indicators are still bearish bias, while both stochastics are at

oversold conditions. Support remains at 31.870, 31.740 (Jul 2014 low). Resistance is around 32.100 levels. Foreign reserves (12 Jan) is on tap Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.30	*3.33/30	Not traded
5YR MI3/22	3.53	*3.55/52	Not traded
7YR ML9/24	3.82	3.82	Unchanged
10YR MO11/27	3.84	*3.86/83	Not traded
15YR MX4/33	4.38	*4.41/36	Not traded
20YR MX4/37	4.59	*4.62/57	Not traded
30YR MZ3/46	4.84	*4.88/83	Not traded
IRS			
6-months	3.55	3.55	-
9-months	3.60	3.60	-
1-year	3.65	3.64	-1
3-year	3.77	3.76	-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

- Muted local government bonds market with range bound yields and lacklustre trading volume. Among benchmark issues, the most active was 5y Islamic GII 4/22 which recorded MYR150m total traded volume for the day.
- MYR IRS rates lowered 1bp around the belly of the curve. Market was still rather quiet awaiting the MPC next week. Only one trade was concluded that is the 3y IRS given at 3.76%. 3M KLIBOR remained at 3.44%.
- Corporate bond market, in contrast, was active. Cagamas rallied 3bps at the front end and 10-14bps at the long end where offers were hard to come by. Other AAAs such as Digi and Telekom quoted/traded 1bp tighter at the front end and belly while long end was unchanged. AA remained better bid across with SPG, Anih and Gamuda papers tightening 1-2bps. But selected names like MMC and YTL were unchanged to +1bp. In primary, Danga opened books for a MYR1.5b issuance of 15y bonds at 4.94%.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.45	1.43	-2
5YR	1.68	1.68	-
10YR	2.07	2.07	-
15YR	2.36	2.34	-2
20YR	2.42	2.39	-3
30YR	2.55	2.52	-3

Source: Maybank KE

- SGD rates firmer amid paying in short dated forwards in the morning. The SGD IRS curve bear flattened, up 1-2bps. SGS also started softer but with buying interest at the long end. As USTs rose later in the day, SGS sentiment improved and the yield curve flattened. At the close, yields were generally down 2-3bps. SGD IRS rates up 1-2bps at the short end and -1bp further out the curve. SGS may continue to be positive given the resilient SGD FX and tight swap spreads.
- Asian credit space was packed with primary deals that include ANZ Bank New Zealand with 3y and 10y USD bonds, Woori Bank with 5y USD floaters, and repeat issuer Mitsui Fudosan with 5y USD bonds. INDONs steadied over the past few days. China financials saw more balanced 2-way flows, while TENCNT is still overwhelmingly active especially the recent new issuances.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.45	5.43	(1.23)
5YR	5.54	5.51	(2.81)
10YR	6.06	6.02	(3.31)
15YR	6.57	6.53	(4.61)
20YR	6.89	6.84	(5.74)
30YR	7.11	7.09	(1.72)

* Source: Maybank Indonesia

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- Indonesia bond market closed higher during Tuesday trading session as demand remains heavy during the auction while the awarded WAY was recorded below previous day close. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.509%, 6.025%, 6.528% and 6.837% while 2y yield moved lower to 5.434%. During the day, FR0061 (4y) yield decline the most by 13bps while FR0062 (24y) yield increase the most by 2bps. 10y15y G-Spread remain the widest on YTD basis currently (10y15y current spread: 31bps). Trading volume at secondary market was noted heavy at government segments amounting Rp31,991b with FR0075 (20y benchmark series) as the most tradable bond. FR0075 total trading volume amounting Rp6,610b with 238x transaction frequency.
- Indonesian government conducted their bi-weekly conventional auctions yesterday and received heavy incoming bids worth of Rp72.47t versus its target issuance of Rp17.00t or oversubscribed by 4.26x. However, DMO only awarded Rp25.50t bids for its 3mo, 1y, 10y, 15y, and 20y bond offered series. Incoming bids were evenly distributed among the offered series. 3mo SPN was sold at a weighted average yield (WAY) of 4.01640%, 1y SPN was sold at 4.94658%, 10y FR0064 was sold at 6.03973%, 15y FR0065 was sold at 6.56338% while 20y FR0075 was sold at 6.87393%. No bids were rejected during this auction. Foreign incoming bids during the auction were noted Rp13.91t or 19.2% of total incoming bids. However, only Rp5.65t bid (22.1% of total awarded bids) were awarded to foreign investors. Bid-to-cover ratio during the auction came in at 1.86X - 3.86X. Till the date of this report, Indonesian government has raised approx. Rp64.00t worth of debt through bond auction which represents 32.9% of the 1Q 18 target of Rp194.5t.
- 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 heavy amounting Rp1,296b. ISAT02BCN2 (Shelf Registration II Indosat Phase II Year 2017; B serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp250b yielding 6.818%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2334	111.29	0.7996	1.3844	6.4596	0.7326	136.6200	88.7217
R1	1.2297	110.87	0.7978	1.3818	6.4483	0.7297	136.0200	88.3253
Current	1.2267	110.40	0.7968	1.3798	6.4333	0.7269	135.4200	87.9630
S1	1.2209	110.14	0.7940	1.3754	6.4250	0.7249	134.9000	87.6273
S2	1.2158	109.83	0.7920	1.3716	6.4130	0.7230	134.3800	87.3257

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3270	3.9718	13353	50.6337	32.0390	1.6271	0.6188	2.9990
R1	1.3238	3.9646	13346	50.5643	31.9850	1.6232	0.6165	2.9949
Current	1.3206	3.9500	13338	50.5130	31.9460	1.6199	0.6148	2.9915
S1	1.3186	3.9494	13325	50.3893	31.8930	1.6153	0.6109	2.9876
S2	1.3166	3.9414	13311	50.2837	31.8550	1.6113	0.6076	2.9844

*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	1.2268	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	25,792.86	-0.04
Nasdaq	7,223.69	-0.51
Nikkei 225	23,951.81	1.00
FTSE	7,755.93	-0.17
Australia ASX 200	6,048.64	-0.47
Singapore Straits Times	3,550.21	0.39
Kuala Lumpur Composite	1,826.03	0.01
Jakarta Composite	6,429.69	0.74
Philippines Composite	8,865.13	0.08
Taiwan TAIEX	10,986.11	0.27
Korea KOSPI	2,521.74	0.72
Shanghai Comp Index	3,436.59	0.77
Hong Kong Hang Seng	31,904.75	1.81
India Sensex	34,771.05	-0.21
Nymex Crude Oil WTI	63.73	-0.89
Comex Gold	1,337.10	0.16
Reuters CRB Index	195.11	-0.48
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 2/2003 4.2400% 07.02.2018	4.240%	7-Feb-18	3	3.076	3.209	3.076
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	136	3.203	3.203	3.049
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	12	2.845	3.057	2.845
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	3	3.062	3.062	3.044
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	6	3.233	3.233	3.178
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	5	3.23	3.253	3.23
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	2	3.329	3.329	3.329
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	19	3.311	3.311	3.311
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	6	3.464	3.464	3.455
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	63	3.612	3.612	3.589
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	12	3.438	3.452	3.438
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	7	3.515	3.515	3.515
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	12	3.642	3.677	3.642
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	50	3.776	3.79	3.776
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	9	3.847	3.856	3.847
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	90	3.811	3.833	3.811
MGS 3/2005 4.837% 15.07.2025	4.837%	15-Jul-25	90	4.026	4.028	4.026
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	40	3.994	4.008	3.987
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	2	4.15	4.15	4.15
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	5	4.349	4.349	4.349
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	1	4.361	4.361	4.361
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	49	4.596	4.596	4.588
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	50	3.249	3.249	3.249
PROFIT-BASED GII 3/2012 30.09.2019	3.704%	30-Sep-19	100	3.461	3.461	3.461
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	30	3.636	3.636	3.636
PROFIT-BASED GII 3/2011 30.04.2021	4.170%	30-Apr-21	9	3.735	3.735	3.735
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	150	3.826	3.833	3.823
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	30	3.924	3.927	3.924
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	30	3.959	3.959	3.959
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	50	4.1	4.1	4.1
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	40	4.136	4.136	4.126
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	190	4.64	4.641	4.64
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	57	4.942	4.943	4.942
SPK 2/2012 3.691% 12.07.2022	3.691%	12-Jul-22	180	3.939	3.939	3.923

Total**1,538**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
KHAZANAH 0% 20.03.2019	GG	0.000%	20-Mar-19	25	3.73	3.73	3.73
PRASARANA SUKUK MURABAHAH 4.34% 12.09.2025 - S3	GG	4.340%	12-Sep-25	40	4.397	4.401	4.397
SABAH STATE 4.275% 09.12.2019 - Issue No. 1	AAA	4.275%	9-Dec-19	10	4.301	4.507	4.301
CAGAMAS MTN 3.95% 20.01.2020	AAA	3.950%	20-Jan-20	30	3.95	3.95	3.95
HBMS IMTN 4.240% 27.03.2020	AAA	4.240%	27-Mar-20	25	4.175	4.175	4.17
CAGAMAS MTN 4.08% 19.01.2021	AAA	4.080%	19-Jan-21	25	4.08	4.08	4.08
CAGAMAS IMTN 4.230% 03.11.2022	AAA	4.230%	3-Nov-22	5	4.231	4.231	4.231
TELEKOM IMTN 3.950% 28.04.2023	AAA	3.950%	28-Apr-23	30	4.323	4.323	4.317
DIGI IMTN 4.530% 12.04.2024 - Tranche No 2	AAA	4.530%	12-Apr-24	10	4.482	4.482	4.477
TELEKOM IMTN 4.550% 20.12.2024	AAA	4.550%	20-Dec-24	5	4.391	4.391	4.391
DIGI IMTN 4.650% 14.04.2027 - Tranche No 3	AAA	4.650%	14-Apr-27	10	4.622	4.622	4.618
PBSB IMTN 4.600% 10.09.2027	AAA IS (BG)	4.600%	10-Sep-27	10	4.608	4.611	4.608
EKVE IMTN 5.550% 29.01.2029	AAA (BG)	5.550%	29-Jan-29	2	4.8	4.801	4.8
BPMB IMTN 4.98% 02.03.2032 - Issue No 12	AAA	4.980%	2-Mar-32	10	4.929	4.936	4.929
TENAGA IMTN 03.08.2032	AAA	4.950%	3-Aug-32	10	4.894	4.901	4.894
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	20	4.906	4.911	4.906
IMTIAZ II IMTN 4.450% 20.12.2018	AA2 (S)	4.450%	20-Dec-18	5	4.119	4.119	4.119
BEWG IMTN 5.200% 19.07.2021	AA IS	5.200%	19-Jul-21	10	4.98	4.98	4.98
ANIH IMTN 5.34% 29.11.2023 - Tranche 10	AA IS	5.340%	29-Nov-23	20	4.493	4.493	4.489
ANIH IMTN 5.46% 29.11.2024 - Tranche 11	AA IS	5.460%	29-Nov-24	15	4.538	4.543	4.538
CIMBBANK 4.770% 07.08.2026 - Issue No 4	AA2	4.770%	7-Aug-26	120	4.72	4.741	4.72
ANIH IMTN 6.15% 29.11.2029 - Tranche 16	AA IS	6.150%	29-Nov-29	10	4.895	4.901	4.895
JATI IMTN 4.710% 31.01.2019	AA3	4.710%	31-Jan-19	5	4.548	4.548	4.548
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	20	4.414	4.435	4.414
MMC CORP IMTN 5.200% 12.11.2020	AA- IS	5.200%	12-Nov-20	40	4.89	4.897	4.89
GAMUDA IMTN 4.825% 23.11.2022	AA3	4.825%	23-Nov-22	25	4.702	4.712	4.698
EDRA ENERGY IMTN 5.670% 05.01.2023 - Tranche No 3	AA3	5.670%	5-Jan-23	5	5.209	5.209	5.209
RHBINVB MTN 3653D 16.4.2025	AA3	4.950%	16-Apr-25	2	4.889	4.889	4.88
SPG IMTN 5.000% 30.04.2027	AA- IS	5.000%	30-Apr-27	10	4.898	4.903	4.898
MMC CORP IMTN 5.950% 12.11.2027	AA- IS	5.950%	12-Nov-27	40	5.338	5.341	5.338
SPG IMTN 5.570% 30.04.2035	AA- IS	5.570%	30-Apr-35	10	5.468	5.472	5.468
SPG IMTN 5.610% 31.10.2035	AA- IS	5.610%	31-Oct-35	10	5.508	5.511	5.508
DRB-HICOM 7.500% Perpetual Sukuk - Tranche No 1	A- IS	7.500%	28-Dec-14	1	7.642	7.653	7.642
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.319	6.329	6.319
Total				616			

Sources: BPAM

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