

Global Markets Daily

Jay's Semi-Annual Testimony

Caution

USDJPY pulled back on Mon ahead of China's data. Further evidence of activity slowdown in World's second largest economy continued to weigh on the USDJPY for much of Asian session. There was also a sense of caution on Wall Street which flat-lined for much of the overnight session. Risk taking was curbed as Netflix reported disappointing subscriber growth. As a result, USDJPY was also dragged towards the 112.20-level before rebounding this morning. USD ended the session broadly softer as trade war concerns faded further into memory. Overnight data also did not inspire much momentum in the USD bulls. On the side, we note that Brent has broken out of the upward sloping trend that has held since the mid of 2017, last seen at U\$72.30/bbl. We look for INR gains.

Jay's Testimony

Trade war concerns may not stay in the backburner for long as focus this week is now on Fed Chair Jerome Powell's testimony before the Senate panel today and then the House Panel tomorrow. The Fed rate trajectory was rather clearly established in June but with the trade war started on 6 Jul, eyes are on Jerome's view on how much that would affect the chances of two more rate hikes this year. Note that CPI (headline) underwhelmed and import price declined unexpectedly in Jun. This could translate to less urgency to tighten further and impact on growth should warrant some caution.

NZ CPI underwhelms, RBA Minutes and Jay Speaks

CPI came in a tad softer than expected for New Zealand, at 0.4%q/q vs, the previous 0.5%. That sparked a sell-off in the NZD but weakness was almost immediately reversed out. For the rest of the day, we have SG NODX due, RBA meeting minutes; UK labour report; US IP and BoE's Carney will speak. Eyes are on Jerome Powell's at 22:00 (SGT).

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1711	↑ 0.22	USD/SGD	1.3621	↓ -0.27
GBP/USD	1.3235	↑ 0.10	EUR/SGD	1.595	↓ -0.04
AUD/USD	0.7419	↓ -0.07	JPY/SGD	1.2129	↓ -0.16
NZD/USD	0.6777	↑ 0.36	GBP/SGD	1.8026	↓ -0.19
USD/JPY	112.29	↓ -0.08	AUD/SGD	1.0107	↓ -0.32
EUR/JPY	131.51	↑ 0.16	NZD/SGD	0.9231	↑ 0.11
USD/CHF	0.9968	↓ -0.49	CHF/SGD	1.3666	↑ 0.25
USD/CAD	1.3136	↓ -0.18	CAD/SGD	1.0368	↓ -0.05
USD/MYR	4.044	↓ -0.17	SGD/MYR	2.971	↑ 0.31
USD/THB	33.27	↓ -0.13	SGD/IDR	10559.85	↑ 0.39
USD/IDR	14394	↑ 0.11	SGD/PHP	39.2495	↑ 0.25
USD/PHP	53.469	↓ -0.15	SGD/CNY	4.9123	↑ 0.30

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.3458	1.3730	1.4003

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G7: Events & Market Closure

Date	Ctry	Event
16 Jul	JN	Market Closure
16 Jul	US-Ru	US Trump meets Russia Putin in Helsinki
17 Jul	US	Fed Powell delivers semi-annual testimony before Senate Panel
18 Jul	US	Fed Powell to appear before House panel
19 Jul	US	Public Hearing on Auto Tariffs

AXJ: Events & Market Closure

Date	Ctry	Event
19 Jul	ID	BI Policy Meeting

G7 Currencies

- **DXY Index - *Biased for Pullback.*** Dollar index was a touch softer overnight. Though retail sales and empire manufacturing data surprised to the upside, they were softer on a sequential basis. This is consistent with our call that growth/activity data maybe showing signs of moderation and supports the notion that data divergence between US and rest of the world is slowing. This should see some of the USD upside pressure seen so far ease further. Nonetheless caution is still warranted on the tariff/trade war front as re-escalation is supportive of the USD. In addition US' public hearings on auto import tariff (19 Jul) will be of interest amid lingering trade war tensions. US had earlier hinted at imposing a 20 - 25% import tariffs on vehicles and parts if imported vehicles are found to pose a national security threat. Against this environment of lingering trade war tensions but growth data divergence possibly slowing amid global growth still intact (IMF overnight kept global GDP unchanged at 3.9% for this and next year), we are bias for gradual DXY pullback in coming weeks; favor accumulating EUR on dips (relative stability despite trade war tensions and signs of data picking up) and prefer to retain a slightly cautious outlook on AUD, NZD and CNH (as trade war concerns are still warranted). DXY was last seen at 94.55 levels. Mild bearish momentum on daily chart remains intact. Support at 94.20, 93.80 (50 DMA) and 93.12 levels (38.2% fibo retracement of Apr low to Jun high). Resistance at 95.50 before 96 levels. (50% fibo retracement of 2017 high to 2018 low). Suggest range -bound trade in 94.1 - 94.8 early week. Focus for the week on IP, Capacity Utilization (Jun); NAHB Housing Market Index (Jul) on Tue; Housing starts, building permits (Jun); Fed' Beige Book on Wed; Philly Fed Business Outlook (Jul); Fed's Quarles to speak on Thu; Fed's Bullard to speak on Fri. Focus this week is also on Powell's testimonies before Senate panel on Tue and before House Panel on Wed as well as the slew of corporate earnings coming on-stream. Last Friday's release of Fed's Semi-annual monetary policy report to the Congress noted that further gradual increase in target range is expected - this is largely consistent with Fed officials' and statement's rhetoric. Last Thu, Fed Chair Powell said that economy is in a good place at the moment but trade is a risk while Harker said that he is comfortable if inflation overshoots fed target of 2% towards 2.5% but if it accelerates past 2.5%, he believes Fed will have to act. He added that rates could get up to 3.25% this cycle in a mild overshoot. Powell's tone in the upcoming testimonies should not deviate too much from his recent speeches but there could be some focus on flattening of yield curves.
- **EURUSD - *Pullback Risks; Bias to Accumulate.*** EUR remains broadly supported overnight. Pair was last seen at 1.1710 levels. Mild bullish momentum on daily chart remains intact though showing signs of waning while stochastics is turning lower from overbought conditions. Risk of pullback could still be on the horizon but we **retain our bias to accumulate on dips**. Support at 1.1660 (21 DMA), 1.16 before 1.1520 levels. Resistance at 1.1760 (23.6% fibo retracement of 2018 high to low). We reiterate our call that ECB may potentially need to tighten ahead of its own timeline with

inflation in Euro-area showing signs of further uptick while data are starting to show signs of further rebound. Moreover Draghi's term as ECB President ends sometimes in 4Q 2019 and the talk about Bundesbank President Weidmann (long-time critic of ECB's ultra-loose policies whom could push for faster pace of policy normalisation) possibly succeeding Draghi could quietly and gradually brew the upward pressure for EUR. We favour positioning ahead for ECB-Fed policy convergence at some stage, given that Fed tightening may be priced in while markets run the risk of underpricing the ECB. Focus for the week on CPI (Jun); Construction output (May) on Wed; Current Account (May) on Fri.

- **GBPUSD - Labor Report and Carney Speaks Today.** House of Commons backed customs bill overnight. This is now passed back to the House of Lords where lawmakers could be preparing for further challenges to the legislation which sets up arrangement for customs and cross-border taxation after Brexit. Concerns are building that PM May's leadership may be challenged. Acceptance of the amendment bills tabled by euroskeptic's triggered a backlash from Pro-EU Conservative members. In addition BBC reported Guto Bebb (Junior Defense Minister) has just resigned from PM May's government and joined the rebellion against May's customs plan. GBP was choppy overnight - rising to high of 1.3293 before trading a low of 1.3219. Last seen at 1.3230 levels. Mild bullish momentum on daily chart remains intact but stochastics is falling. This suggests the risks that bullish momentum may lose traction but remains too early to tell. Resistance at 1.3320 (50 DMA) before 1.3360. Support at 1.3210 (21 DMA), 1.3190, 1.3130 levels. Focus for the week on BoE's Carney, Cunliffe, Stheeman speak; Labour Report (May) on Tue; CPI, PPI, RPI (Jun); House Price Index (May) on Wed; Retail Sales (Jun) on Thu; Public Sector Borrowing (Jun) on Fri.
- **USDJPY - Edging Higher Within Range.** Onshore markets re-opened after closing for a public holiday yesterday with the USDJPY trading lower overnight amid a pullback in the USD after the sell-off in tech stocks dragged the US equity markets lower. Since then, firmer UST yields have widened the yield differentials between 10Y UST and JGB, supportive of the USDJPY. Also supportive of the pair is the sell-off in the JPY against most of its G10 peers. Last seen around 112.39-levels. Bullish momentum on both the daily and weekly charts remain intact, while stochastics remain in overbought conditions. Price action on the weekly chart shows a golden cross has formed as flagged - 50DMA cuts 200DMA to the upside - typically associated with bullish signal. Further upside cannot be ruled out as such, though sideways trades are likely for now ahead of key risk events/data, namely Fed Chair Powell's testimony to the Senate and House today and tomorrow; US public hearing on auto tariffs on Thu; and domestic CPI print on Fri. Resistance is around 112.80-levels, 113.40-levels (2018 high). Break of the 2018 high on a weekly close could see pair pushed higher towards 114.70-levels. Support is around the 111.90-levels before 111.30-levels (76.4% fibo retracement of the 2018 high to low). Week ahead brings trade, machine tool order (Jun), Cabinet Office monthly economic report for Jul on Thu; CPI (Jun), all industry activity index (May) on Fri.

- **NZDUSD - Range-Bound.** NZD dipped to intra-day low of 0.6760 this morning after 2Q CPI surprised to the downside (+0.4% vs. 0.5% expected/prior). Pair has since recovered amid softer USD. Last seen at 0.6780 levels. Daily momentum and stochastics indicators are not showing a clear bias. Still see range-bound trade possibly in the range of 0.6730 - 0.6820 (21 DMA). Focus for the week on Net Migration, credit card spending (Jun) on Fri.

- **AUDUSD - Downsides still Limited.** AUDUSD is still stuck within the 0.7300-0.7480 range, last seen around 0.7410. Momentum indicators are not giving anything away. Resistance remains around 0.7460, a Fibonacci level within the trend channel before the next at 0.7484 (50-dma). This pair needs a decisive break of the 0.7525 for bulls to establish firmer foothold and to violate the downward sloping trend channel that it has been keeping to since the start of this year. We still prefer to look at the glass half full. As China and the US started to show signs coming to the negotiating table on trade, AUDUSD could gain bullish momentum. Downsides are limited around 0.7310. Barring further dramatic threats by the US or China which we think are unlikely, downsides seem to be limited at this point. In the medium term however, monetary policy divergence could continue to weigh on the AUD. Its recovery, should global growth gain traction, could lag that of other majors. We look for RBA to hike in Feb when the SoMP will be out. The lack of impetus for monetary policy to change could keep the AUD on the backfoot vs. the USD given the tightening Fed in the next couple of months. That said, we caution for rising price pressure due to the weakened AUD and higher energy prices. **Eyes are on 2Q CPI out on the 25th this month.** Focus for the week on RBA Meeting Minutes today; Westpac Leading Index (Jun) on Wed; Employment change (Jun); NAB Business Confidence (2Q) on Thu.

- **USDCAD - Upsides compel Intraday** - USDCAD waffled around 1.3140. Eyes are on the US public hearing on the auto tariff. Resistance is seen around 1.3204, 21-dma. Support at 1.3040, the middle of the trend channel and also the 50-dma. Stochs are rising and we see some risks to the upside. Expect range-bound trade within the 1.3040-1.3400 this week with some bias to the upside. We prefer to sell this pair on the upticks in the medium term. Data-wise, we have manufacturing sales today, ADP on Thu and May retail sales, CPI for Jun on Fri.

Asia ex Japan Currencies

- **SGD trades around 0.78% above the implied mid-point of 1.3730. The top is estimated at 1.3458 and the floor at 1.4003.**
- **USDSGD - Sideways.** USDSGD's overnight move lower extended into the Asian session amid a pullback in the USD though pair is off its overnight low of 1.3609. This move lower though was reversed temporarily following the release of weaker-than-expected NODX print for Jun. *NODX rose by just 1.1% y/y in Jun (May: +15.5%) vs. expectations of 7.8%, dragged lower by 7.9% decline in electronics shipment (May: -7.8%) that partially mitigated gains in non-electronics exports (of 4.6% vs. May's 26.2%).* On the brighter side, *NORX accelerated 5.1% m/m sa in Jun from +4.0% in May, while non-oil retained imports of intermediate goods (NORI) held steady at SGD5.8bn in Jun. Thus, while the headline prints suggest some softness in external demand (NORX is still healthy), industrial activities remain healthy as reflected in NORI print. This could provide some support for the SGD intraday.* Still softer USDCNH and the sell-off in the EUR, GBP, AUD and JPY against the SGD are putting some downside pressure on the pair, though this is partially mitigated by the relative strength of the MYR against the SGD. Last seen around 1.3622-levels. Daily momentum and stochastics show no strong directional bias. On the weekly chart, bullish bias remains intact and stochastics still in overbought condition. This suggests risks remain to the upside but in the near-term, consolidative trades are possible especially with key external risk events ahead, namely Fed Chair Powell's testimony to the Senate and House today and tomorrow; US public hearing on auto tariffs on Thu. Familiar range of 1.3750-levels (2018 high) - 1.3570-levels (23.6% fibo retracement of the 2018 rally) should hold intraday.
- **AUDSGD - Rangy.** The cross pushed higher before reversing lower and was last seen around 1.0100. 4-hourly chart suggests that the pullback is almost done and support is seen around 1.0100 where price action is testing and most moving averages converge on the intra-day chart. this cross may not be able to breach the 1.0164-resistance today. With both the US and China showing willingness to negotiate on trade, we look for this cross head towards the next key level at 1.0200. Support at around 1.0040.
- **SGDMYR - Range.** SGDMYR was last seen at 2.9720 levels. Mild bullish momentum on daily chart remains intact but technical lacks a firm conviction. Support at 2.9650 (50 DMA), 2.96 (21 DMA). Resistance at 2.9740, 2.98. Suggest range of 2.96 - 2.9750.
- **USDMYR - Into Overbought Conditions.** USDMYR remains supported despite other USD/AXJ trading softer. This could be attributed to softer oil prices. Pair was last seen at 4.0470 levels. Mild bearish momentum on daily chart remains intact but stochastics is running into near-overbought conditions. Room for upside could be limited given stretched conditions. Resistance seen at 4.0530 before 4.08 levels. Support at 4.0320, 4.0060 levels. Retracement risks not ruled out. Focus this week on CPI on Wed.

- **USDKRW NDF - Range.** 1m USDKRW NDF fell, tracking the moves lower in USDCNH this morning. Pair was last seen at 1126 levels. Daily momentum and stochastics indicators are not indicating a clear bias. Suggest range bound trade between 1122 - 1132 intra-day. Ongoing trade developments between US-China and US' public hearings on auto import tariff (19 - 20 Jul) should continue to drive sentiment. On the latter, US had earlier hinted at imposing a 20 - 25% import tariffs on vehicles and parts if imported vehicles are found to pose a national security threat. Rising protectionism measures could continue to keep USDKRW supported.
- **USDCNH - Buoyed.** USDCNH hovered around 6.7030 as we write. Resistance is still at 0.7332, Jun high and a re-escalation of the trade war could lift the pair beyond that level. Eyes remain on whether the US and China can come to the negotiating table and undo the tariffs in place. As we have noted before, the trade war risks could very well be frontloaded and while further upside in the USDCNH cannot be ruled out, yuan bears are likely to be less sure-footed. We remain of the view that the USDCNH bulls would be more wary of PBoC after officials and advisers had expressed confidence of keeping the yuan stable. Support is seen around 6.6160, before the 21-dma at 6.5980. A break of the resistance at 6.7330 opens the way towards 6.81. **USDCNY reference rate at 6.6821, 63 pips higher than the previous 6.6758. CNYMYR was fixed at 0.6051, 8 pips lower than the previous 0.6059. EURCNY was fixed 223 pips higher at 7.8239 vs. the previous at 7.8016.** FX net settlement is due on Thu. June home prices rose 1.11%/m/m vs.0.8% in the previous months.
- **1m USDINR NDF - Bias Downside.** 1M USDINR NDF hovered around the 21-dma, last seen around 68.80. The fall in crude seem to be offsetting the negative risk sentiment in the market and keep the USDINR at this level. Support at 68.2620 (50-dma). This pair could risk pulling back further should crude make a decisive break of the trend channel. Rupee is still trapped in the forces of crude threatens some key support levels, RMB swings and the change in risk appetite. Momentum indicators are increasingly bearish. Resistance at 69.20 before 70.05 (2013 high). WPI came in firmer than expected at 5.77%/y/y, accelerating from the previous 4.43%. Price pressure was underpinned by the rally in the crude and there are some expectations that this may not last. RBI could still choose not to raise reverse repo rates in light of the softer industrial production numbers of late.
- **1m USDIDR NDF - Range-Bound.** 1m USDIDR NDF trade softer overnight amid softer USD against the AXJs. Also weighing on the 1m NDF was Jun trade print which showed a trade surplus of USD1.74bn in Jun after two preceding months of deficit. This brought the trade deficit in 2Q to USD1.34bn, though higher than 1Q's surplus of USD0.31bn. Softer oil prices overnight (given its status as a net oil-importer) and continued foreign portfolio inflows yesterday also weighed on the 1m NDF. Foreign investors purchased USD5.3mn in equities yesterday (note that updated bond flows data is currently not available). Since then, 1m NDF has rebounded though it

continues to trade within familiar range of 14265-14573. Aside from Fed Chair Powell's testimony to the Senate and House today and tomorrow; US public hearing on auto tariffs on Thu, *market focus ahead is on BI meeting on 18-19 Jul where consensus and our economic team are expecting the central bank to remain on hold. Still, we cannot rule out another move by the central bank should the IDR remain under further depreciation pressure.* Last seen around 14459-levels. Daily momentum indicators remains mildly bearish bias, while stochastics show no strong directional bias. Weekly chart though remains bullish bias. This suggests that risks remain to the upside but we could see the 1m NDF stuck in familiar ranges for now. Look for 14265-14573 range to hold for the week ahead. We need to see a break in either direction for directional clarity. Note that BI is likely to remain in the market to curb IDR and IndoGB volatility. JISDOR was fixed at 14396 on yesterday, 38bp higher than the fixing on Fri. Focus ahead is on BI meeting on Thu.

- **1m USDPHP NDF - Familiar Ranges.** 1m USDPHP NDF is little changed this morning, trading within familiar ranges of 53.40-53.90. Stronger-than-expected overseas remittances growth of 6.9% vs. expectations of 5.0% provided some support for the PHP yesterday and weighed on the 1m NDF. Our economic team expected remittances to rise by 4-5% for the full-year. 1m NDF could face further upside pressure from foreign selling of Philippines equities as they did yesterday. Foreign investors sold USD5.2mn in equities yesterday. Last seen around 53.66-levels, 1m NDF has lost most of its bearish momentum on the daily chart, while stochastics shows tentative signs of turning higher. Weekly chart remains bullish bias. This suggests risks remains to the upside, but in the near term, sideway trades seem likely for now. Look for the pair to trade within familiar ranges of 53.40-53.90 ahead. We need to see a break-out in either direction for the 1m NDF to trade in a wider 53.00-54.00 range. Watch out for continued BSP intervention to curb excessive volatility in the PHP. Remaining week has BoP overall (Jun) on Thu.

- **USDTHB - Rangy.** USDTHB trades lower this morning amid softer USD against the AXJs. THB is also supported by the softer USDCNH this morning. The dip in gold prices (negative relationship between gold and USDTHB) though is putting upside pressure on the pair, limiting downside moves in the pair. Keeping the pair supported though is the net foreign portfolio outflows yesterday. Foreign investors sold USD22.8mn in equities yesterday, more than offsetting their purchase of USD3.7mn in debt. Further net foreign portfolio outflows should keep the pair supported intraday. BoT warned that the central bank could turn "more hawkish" should real GDP growth come in 4.5% or more in 2Q. A normalisation in policy rate would provide policy space in the event of a global downturn. Further hints of a hawkish tone by BoT officials ahead should be supportive of the THB and cap upside in the USDTHB. Last seen around 33.253-levels, daily momentum is very mildly bearish bias, while stochastics shows tentative signs of turning lower from overbought conditions. Weekly chart though shows bullish bias, and stochastics at overbought conditions. This suggests risks remain to

the upside but in the near-term, there is potential for a pullback ahead. Still, any pullback is likely to stay within familiar ranges of 33.00-33.400. Week ahead brings customs trade (Jun), foreign reserves (13 Jul) on Fri.

- **USDTHB - Sideways.** USDTHB traded from a weekly low of 33.052 (on 10 Jul) before rebounding to a new 2018 high of 33.368 to close the week amid firmer UST yields and USD. Since then, pair has eased off from that high amid softer USD against the AXJs. Softer gold prices (negative relationship between gold and USDTHB) though is putting upside pressure on the pair, though this could be mitigated by softer oil prices. Weighing on the THB though is the foreign sell-off of USD10.7mn and USD139.5mn in equities and debt last week. Further foreign portfolio outflows should weigh on the THB this week. Last seen around 33.300-levels, daily momentum and stochastics show no strong directional clarity. Weekly chart though shows bullish bias, which stochastics remains at overbought conditions. This suggests risks remain to the upside but in the near-term, we could see the pair remain in consolidative trades. Look for pair to stay in range within 33.00-33.400 for the week ahead. Week ahead brings customs trade (Jun), foreign reserves (13 Jul) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ 11/21	*3.57/54	3.57	+1
5YR MI 4/23	3.78	3.77	-1
7YR MK 3/25	*4.00/3.97	*4.01/3.98	Not traded
10YR MO 6/28	4.09	4.11	+2
15YR MT 11/33	4.55	*4.57/54	Not traded
20YR MX 6/38	4.79	*4.80/77	Not traded
30YR MZ 7/48	*4.92/89	4.91	Unchanged
IRS			
6-months	3.70	3.70	-
9-months	3.70	3.70	-
1-year	3.70	3.70	-
3-year	3.75	3.75	-
5-year	3.84	3.85	+1
7-year	3.96	3.97	+1
10-year	4.13	4.15	+2

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Source: Maybank KE

*Indicative levels

- Local government bonds traded slightly weaker amid some profit taking. Trading volume was low with most of it concentrated at the belly sector. Given the lack of strong catalyst for any direction, local government bonds are expected to trade rangebound in the interim.
- Uneventful session for MYR IRS market with rates quoted slightly higher in tandem with the marginally higher government bond yields. No trades were reported. 3M KLIBOR remained the same at 3.69%.
- Muted corporate bonds market as elevated USDMYR weighed on local bond market sentiment. GG space only had Prasarana 2026 dealt unchanged. AAA space saw recently printed GENM 2023 tighten about 2bps to 4.91%. This bond has rallied ~7bps since issuance and still offers decent value for carry. SPG tightened 1bp at the belly and unchanged at the long end amid thin liquidity.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.89	1.86	-3
5YR	2.15	2.12	-3
10YR	2.45	2.42	-3
15YR	2.70	2.67	-3
20YR	2.73	2.70	-3
30YR	2.80	2.78	-2

Source: Maybank KE

- SGD rates opened lower following USD rates movement last week. Initially down 1-3bps, SGD IRS fell further when short dated USDSGD forwards were sold down and closed 3-5bps lower. SGS yields eased off 2-3bps, with the long end underperforming as bonds from the 15y onwards remained under pressure as investors continued to reduce duration, while those from the short end to the 10y saw relatively better demand. Swap spreads tightened.
- With Japan market closed for holiday, Asian credit space was muted absent Treasury market. Credit spreads were largely unchanged, while spreads of Malaysian sovereign and quasi sovereign bonds traded tighter. Demand was solid for long end MALAYS and PETMK. Over in primary, PT Bank Rakyat Indonesia is issuing 5y USD bonds guiding at T5+215bps, which looks generous.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	7.21	7.27	6.40
5YR	7.33	7.44	10.20
10YR	7.41	7.48	7.46
15YR	7.77	7.80	3.78
20YR	7.97	7.97	(0.21)
30YR	8.35	8.35	-

* Source: IBPA, Bloomberg, Maybank Indonesia

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- Indonesia bond market closed with a daily loss on Monday trading session ahead of the conventional auction today and amid a higher than expected trade balance surplus. Indonesia trade balance came in surplus of \$1,7b in the month of Jun 18 after two consecutive monthly deficits. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 7.436%, 7.484%, 7.805% and 7.967% while 2y yield moved lower to 7.272%. During the day, FR0076 (30y) yield decline the most by 8bps while FR0048 (2mo) yield increased the most by 4bps. Trading volume at secondary market was noted thin at government segments amounting Rp4,693b with FR0064 as the most tradable bond. FR0064 total trading volume amounting Rp683b with 38x transaction frequency.
- DMO will be conducting their scheduled bi-weekly conventional auction today with five series to be auctioned which are SPN03181018 (Coupon: discounted; Maturity: 18 Oct 2018), SPN12190411 (Coupon: discounted; Maturity: 11 Apr 2019), FR0063 (Coupon: 5.625%; Maturity: 15 May 2023), FR0064 (Coupon: 6.125%; Maturity: 15 May 2028) and FR0075 (Coupon: 7.500%; Maturity: 15 May 2038).
- Foreign ownership stood at Rp835.5t or 37.9% of total tradable government bond as of Jul 12th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp6.4t from begin month of Jul 18.
- Corporate bond traded heavy amounting Rp1,072b. NISP03ACN1 (Shelf Registration III Bank OCBC NISP Phase I Year 2018; A serial bond; Rating: _{id}AAA) was the most actively traded corporate bond with total trading volume amounted Rp345b yielding 6.750%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1753	112.77	0.7461	1.3324	6.7450	0.6814	132.0500	83.9467
R1	1.1732	112.53	0.7440	1.3280	6.7242	0.6795	131.7800	83.6273
Current	1.1707	112.44	0.7406	1.3232	6.6984	0.6775	131.6300	83.2660
S1	1.1683	112.08	0.7400	1.3204	6.6829	0.6756	131.1600	83.0493
S2	1.1655	111.87	0.7381	1.3172	6.6624	0.6736	130.8100	82.7907

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3696	4.0568	14428	53.5577	33.3773	1.6010	0.6135	2.9795
R1	1.3658	4.0504	14411	53.5133	33.3237	1.5980	0.6068	2.9753
Current	1.3628	4.0485	14390	53.5180	33.2560	1.5955	0.6060	2.9708
S1	1.3596	4.0402	14382	53.4413	33.2317	1.5923	0.5953	2.9649
S2	1.3572	4.0364	14370	53.4137	33.1933	1.5896	0.5905	2.9587

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

Equity Indices and Key Commodities

	Value	% Change
Dow	25,064.36	0.18
Nasdaq	7,805.72	-0.26
Nikkei 225	22,597.35	1.85
FTSE	7,600.45	-0.80
Australia ASX 200	6,241.52	-0.43
Singapore Straits Times	3,232.79	-0.85
Kuala Lumpur Composite	1,726.67	0.28
Jakarta Composite	5,905.16	-0.65
Philippines Composite	7,369.44	-0.40
Taiwan TAIEX	10,817.45	-0.43
Korea KOSPI	2,301.99	-0.39
Shanghai Comp Index	2,814.04	-0.61
Hong Kong Hang Seng	28,539.66	0.05
India Sensex	36,323.77	-0.60
Nymex Crude Oil WTI	68.00	-3.66
Comex Gold	1,241.00	-0.06
Reuters CRB Index	191.17	-1.32
MBB KL	9.57	0.63

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.6291	Oct-18	Modest and Gradual Appreciation
BNM O/N Policy Rate	3.25	5/9/2018	Neutral
BI 7-Day Reverse Repo Rate	5.25	19/7/2018	Tightening
BOT 1-Day Repo	1.50	8/8/2018	Tightening Bias
BSP O/N Reverse Repo	3.50	9/8/2018	Tightening Bias
CBC Discount Rate	1.38	27/9/2018	Neutral
HKMA Base Rate	2.25	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.25	1/8/2018	Tightening
BOK Base Rate	1.50	31/8/2018	Tightening
Fed Funds Target Rate	2.00	2/8/2018	Tightening
ECB Deposit Facility Rate	-0.40	26/7/2018	Neutral
BOE Official Bank Rate	0.50	2/8/2018	Neutral
RBA Cash Rate Target	1.50	7/8/2018	Neutral
RBNZ Official Cash Rate	1.75	9/8/2018	Neutral
BOJ Rate	-0.10	31/7/2018	Easing
BoC O/N Rate	1.50	5/9/2018	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	80	3.287	3.287	3.251
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	35	3.352	3.352	3.352
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	1	3.385	3.385	3.385
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	3	3.48	3.484	3.475
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	10	3.625	3.625	3.625
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	93	3.689	3.709	3.689
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	102	3.768	3.795	3.768
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	1	3.896	3.907	3.883
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	198	4.01	4.01	3.982
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	438	4.018	4.04	4.014
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	10	4.092	4.092	4.092
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	4	4.175	4.175	4.175
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	70	4.179	4.194	4.166
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	10	4.111	4.111	4.111
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	3	4.641	4.641	4.641
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	17	4.762	4.762	4.762
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	3	4.843	4.866	4.843
MGS 5/2018 4.921% 06.07.2048	4.921%	6-Jul-48	40	4.911	4.911	4.911
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	70	3.912	3.912	3.906
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	180	4.217	4.235	4.217
Total			1,370			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 0% 04.08.2026 - MTN 4	GG	4.350%	4-Aug-26	45	4.402	4.402	4.402
PLUS BERHAD IMTN 4.080% 11.01.2019 - Series 1 (3)	AAA IS	4.080%	11-Jan-19	20	4.119	4.119	4.109
GMB IMTN 4.150% 01.11.2019	AAA IS	4.150%	1-Nov-19	20	4.178	4.194	4.178
GENM CAPITAL MTN 1826D 11.7.2023	AAA (S)	4.980%	11-Jul-23	37	4.879	4.98	4.879
SABAHDEV MTN 1095D 04.9.2020 - Tranche No 16	AA1	4.150%	4-Sep-20	1	5.072	5.072	5.072
CTX IMTN 5.05% 29.08.2024 - Series 10	AA+ IS	5.050%	29-Aug-24	10	4.818	4.826	4.818
UEMS IMTN 5.000% 19.05.2023	AA- IS	5.000%	19-May-23	15	4.874	4.886	4.874
RHBBANK MTN 3653D 08.7.2024	AA3	4.990%	8-Jul-24	1	4.649	4.649	4.649
SPG IMTN 4.940% 30.04.2026	AA- IS	4.940%	30-Apr-26	10	4.828	4.833	4.828
SPG IMTN 5.000% 30.04.2027	AA- IS	5.000%	30-Apr-27	10	4.879	4.884	4.879
SPG IMTN 5.370% 29.10.2032	AA- IS	5.370%	29-Oct-32	10	5.139	5.143	5.139
AFFINBANK SUBORDINATED MTN 3652D 20.9.2027	A1	5.030%	20-Sep-27	20	4.948	4.964	4.948
HLFG Perpetual Capital Securities (Tranche 1)	A1	5.230%	30-Nov-17	1	4.994	4.994	4.994
MUAMALAT IMTN 5.500% 25.11.2021	A IS	5.500%	25-Nov-21	1	4.78	4.78	4.78
Total				199			

Sources: BPAM

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