

Global Markets Daily

All Eyes on Powell

Macro | FX Research & Strategy

Global

More bets on a hawkish Fed

This will be the first FOMC meeting chaired by the new Chief Jerome Powell and a rising number of private analysts are placing bets on him striking a more hawkish tone in contrast to his very dovish predecessor Yellen. The USD rose yesterday ahead of the two-day meeting which ends with the decision tonight. The dots plot will also be revealed. The three hikes projected for 2018 have already been priced in but markets are looking for a potential upside revision. UST rates also rallied in tandem with the greenback, with the 10y just under the 2.90%, poised for an attempt at the big-3%-level should Fed Powell really turn out to be a hawk. After all, he had hinted about 4 hikes this year when he gave a very positive assessment for the economy in Feb.

Recall “No evidence of economy overheating”

At this point, we like to remind that at Powell’s testimony to the Senate Banking, Housing & Urban Affairs, he played down his comment in Feb with reassurances that there is “no evidence of economy overheating” on 2nd Mar. Inflation prints released thereafter also showed little signs of further price pressure that could require the Fed to change its course. He even pointed out that “the labor force has lower prime-age participation and not much wage growth” which suggests that the labour market can strengthen without triggering inflation. *As such, we reiterate our warning of what comes after “buy the rumor” as the Fed is likelier to stay the course under the new Chairman.*

MY CPI, UK ILO jobs report before Fed

In Asia, Malaysia will release its CPI number. Elsewhere in the UK, after the slightly disappointing core CPI print of 2.4%/y for Feb released yesterday, the Jan jobs report is on the tap in late Asian hours today. Any moves in the GBP might be short-lived as focus will likely shift towards the elephant in the room, the imminent FOMC 25bp hike later tonight, Powell’s first press conference as Chair and a summary of economic projections along with the widely-eyed dots plot.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2242	↓ -0.75	USD/SGD	1.3191	↑ 0.17
GBP/USD	1.3998	↓ -0.19	EUR/SGD	1.6147	↓ -0.60
AUD/USD	0.7683	↓ -0.45	JPY/SGD	1.2382	↓ -0.25
NZD/USD	0.7184	↓ -0.83	GBP/SGD	1.8463	↓ -0.04
USD/JPY	106.53	↑ 0.41	AUD/SGD	1.0134	↓ -0.30
EUR/JPY	130.42	↓ -0.35	NZD/SGD	0.9476	↓ -0.65
USD/CHF	0.9565	↑ 0.57	CHF/SGD	1.379	↓ -0.44
USD/CAD	1.3071	↓ -0.05	CAD/SGD	1.0092	↑ 0.22
USD/MYR	3.9185	↑ 0.04	SGD/MYR	2.9774	↑ 0.20
USD/THB	31.198	↑ 0.01	SGD/IDR	10446.88	↑ 0.04
USD/IDR	13748	↓ -0.12	SGD/PHP	39.5864	↑ 0.27
USD/PHP	52.077	↑ 0.09	SGD/CNY	4.8085	↑ 0.06

Implied USD/SGD Estimates @ 21 Mar-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2999	1.3263	1.3527

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G7: Events & Market Closure

Date	Ctry	Event
19-20 Mar	G20	G20 Summit (1 st meeting of Finance Ministers and Central Bank Governors)
20-21 Mar	US	FOMC Meeting
22 Mar	UK	BOE Meeting
22 Mar	NZ	RBNZ Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
22 Mar	PH	BSP Meeting
22 Mar	ID	BI Meeting

G7 Currencies

- **DXY - Consolidate ahead of FoMC (22 Mar, 2am SG/KL time). Key focus on FoMC meeting in less than 24 hours.** This is Jerome Powell's first FoMC meeting as Fed Chair and markets are watching for any change to forward guidance. While a 25bps rate hike has been priced in for the upcoming meeting, much uncertainty remains on whether the dots plot will be changed. Some speculation includes revising the dots to 4 hikes this year (vs. 3 hikes as of the last dots plot projection in Dec-2017) or even an increase in terminal rate. **Our house view continues to call for 3 rate hikes this year.** Recent price-related data including CPI and PPI showed little signs of price pressures picking up aggressively and that may suggest that Fed's gradual pace of normalisation could stay the course. With growth momentum still intact (which we believe Fed will acknowledge and even highlight its optimism on outlook) and inflation showing little signs of material pick-up, Fed policy normalisation could proceed at a gradual pace. This implies a continuation of goldilocks thematic play at the expense of a weaker USD post-FoMC. But in the short term, we expect USD to stay supported in the lead-up to the meeting hence a potential "buy rumor, sell fact" play on this FoMC meeting. USD firmed overnight, in line with the first part of our call for "buy the rumor". DXY was last seen at 90.4 levels. Mild bullish momentum on daily chart is intact. Resistance as previously highlighted around 90.50 still holds. A decisive breach beyond that could see DXY pushing higher towards 91.2 levels (50% fibo retracement of Dec high to Jan-Feb double bottom). And we caution that a hawkish Fed (via upward revision of dots plot or hawkish tone from Powell) could trigger the move. Support at 89.60 (23.6% fibo), 88.25 (previous low). **Our bias remains to sell on rally.** Week ahead brings Existing Home Sales (Feb); Current Account (4Q) on Wed; FOMC Meeting Decision (22 Mar at 2am SG/KL time); prelim PMIs (Mar); Kansas City Fed Mfg (Mar) on Thu; Fed's Bostic, Kashkari speak; Durable Goods, New Home Sales (Feb) on Fri.
- **EURUSD - Potential Downside Risks in Near Term Present Opportunities to Buy on Dips.** EUR fell overnight, in line with our caution for downside risks ahead of FoMC. Pair was last seen at 1.2260 levels. Mild bearish momentum on daily chart remains intact. Support at 1.2250 and 1.2150 levels. Resistance at 1.2355 (50% fibo retracement of Feb high to Mar low), 1.2405 (61.8% fibo retracement of 2018 high to low). We remain constructive of EUR's medium term outlook but caution for the case of downside risks in the short term on political concerns - increasing prospects of populist-led government in Italy could weigh on investor confidence. We think downside presents opportunities to buy into. Look to establish EUR long at 1.2155, 1.2080 for a move towards objectives at 1.2410, 1.2550. SL below 1.20. Week ahead brings Prelim PMIS (Mar); Current Account (Jan) on Thu. EU Summit on Thu and Fri.
- **GBPUSD - Focus on Labour Market Report.** GBP slipped after CPI data (both headline and core) fell more than expected (core was at 2.4% y/y vs. 2.5% expected vs. 2.7% prior). We do not expect the one data point of decline to derail BoE's hawkish rhetoric. Recent development on Brexit has been positive with a (1) transition deal nearing agreement (Spain and Ireland have yet to agree - Spain is seeking reassurance on Gibraltar while Ireland is still analysing UK's

commitment on the Irish borders); (2) EU officials do not expect the sign-off to be a problem; (3) conciliatory tone from EU - Barnier (Chief Brexit negotiator for EU) said that “we have a much clearer position than we had last Dec” and whatever the outcome, there will be a Irish backstop solution. These are firmer signs of material progress with Brexit journey and should support the case for firmer GBP. Blips in UK data this week - labour report today and retail sales tomorrow may pose some downside pressure and we see these dips as opportunity to buy into. We reiterate that a re-emphasis of stronger commitment from BoE to bring down inflation (conditional on orderly Brexit) at the BoE MPC meeting tomorrow could further support our call for stronger GBP. Pair was last seen at 1.4000 levels. Bullish momentum on daily chart remains intact while stochastics is rising into near-overbought conditions. Resistance at 1.4040 (23.6% fibo), 1.41 levels. Support at 1.3920 (50 DMA), 1.3850 (38.2% fibo retracement of Nov low to 2018 high). Bias to buy on dips. Week ahead brings Job report (Jan); CBI Trends Total Orders (Mar) on Wed; Retail Sales (Feb); BoE Meeting on Thu - MPC is expected to maintain monetary policy status quo at its upcoming meeting on 22 Mar. We were initially more hawkish than market consensus in calling for 25bps rate hike in Aug-2018 but recent inflation uptick, BoE QIR upward revision to growth and inflation projections and hawkish shift in BoE rhetoric have shifted market expectations to a possible rate hike in May-2018. 90D Sterling futures are already implying a 50bps rate hike this year as opposed to BoE's 50bps rate hike for this and next year. We do not rule out a rate hike in May if Brexit development does not take a turn for the worse. In addition to this, we believe policymakers are increasingly more tolerant of allowing exchange rate appreciation to arrest runaway inflation, given that recent >6% appreciation (since late-Oct 2017) in GBP towards 1.42-1.43 levels in Jan-2018 apparently did not seem to create any discomfort with policymakers. A recap of the brexit transition agreement (period to last from 29 Mar 2019 to 31 Dec 2020) - Key aspects of the agreement include EU citizens enjoying the same rights and guarantees as the one who arrive before the commencement of the transition agreement, UK able to negotiate, sign and ratify its own trade deals with other countries, etc. That said this transitional agreement is conditional on both sides agreeing a final withdrawal treaty - to be interpreted as a positive step forward but not out of the woods - still expect GBP to be driven by brexit headlines but less uncertainty given recent progress and more room for gains as final treaty (to include trade relationship with EU is yet to be finalised)

- **USDJPY - Onshore Markets Closed For Holiday.** USDJPY is returning some of its overnight gains firmed overnight amid USD softness this morning as onshore markets are close for a public holiday today. BOJ Deputy Governor Amamiya's comments yesterday that the central bank could adjust rates before hitting the 2% inflation target, while stirring JPY bulls, did not inspire any aggressive moves as investors focused on FOMC. Underscoring the pair's inability to climb higher despite the BOJ's ultra-loose monetary policy is domestic risk aversion concerning the political scandal surrounding PM Abe as well as market on the watch for a BOJ exit strategy. Pair was last seen at 106.47 levels. Daily momentum indicators remain bullish bias, while weekly momentum indicators continue to indicate a bearish bias, but which is waning. Key support at 105.25 (2018 low) but in the interim,

look for 105.80 levels to provide support. 21DMA continues to cap pair's upmove. We need to see a break of the 21MDA on a weekly close to confirm bullish momentum towards 107.25 (38.2% fibo retracement of the Feb to Mar downswing), 107.90 (50% fibo). Remaining week has Nikkei PMI mfg (Mar P), all industry activity index (Jan) on Thu; CPI (Feb) on Fri.

- **NZDUSD - Downside Play ahead of RBNZ and FoMC.** NZD fell after GDT auction overnight saw a 3rd consecutive decline in dairy prices. Pair was last seen at 0.7180 levels. Bearish momentum on daily chart remains intact while stochastics is falling into near-oversold conditions. We watch if NZD can form a base around current levels of 0.7180 and rebound from here. Failing which, the pair could trade lower towards 0.7120 (100 DMA) ahead of RBNZ meeting (22 Mar 4am SG/KL time) and FoMC meeting (scheduled two hours before RBNZ meeting tomorrow). **We still hold to our short term view that we do not rule out downside play in the lead-up to RBNZ meeting this Thu** where RBNZ is expected to keep OCR on hold at 1.75% amid softer inflation outlook and moderating momentum seen in manufacturing and services PMI. The upcoming meeting is the final one Acting Governor Grant Spencer chairs and we do not expect him to deviate from his recent neutral-dovish leaning rhetoric. But that also suggests that monetary policy stance could shift going forward as new Governor Adrian Orr comes into office on 27 Mar. His first RBNZ meeting is scheduled on 10th May. Policy bias and expectations could change in light of a new structure, dual mandate and new leadership going forward. We do not rule out a shift in guidance towards tightening. Our house call remains for a rate hike in 2H 2018 and we are inching towards sometime in 4Q. We caution that a potential bullish divergence maybe forming if Kiwi cannot break lower beyond 0.7180/0.7120 over the next few sessions.
- **AUDUSD - 0.76 eyed.** This pair remains at the mercy of the USD and the fall of commodities like iron ore and copper. Last seen at 0.7690 already, we look for opportunities to buy towards 0.76 (the lower bound of the upward sloping trend channel that acts as a support). Momentum is bearish. Rebounds to meet 200-DMA at 0.78-figure. Eye the Fed meeting tonight for any revision to the dots plot or hawkish hints by Powell. The current depreciation in the AUD is what RBA likes and expect to see as the central bank had noted in its Minutes (released yesterday) that a stronger currency could hamper the pick-up in economic activity and inflation. While there are still concerns on the high level of household debt, the central bank is sanguine about the economy, looking for the growth to exceed its potential over 2018 and inflation to rise above 2%. Our mildly bullish medium term view for AUD remains, as domestic and external demand continues to strengthen and we look for the AUDUSD pair to break above 0.80 within this half of the year. We see some signs that RBA is poised to hike this Aug after a recent observation by RBA that the "rate of wage growth appears to have troughed". This is something that we have been observing for the past few months and back our call for RBA to raise cash rate in May (now in Aug). However, the Fed will move first and with RBA move likely deferred to the next half of the year, it will be more prudent to wait for a visit towards 0.76-figure for better risk-reward ratio. Week ahead brings House Price Index (4Q); RBA Meeting Minutes;

RBA Bullock speaks on Tue; **Westpac Leading Index (Feb) on Wed**;
Labor Market Report (Feb) on Thu.

- **USDCAD - Bearish Divergence.** USDCAD waffled around 1.3070, stuck in tight swivels. We remain wary that the USDCAD could move higher as the fate of NAFTA is still uncertain and the Fed decision, economic projections, press conference and dots plot matter. CAD remains weakened both by concerns on the NAFTA and recent dovish comments by BoC Poloz. The governor had even said that NAFTA uncertainty has curbed Canada's investment and pointed out that the economy has room to expand without fuelling inflation which suggests that the next rate hike is unlikely to be soon. BoC "will remain cautious" on future rate moves. On the charts however, we see some signs of bearish divergence in the USDCAD and this pair could be poised for a pullback. Afterall, this pair has retraced around 61.8% of the BoC rate hike play in 2017 and BOC's rate pause is likely to have been well in the price. **The 1.3130-resistance level still holds and could be threatened. Beyond that we see resistance at 1.3270 before 1.3380. Support at 1.2990 (50-DMA) and 1.2720.** Week ahead has Feb CPI on Fri along with retail sales.

Asia ex Japan Currencies

- **SGD trades around 0.61% above the implied mid-point of 1.3263 with the top estimated at 1.2999 and the floor at 1.3527.**
- **USDSGD - *Still Consolidating.*** USDSGD is little changed this morning amid softer USD. All eyes are on the FOMC decision tomorrow, where market has already priced in a 25bp hike in the Fed fund rate, and after that on domestic CPI to be release this Fri, which will be the last data point ahead of Apr's MAS semi-annual monetary policy meeting. Firmer UST yields overnight lifted 3-month SOR higher by 34 pips to 1.473%. Continuing firmer UST yields should keep 3-month SOR supported intraday. Pair was last seen at 1.3183 levels. Pair continues to trade within a symmetrical triangle that suggests consolidative price action ahead. Look to play the range of 1.3120 - 1.3220. Bias to lean against strength. CPI (Feb) is on tap this Fri.
- **AUDSGD - *USD Bulls Weigh On.*** AUDSGD remained weighed, last seen at 1.0150 as we write this morning. Strength in the USD has brought down this pair. Support at 1.0146 (Dec low). Resistance is seen now at 1.0300 opens the way towards 1.0380 (100-DMA) before the 50-DMA at 1.0420.
- **SGDMYR - *Upside Risk amid Central Bank Divergence but Bias to Fade.*** SGDMYR was little changed; last seen at 2.9760 levels. Daily momentum remains bullish bias though showing signs of waning while stochastics is showing signs of turning lower. These suggests that near term upside risks previously cautioned may be waning. Nonetheless, our bias to sell on rally remains intact. Resistance seen at 3.0060 (38.2% fibo retracement of Nov high to Jan low). Sustained price action above 3.0060 could see the cross head higher towards 3.0260 (50% fibo). Support at 2.9740 (50 DMA), 2.9670 (21 DMA). The risk of MAS "Normalisation" vs BNM "On Hold" suggest potential monetary policy divergence (or catch-up) play and this could present risks for SGDMYR to head higher in the lead-up to MAS meeting, which is likely to be held in second or third week of April (actual date to be announced closer to April).
- **USDMYR - *Range-Bound with Risk Skewed to the Upside.*** USDMYR firmed this morning but remains confined to its recent trading range (since mid-Feb) of 3.89 - 3.93. The mild move higher remains in line with our caution for upside in the interim, especially in the lead-up to FoMC meeting on 22 Mar. While a Fed rate hike has been priced in, uncertainty on dots plot revision remains Upward adjustment could lead to USD strength. But we stick to our medium term bias for MYR strength on the back of improving domestic factors amid favourable external environment. Some of these factors include (1) sustained growth pick-up backed by consumption, investment and exports; (2) BNM initiatives (Apr-2017) to deepen and broaden domestic financial markets were positive steps to restore foreign investors' confidence; (3) BNM's pre-emptive move in Jan described the hike as pre-emptive to ensure that the stance of monetary policy is appropriate to prevent the build-up of risks that could arise from interest rates being too low for a prolonged period of time; (4) General election could lend further support for Ringgit. Typically Malaysian equities, MYR tend to strengthen in the lead-up to elections due to rising confidence; (5) Sustained current account

surplus and rising FX reserves to retained imports & short-term debt should also provide an anchor for Ringgit. Current external environment of monetary policy continuity, relative oil price stability and still subdued inflationary pressures in US amid synchronous global economic recovery should continue to bode well for exports recovery and benefit countries that are trade-dependent including the MYR. Pair was last seen at 3.9230 levels. Mild bullish momentum on daily chart seems intact. Interim upside risks but bias to lean against strength. Resistance at 3.9280 (50 DMA), 3.9510 levels (38.2% fibo retracement of Jan high to low). Support at 3.88, 3.8660 (previous low).

- **1m USDKRW NDF - Consolidation.** 1m USDKRW NDF remains little changed overnight while trading range remains subdued ahead of FoMC meeting. Pair was last seen at 1069 levels. Daily momentum shows tentative signs of turning mild bullish while stochastics is showing signs of turning higher from near-oversold conditions. Technical suggests risk may be skewed slightly to the upside. Resistance at 1072 (21, 50 DMAs), 1077. Support at 1065, 1062. Suggest range-bound play of 1066 - 1077 in the lead up to FoMC meeting.
- **USDCNH - Bid in Range.** USDCNH hovered around 6.3330 after a bullish session yesterday, underpinned by the USD rally. Still, this pair seems determined to remain within the 6.28-6.35 range. We remain wary of upside as recent White House recruits, including the new Chief Economic Advisor, Lawrence Kudlow, seem to be taking a hard-line on China. The NPC concludes today. We continue to keep an ear out for any announcement made by the US. Recall that the US may charge on more than U\$30bn of Chinese imports as punishment for the country's alleged intellectual property theft (Politico, BBG) and the official announcement could come anytime. PBoC fixed the USDCNY reference rate at 6.3246, 74 pips lower than the previous 6.3320. CNYMYR was fixed at 0.6190, 16 pips higher than 0.6174. EURCNY was fixed 274 pips higher at 7.8038 vs. the previous at 7.7764. PBOC is said to skip OMO and drained a net CNY40bn in liquidity. 7-day repo is down to 2.65%.
- **1M USDINR NDF - Back in Range.** 1M hovered around 65.60, still buoyed by the firm USD. We remain wary of a bearish divergence with the MACD forest so we look for the break of the support level at 65.10 for bears to take firmer control. Support at 65.50 before 65.10 (61.8% retracement of the Sep-Jan rally). We caution that the rupee could also benefit from an upgrade in the Fitch rating agency. Economic Affairs Secretary Subhash Chandra Garg said that the rating agency is "extremely positive" of the "economy, reforms and path forward". Investors bought U\$78.9mn of equities on Mon (16 Mar) and U\$93.8mn of bonds. We see opportunity to short the pair at the break of 65.10 towards 64.45. Stoploss at 65.50. Week ahead has no key data.
- **1m USDIDR NDF - Sideways.** 1m USDIDR NDF is trading softer amid USD weakness but still trading within its current range of 13730-13875 range. Support for the IDR also came from the strong demand for the government's IDR8tn sukuk auction yesterday which saw IDR134.06tn in bids. The government eventually sold IDR8.9tn of sukuk. This suggests appetite for Indonesian assets have not waned

so long as yields remain attractive. On Mon, foreign investors had purchased USD265.8mn in debt (latest data available). In contrast, they had sold USD67.8mn in equities yesterday. Further net foreign portfolio inflows should be supportive of the IDR and weigh on the 1m NDF. Last seen around 13787 levels. Momentum is still to the downside but weak. Look for the pair to continue in sideways trades within 13730-13875 range ahead of FOMC and BI meeting tomorrow. JISDOR was steady at 13761 yesterday, 4 pips lower than yesterday's fixing. Fri. BI meets on tomorrow and we expect no change to the policy rate at 4.25%.

- **1m USDPHP NDF - *Sideways***. 1m USDPHP NDF is little change amid a softer USD tone. 1m NDF continues to trade within its recent 52.00-52.50 range. Despite BOJ governor's comments to the contrary, some in the market, including ourselves, expect the BSP to hike its benchmark policy rate by 25bp at its meeting tomorrow. This move should help to anchor inflationary expectations given that inflation on a 12-month rolling average has exceeded the BSP's 2-4% inflation range. Still downside to the 1m NDF could be limited should risk appetite continues to wane as they did yesterday. Foreign investors had sold USD73.6mn in equities yesterday, putting upside pressure on the 1m NDF. Last seen around 52.18 levels. Momentum indicators on the daily chart remain bearish bias but waning, while stochastics shows tentative signs of turning higher. Weekly chart remains bullish bias. Look for the pair to remain in sideways trades within 52.00-52.50 for now. Breakout in either direction could see the pair trade in a wider range of 51.75-52.70.
- **USDTHB - *Watching Customs Trade Data***. USDTHB is trading sideways this morning amid a softer USD. Still, likely Fed rate hike and concerns that customs trade data could show underperformance in Feb is weighing on the pair, limiting the pair's downside. Meanwhile, the sell-off in Thai equities yesterday of USD104.4mn by foreign investors more than offset their purchase of USD94.5mn in debt, weighing on the THB and limiting downside to the pair yesterday. More of the same is likely today. Last seen around 31.200 levels, pair shows no clear directional bias on the daily chart, while stochastics continues to climb higher from oversold conditions. Weekly chart though shows bearish bias dissipating while stochastics remains in oversold conditions. Look for the pair to remain in consolidative trade within 31.090 (2018 low) - 31.290 (23.6% fibo retracement of the Feb-Mar downswing) for now. Customs trade (Feb) is due later today; foreign reserves (16 Mar) data tomorrow.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.39	3.40	+1
5YR MI3/22	3.55	3.53	-2
7YR ML9/24	3.85	3.84	-1
10YR MO11/27	3.95	3.95	Unchanged
15YR MX4/33	4.42	4.41	-1
20YR MX4/37	4.54	4.56	+2
30YR MZ3/46	4.78	4.78	Unchanged
IRS			
6-months	3.71	3.71	-
9-months	3.72	3.72	-
1-year	3.75	3.75	-
3-year	3.81	3.81	-
5-year	3.86	3.87	+1
7-year	3.98	3.98	-
10-year	4.10	4.10	-

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Source: Maybank KE

*Indicative levels

- Local govies traded defensively with yields ending mixed, +/- 2bps. Trading volume was limited as players sat on the sidelines awaiting the US FOMC outcome. Market likely to stay defensive until the event is over. Investors are less concerned with a rate hike than the language as markets have largely priced in a 25bps hike.
- MYR IRS curve rose 1bp higher at the belly, with the 5y IRS at 3.87%, and basis also widened at the same area, signalling expectations of US rate hike by the market. But no trades were dealt again, and expect market to remain muted until the FOMC is over. 3M KLIBOR unchanged at 3.69%.
- In corporate bonds market, there was strong buying interest at the front end of the GG and AAA curves. Credit names such as Danga and Rantau remained the favourites, trading near MTM levels. 3y AAA bonds appear cheap being around the 4.15% level. There was also good 2-way flows on 15y AAA papers.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.81	1.86	+5
5YR	2.11	2.15	+4
10YR	2.43	2.44	+1
15YR	2.73	2.74	+1
20YR	2.77	2.78	+1
30YR	2.92	2.92	-

Source: Maybank KE

- Short dated SGS underperformed again, leading yields higher as dealers continued to reduce short end exposure pending the announcement of the 2y reopening and mini-auction sizes. Adding pressure is the expected US rate hike this week and 12w MAS bill's high cut off fuelled more selling at the short end. Meanwhile, the long end saw short covering interest and hence, yield curve flattened further. SGS yields up 4-5bps along the 2y5y and just +1bp thereafter. Tepid trading in SGD IRS until UST futures edged lower and short dated forwards turned biddish. IRS closed 2-3bps higher, implying tighter swap spreads particularly at the front end.
- Sentiment in Asia credit market remains soft. Market opened with selling on tech names such as Tencent and BABA after tech stocks were sold off overnight on the back of Facebook's data breach issue. Shinhan Bank's new bonds also underperformed, alongside other China IG benchmarks which traded 2-3bps wider.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.62	5.62	(0.35)
5YR	5.99	5.93	(5.64)
10YR	6.69	6.71	1.51
15YR	6.94	6.92	(1.96)
20YR	7.29	7.31	1.65
30YR	7.37	7.39	1.36

* Source: Maybank Indonesia

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- Indonesia bond market closed lower during Tuesday trading session ahead of FOMC meeting result. Most of the IndoGB yield moved higher during the day amid improving result of sukuk auction. Maybank Indonesia sees BI 7D RR rate unchanged at 4.25%. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.933%, 6.708%, 6.920% and 7.305% while 2y yield moved lower to 5.615%. During the day, FR0063 (5y benchmark series) yield decline the most by 6bps while FR0059 (9y) yield increased the most by 6bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 39bps). Trading volume at secondary market was noted heavy at government segments amounting Rp18,943b with PBS016 (2y sukuk) as the most tradable bond. PBS016 total trading volume amounting Rp3,330b with 38x transaction frequency.
- Indonesian government conducted their bi-weekly sukuk auctions yesterday and received heavy incoming bids worth of Rp13.07t versus its target issuance of Rp8.00t or oversubscribed by 1.63x. However, DMO only awarded Rp8.90t bids for its 5mo, 2y, 4y, 8y and 19y sukuk offered series. Incoming bids were more clustered on SPNS and PBS016 series. 5mo SPNS was sold at a weighted average yield (WAY) of 4.29688%, 2y PBS016 was sold at 6.06502%, 4y PBS002 was sold at 6.35911%, 8y PBS017 was sold at 6.81823% while 19y PBS004 was sold at 7.70952%. PBS012 bids were rejected during this auction. Bid-to-cover ratio during the auction came in at 1.08X - 5.39X. Foreigner demands during the auction were noted Rp3.00t or 23.0% of total incoming bids. However, only Rp2.45t bid (27.5% of total awarded bids) were awarded to foreign investors.
- Foreign ownership stood at Rp841.6t or 39.2% of total tradable government bond as of Mar 19th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp1.0t from begin month of Mar 18. Foreigner seen purchasing since mid Mar.
- Corporate bond traded moderate amounting Rp664b. BDKI01CN1 (Shelf Registration I Bank DKI Phase I Year 2016; Rating: A⁺_(idn)) was the top actively traded corporate bond with total trading volume amounted Rp70b yielding 7.852%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2394	107.04	0.7736	1.4100	6.3464	0.7275	132.2000	82.4780
R1	1.2318	106.78	0.7710	1.4049	6.3399	0.7230	131.3100	82.1660
Current	1.2249	106.49	0.7689	1.4005	6.3332	0.7176	130.4400	81.8790
S1	1.2203	106.10	0.7668	1.3965	6.3220	0.7158	129.9400	81.5760
S2	1.2164	105.68	0.7652	1.3932	6.3106	0.7131	129.4600	81.2980

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3226	n/a	13787	52.1710	31.2453	1.6288	0.6251	2.9837
R1	1.3209	n/a	13767	52.1240	31.2217	1.6218	0.6219	2.9806
Current	1.3190	3.9250	13751	52.1200	31.2120	1.6157	0.6188	2.9762
S1	1.3159	n/a	13732	52.0410	31.1677	1.6111	0.6154	2.9731
S2	1.3126	n/a	13717	52.0050	31.1373	1.6074	0.6122	2.9687

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,727.27	0.47
Nasdaq	7,364.30	0.27
Nikkei 225	21,480.90	-0.90
FTSE	7,061.27	0.26
Australia ASX 200	5,936.38	-0.39
Singapore Straits Times	3,513.31	0.43
Kuala Lumpur Composite	1,856.39	0.46
Jakarta Composite	6,243.58	-0.73
Philippines Composite	8,059.60	-2.14
Taiwan TAIEX	11,010.84	-0.33
Korea KOSPI	2,485.52	0.42
Shanghai Comp Index	3,290.64	0.35
Hong Kong Hang Seng	31,549.93	0.11
India Sensex	32,996.76	0.22
Nymex Crude Oil WTI	63.42	2.03
Comex Gold	1,310.90	-0.44
Reuters CRB Index	194.15	0.65
MBB KL	10.34	0.19

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.3817	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	22/3/2018	Neutral
BOT 1-Day Repo	1.50	28/3/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	22/3/2018	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	5/4/2018	Neutral
BOK Base Rate	1.50	12/4/2018	Tightening
Fed Funds Target Rate	1.50	22/3/2018	Tightening
ECB Deposit Facility Rate	-0.40	26/4/2018	Easing Bias
BOE Official Bank Rate	0.50	22/3/2018	Neutral
RBA Cash Rate Target	1.50	3/4/2018	Neutral
RBNZ Official Cash Rate	1.75	22/3/2018	Neutral
BOJ Rate	-0.10	27/4/2018	Easing
BoC O/N Rate	1.25	18/4/2018	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	24	3.068	3.068	3.068
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	6	3.031	3.134	3.021
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	47	3.298	3.33	3.298
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	75	3.355	3.359	3.355
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	10	3.392	3.392	3.384
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	90	3.404	3.404	3.404
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	60	3.548	3.561	3.548
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	172	3.582	3.582	3.528
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	14	3.71	3.715	3.71
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	245	3.75	3.75	3.722
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	102	3.758	3.769	3.758
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	25	3.901	3.901	3.888
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	50	3.837	3.841	3.837
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	6	3.963	3.977	3.958
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	12	4.069	4.069	4.069
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	1	4.023	4.023	4.023
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	178	3.954	4.249	3.936
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	40	3.984	3.984	3.984
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	8	4.363	4.363	4.363
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	44	4.401	4.401	4.391
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	44	4.412	4.421	4.412
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	202	4.588	4.588	4.549
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	7	4.555	4.555	4.555
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	11	4.799	4.799	4.799
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	69	4.801	4.808	4.775
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	5	3.133	3.133	3.133
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	209	3.787	3.787	3.766
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	100	3.846	3.846	3.827
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	20	3.985	3.985	3.983
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	100	4.16	4.166	4.16
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	60	4.544	4.545	4.544
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	30	4.927	4.927	4.927
Total			2,067			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PRASARANA IMTN 4.08% 12.03.2019 - Tranche 1	GG	4.080%	12-Mar-19	100	3.646	3.657	3.646
JOHORCORP IMTN 3.680% 14.06.2019	GG	3.680%	14-Jun-19	10	3.769	3.769	3.769
CAGAMAS IMTN 4.050% 20.12.2018	AAA	4.050%	20-Dec-18	5	3.857	3.857	3.857
DANGA IMTN 4.100% 09.04.2020 - Tranche 5	AAA (S)	4.100%	9-Apr-20	30	4.135	4.135	4.135
PUTRAJAYA IMTN 26.05.2020	AAA IS	4.340%	26-May-20	25	4.124	4.124	4.124
CAGAMAS MTN 4.10% 18.11.2020	AAA	4.100%	18-Nov-20	30	4.174	4.174	4.174
TELEKOM IMTN 4.820% 21.03.2024	AAA	4.820%	21-Mar-24	40	4.418	4.425	4.418
TNB WE 5.060% 30.07.2024 - Tranche 1	AAA IS	5.060%	30-Jul-24	20	4.509	4.509	4.508
PLUS BERHAD IMTN 4.640% 10.01.2025 - Series 1 (9)	AAA IS	4.640%	10-Jan-25	10	4.5	4.5	4.5
RANTAU IMTN 0% 26.03.2029 - MTN 6	AAA (S)	5.200%	26-Mar-29	10	4.719	4.722	4.719
DANGA IMTN 4.940% 26.01.2033 - Tranche 8	AAA (S)	4.940%	26-Jan-33	10	4.929	4.931	4.929
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	245	5	5	5
PLUS BERHAD IMTN 5.750% 12.01.2037 - Series 1 (21)	AAA IS	5.750%	12-Jan-37	20	5.09	5.1	5.09
WESTPORTS IMTN 4.750% 03.04.2023	AA+ IS	4.750%	3-Apr-23	20	4.558	4.563	4.558
UMWH IMTN 4.830% 22.06.2022	AA2	4.830%	22-Jun-22	40	4.627	4.64	4.627
TANJUNG BP IMTN 5.120% 15.08.2025	AA2	5.120%	15-Aug-25	10	4.701	4.703	4.701
BFB IMTN 5.900% 24.01.2028	AA2	5.900%	24-Jan-28	40	4.899	4.902	4.899
BFB IMTN 6.100% 24.01.2029	AA2	6.100%	24-Jan-29	40	4.967	4.97	4.967
PBFIN 7.500% 05.06.2059 - Tranche No.1	AA2	7.500%	5-Jun-59	2	4.497	4.547	4.497
TSH IMTN 0% 24.08.2020	AA- IS	5.230%	24-Aug-20	10	4.739	4.739	4.739
WCT IMTN 4.950% 22.10.2021	AA- IS	4.950%	22-Oct-21	6	5.038	5.041	5.038
TSH IMTN 0% 30.03.2022	AA- IS	5.100%	30-Mar-22	10	4.881	4.881	4.881
UEMS IMTN 5.060% 09.12.2022	AA- IS	5.060%	9-Dec-22	20	4.84	4.84	4.828
UEMS IMTN 5.000% 19.05.2023	AA- IS	5.000%	19-May-23	10	4.857	4.875	4.857
KESTURI IMTN 4.75% 02.12.2024 - IMTN 6	AA- IS	4.750%	2-Dec-24	10	4.67	4.68	4.67
WCT IMTN 5.550% 21.02.2025	AA- IS	5.550%	21-Feb-25	7	5.468	5.47	5.468
Total				780			

Sources: BPAM

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