

Global Markets Daily

USD Rebound Risks?

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As expected, the US government went into partial shut-down after the Senate failed to pass a stop-gap measure on Sat morning. All eyes will now be on the upcoming vote that could either pass a stop-gap measure or the Republicans could use the so-called “nuclear option” to end debate and pass the budget along party lines. The US aside, other risks around this week, namely BOJ, ECB meetings, NAFTA negotiations and World Economic Forum at Davos. In addition, though the SPD has approved talks on a coalition government with Merkel, there is a caveat that any deal would require the approval of the party that could still throw a wrench into the grand coalition government. In Asia, the slightly higher than expected CNY fixing (Closing on Fri - CNY: 6.4040, CNH: 6.4004) added to the sell-off in most AXJs this morning. We do not rule out USD rebound risk this week given the risks above.

BOJ Meeting In Focus; ECB, BNM Meets This Week As Well

We eye the BOJ’s policy decision at its first policy meeting on tomorrow, where some participants are speculating that the BOJ could change its policy stance. This speculation comes amid the central bank’s cut in purchases of longer tenor bonds by JPY10bn each on 9 Jan that sent the JPY into a tailspin. Note that our house view remains 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. We expect BOJ Governor Kuroda will use his post-meeting press conference to reiterate the bank’s “powerful easing”. This should allow the USDJPY to continue its climb higher, especially amid higher UST yields and positive risk sentiments. ECB meeting this Thu will also be of interest as market will watch for the ECB to clarify its forward guidance, though we cannot rule out some jawboning. For BNM, though some in the market are expecting a 25bp hike at this meeting, our house view is for the first rate hike to come at its 9-10 May meeting after the general elections concludes.

US, UK, KR & PH GDP; JP, NZ, SG & MY CPI On Tap This Week

Some key data/events we are closely watching this week include MY FX reserves; TH customs trade on Mon. US Richmond Fed Mfg index; JP all activity index, machine tool orders; CN foreign reserves; SG CPI; PH GDP on Tue. For Wed, prelim PMIs from US, JP, EU; JP trade; UK labor report; MY CPI. For Thu, NZ CPI; KR GDP. For Fri, US GDP, durable goods report; JP CPI, BOJ minutes of policy meeting; UK GDP; CN industrial profits; SG unemployment rate, IP; IN IP. NZ is out for a public holiday on Mon; AU and IN are out on Fri.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2222	↓ -0.13	USD/SGD	1.3208	↓ -0.01
GBP/USD	1.3858	↓ -0.26	EUR/SGD	1.6145	↓ -0.13
AUD/USD	0.7995	↓ -0.07	JPY/SGD	1.1927	↑ 0.32
NZD/USD	0.7277	↓ -0.33	GBP/SGD	1.8302	↓ -0.28
USD/JPY	110.77	↓ -0.31	AUD/SGD	1.0563	↓ -0.03
EUR/JPY	135.45	↓ -0.39	NZD/SGD	0.9609	↓ -0.36
USD/CHF	0.9628	↑ 0.41	CHF/SGD	1.3716	↓ -0.43
USD/CAD	1.2493	↑ 0.60	CAD/SGD	1.0569	↓ -0.65
USD/MYR	3.9388	↓ -0.41	SGD/MYR	2.9854	↓ -0.15
USD/THB	31.855	↓ -0.20	SGD/IDR	10100.14	↑ 0.18
USD/IDR	13316	↓ -0.23	SGD/PHP	38.483	↑ 0.31
USD/PHP	50.73	↓ -0.10	SGD/CNY	4.8521	↓ -0.17

Implied USD/SGD Estimates @ 22 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3026	1.3291	1.3555

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G7: Events & Market Closure

Date	Ctry	Event
22 Jan	NZ	Public Holiday
23 Jan	JN	BOJ Meeting
25 Jan	EU	ECB Meeting
26 Jan	AU	Public Holiday

AXJ: Events & Market Closure

Date	Ctry	Event
25 Jan	MY	BNM Meeting
26 Jan	IN	Public Holiday

G7 Currencies

- **DXY - Vote To End Government Shutdown Today.** USD opened softer this morning on US government shutdown over the weekend. But talks of another vote sometime today. According to Bloomberg news, a group of Senate moderates are working on a compromise plan to extend the stopgap funding for the government through 8 Feb. Part of the plan would include a commitment for a separate vote on legislation to protect “dreamers” (also known as young, undocumented immigrants) - one of the key stalemate and a key demand from the Democrats. If a compromise is not reached, there is fear of a prolonged shutdown especially when the House is supposed to be on recess this week. Prolonged shutdown may weigh on USD. DXY index was last seen at 90.50 levels. Underlying momentum remains bearish momentum as indicated on weekly chart but daily chart suggests interim pause from recent sell-off. Bearish momentum on daily chart shows signs of waning while stochastics is near oversold conditions. Rebound may target resistance at 91.80 levels (21 DMA). Support remains at 90.20, 89.30 levels. Week ahead brings CFNAI (Dec) on Mon; Richmond Fed Mfg Index (Jan) on Tue; Existing Home Sales (Dec); Prelim Mfg, Services PMI (Jan); Fed’s Evans speaks on Wed; New Home Sales, Retail, Wholesale Inventories (Dec) on Thu; Durable Goods (Dec); GDP (4Q); Kansas City Fed Mfg Activity (Jan) on Fri.
- **EURUSD - ECB Meeting Thu.** EUR gapped higher in the open this morning in reaction to weekend news: (1) coalition talks to proceed to next round and (2) US government shut down. Yesterday at the German SPD conference, 362 out of 642 delegates backed plans to negotiate coalition government with Merkel’s CDU/CSU. While this brings relief to markets amid hopes of forming a government soon, the next step is to put the detailed coalition agreement to another vote - this time 450,000 rank-and-file members of the SPD. Failure to get past this should bring back talks of re-election or minority government - such a scenario should heighten risks and weigh on sentiment and the EUR. ECB meeting next Thu will be of interest as ECB/Draghi may take the opportunity to clarify policy direction and monetary stance (we do not rule out the likelihood of ECB talking down the currency as Euro-area financial conditions are likely to have tightened). Recall that the recent EUR gains have seen a string of comments from ECB officials including Nowotny whom said that Euro’s recent strength against the USD “is not helpful”; Constancio said he did not rule out that monetary policy would still continue to be “very accommodative for a long time” while Villeroy’s earlier commented that recent euro appreciation is a source of uncertainty and requires monitoring as it could damp inflation. 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 1.2240 levels. Bullish momentum on weekly and daily chart remains intact though momentum on daily chart shows some signs of waning and stochastics is showing signs of falling from overbought conditions. Support at 1.2125 (all-time average), 1.2090 (previous double top resistance not-turned support). Resistance at 1.2320 (previous high), 1.2598 (61.8% fibo retracement of 2014 high to 2017 low). Weekend

news of US government shut down and Germans possibly forming a coalition government soon would probably have seen EUR opened and traded much higher but instead EUR traded softer after the no-surprise gap higher. Price action suggests EUR bulls may be lethargic ahead of ECB meeting and we believe there could be continued adjustment in EUR-longs (i.e. profit-taking plays) in the near term. Week ahead brings ZEW Survey Expectations, Consumer Confidence (Jan) on Tue; Mfg, Services Prelim PMI (Jan) on Wed; ECB Meeting on Thu.

■ **GBPUSD - Labor Report, CBI Sales and 4Q GDP This Week.** GBP eased off recent highs following disappointing retail sales data last Fri - its largest monthly decline since EU referendum. This puts a reality check on recent (>3% YTD) GBP strength and calls into the question if GBP rally based on anecdotal news flow on positive development with Brexit is sufficient. This week brings CBI reported sales for Jan and 4Q GDP data. A sustainable GBP rally would perhaps be possible if data shows growth firming. GBP was last seen at 1.3870 levels. Bullish momentum on daily chart remains intact though shows signs of waning while stochastics shows tentative signs of turning from overbought conditions. We caution for risk of pullback, possibly towards 1.38, 1.3740, 1.3620. Resistance at 1.3940 before 1.40. Week ahead brings Public Finances (Dec); CBI Trends Total Orders (Jan) on Tue; Employment Change, Unemployment rate, weekly earnings (Nov) on Wed; CBI Reported Sales (Jan) on Thu; GDP (4Q) on Fri.

■ **USDJPY - Watching BOJ Meeting Tomorrow.** USDJPY slipped lower last week to a 2018 low of 110.19, not seen since Sep 2017, amid USD weakness on concerns over US government shut down. Mitigating these concerns though was speculation that BOJ could remove its monetary stimulus as soon as the upcoming policy meeting tomorrow. Together, these concerns have kept the pair in sideways trades the past week. We eye the BOJ's policy decision at its first policy meeting on tomorrow. Note that our house view remains 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. We expect BOJ Governor Kuroda will use his post-meeting press conference to reiterate the central bank's "powerful easing". If markets are convinced, then the USDJPY once again continue its climb higher, especially amid firmer UST yields and positive risk sentiments. Note though that the current correlation between USDJPY and UST yields appear to have broken down temporarily. Last seen at 110.65-levels. Bearish momentum on the daily and weekly charts remains intact. Momentum indicators and stochastics on the weekly charts remain bearish bias. Support nearby is around 110-handle before 109.60 levels. Resistance is around 111-handle (50% fibo retracement of the Sep-Nov 2017 upswing), 111.80 (200DMA). Week ahead brings all industry activity index (Nov), machine tool orders (Dec F), BOJ policy meeting, outlook report on Tue; trade (Dec), Nikkei PMI mfg (Jan P) on Wed; CPI (Dec), BOJ minutes of policy meeting on Fri.

■ **NZDUSD - Tactical Bearish Bias.** NZD slipped this morning, in line with our tactical call to sell on rally (last Fri FX Weekly). Pair was last seen at 0.7270 levels. Bullish momentum on daily chart is showing signs of waning while stochastics is also showing signs of

turning from overbought conditions. We continue to caution for risk of pullback especially with Dec PMI numbers (released last Fri) disappointing to the downside (51.7 vs. 57.7 in Nov). We stick to our call - *Bias to lean against strength towards 0.7330 (SL above 0.7390) targeting a move towards first 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 ahead brings Performance Services Index (Dec) on Tue; Credit Card Spending (Dec) on Wed; Government Financial Statement; CPI (4Q) on Thu. Onshore markets are closed for holidays today.

- **AUDUSD - Correction coming.** AUDUSD slipped back under the 0.80-figure into the weekend after sharp rally to 0.8039. Last seen at 0.7998, upmove may continue to be hindered by the USD which seems to have found a tentative floor. The doji last Fri also suggest that this pair might be primed for a correction. Bears could be taking over. Insofar, the AUD has been underpinned by strong base metal prices and better data even though wage pressure is still illusive. We do not expect these factors to dissipate in the near-term and we look for opportunities to buy into deep corrections. We eye initial 0.7940-support, before the next at 0.7888 (61.8% fibo retracement of the Sep-Dec pullback). AUDNZD remains bid, with chances of breaking above the resistance level at 1.0930 to head towards 1.1051 and then perhaps even 1.1091. Week ahead is rather quiet in terms of data release except for Westpac Leading Index (Dec) on Wed.
- **USDCAD - 21-DMA Caps.** The USDCAD is capped by the 21-DMA, last seen around 1.2487. This pair may not be able to find a direction for now, as the NAFTA talks commences yesterday. 9 Days are set aside for the negotiations with two full days 27, 28 Jan reserved for resolving issues among chief negotiators and preparing for a ministerial meeting on 29 Jan (BBG). Given the uncertainty on the NAFTA that could impact its export receipts as well as a lack of wage pressure that suggests a greater-than-expected capacity in the labour market, we expect BoC to be on pause till 2nd half of 2018. Watch the retail sales and CPI indicators next week. Multiple resistances ahead at 1.2540, 1.2588 so any upmoves might be slowed while strong support is seen at 1.2380. Pair could be trapped between these levels, looking for direction. Next support at 1.2264-level (76.4 fibo retracement from Sep low to Oct high).

Asia ex Japan Currencies

- **SGD trades around 0.57% above the implied mid-point of 1.3291 with the top estimated at 1.3026 and the floor at 1.3555.**
- **USDSGD - *Bearish Bias But Watch For Potential Falling Wedge Setup.*** USDSGD traded to a new 2018 low of 1.3175 (not seen since May 2015) amid broad USD weakness on concerns over US government shutdown and the stronger CNY fixing vs. USD by the PBOC. Softer UST yields on Fri evening weighed on the 3-month SOR higher by 3.1% to 1.02%. Firmer UST yields this week should lift the 3-month SOR higher ahead. Last seen around 1.3212 levels. Bearish bias on the daily and weekly charts remains intact, while both weekly and daily stochastics remain in oversold conditions. We caution for a potential falling wedge pattern in the making that suggest risk of bullish reversal. Rebound may target 1.3260, 1.3330 (21DMA) levels. Key support at 1.32-handle (61.8% fibo retracement of the 2014-2017 upswing) before 1.3150 (2015 low). Week ahead has CPI (Dec) on Tue; unemployment rate (4Q), IP (Dec) on Fri.
- **AUDSGD - *Pulling Back.*** AUDSGD was last seen around 1.0560 this morning, still resisted by the 1.0580-level (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 - *Remains Bearish but Nearing our Support.*** SGDMYR remains soft. Cross was last seen at 2.9860 levels. Bearish momentum on weekly and daily chart remains intact though daily stochastics is in oversold conditions - suggest potential rebound risks in the near term though broader term bias remains for further downside. Next support at 2.9750. Resistance at 3.0020 (23.6% fibo retracement of Dec high to Jan low), 3.0100 (38.2% fibo).
- **USDMYR - *BNM Meeting Thu.*** USDMYR firmed slightly this morning amid USD rebound. Last seen at 3.9420 levels. Bearish momentum on daily, weekly chart remains intact while stochastics is in oversold conditions. Support at 3.9350 levels. **Remain bearish bias but do not rule out near term bounces.** Resistance at 3.95, 3.9840 levels. BNM meets on Thu. Market expects BNM to raise rates by 25bps. Our Economists expect the first rate hike to take place on 9-10 May MPC meeting (after GE 14 concludes (our house view that GE 14 will be held within the Feb-Apr “window”) The 1-hike expectation for 2018 takes into consideration that inflation is expected to moderate towards 2.5 - 3% in 2018 (vs. possibly 4% in 2017; Dec inflation data to be released on 18 Jan). We reiterate 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 - *Mild Bullish***. Pair rebounded, in line with our caution for rebound risks. Last seen at 1068 levels. Daily momentum and stochastics indicators are mild bullish bias. Resistance at 1070, 1078. Support remains at 1060. Week ahead brings 4Q GDP on Thu and consumer confidence Fri.
- **USDCNH - *Pressured Lower***. USDCNH remains pressured to the downside, making 25months low, last seen at 6.3995. The 6.40-level has been broken. Pair is weighed by the soft dollar, positive carry and generally risk-on mood after the release of the 2017 growth and activity numbers. USDCNH is also weighed by the confirmation by PBoC that the RRR cut announced last year for some banks (with a portion of loans for small business and agricultural sector) will take effect on 25 Jan, just before the lunar new year seasonal liquidity squeeze. 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 6.3850 (2015-Dec low) levels. **PBoC fixed the USDCNY reference rate at 6.4112, 57 pips lower than previous 6.4169. CNYMYR was fixed 8 pips lower at 0.6140 vs. previous at 0.6148.** At home, PBOC Senior Adviser Sheng Songcheng said that there is no need to raise benchmark lending and deposit rates in the near term (Economic Daily). He also added that yuan exchange will likely be stable with no significant appreciation or depreciation. His comments are likely meant to rein in the strength of the yuan given the recent growth numbers that surprised to the upside. Ahead of the seasonal liquidity squeeze (Chinese New Year), his comments are also likely meant to quell speculations of monetary tightening. Week ahead has industrial profits this Fri.
- **1m USDINR NDF - *Look for the Turn Higher***. 1m USDINR NDF drifted lower towards the end of last week, last seen around 64.08 this morning. 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. On the daily charts, momentum has turned, while stochastics is climbing higher. Signs of bullish reversal are clearer on the weekly chart. 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). **We see a potential move towards the 50-DMA at 64.50.** PM Modi said that the Federal Budget will focus on development. Separately, India lower tariff for new hydro-electric power projects to level the playing field with other forms of electricity. Week ahead has no tier one data.
- **1m USDIDR NDF - *Consolidation***. 1m USDIDR NDF traded softer on Fri to a 2018 low of 13289 amid USD weakness on concerns over US government shut-down. 1m NDF though remains in consolidative mode as it awaits directional cues. Foreign portfolio inflows continued to be supportive of the IDR. Foreign investors purchased USD75.3mn of equities last week and purchased USD992mn of debt on 15-18 Jan (latest data available). Further net foreign portfolio inflows could continue to weigh on the 1m NDF ahead. Last seen around 13346 levels. Daily chart shows bearish bias intact but waning, while stochastics shows tentative signs of turning higher

from oversold conditions. Weekly momentum indicators and stochastics remain bearish bias. This suggests risks could be tilting to the upside in the near term. Continue to look for the 1m NDF to remain in consolidative mode. Resistance is still around 13370 (61.8% fibo retracement of the Sep-Oct upswing), 13440 (50% fibo). Support around 13306 (2018 low on 15 Jan), 13280 (76.4% fibo). JISDOR was fixed at 13331 on Fri; 34 pips lower than the fixing on Thu. There are no Tier 1 data on tap this week.

- **1m USDPHP NDF - *Sideways*.** 1m USDPHP NDF is in consolidative trades after spiking higher on 16 Jan following weaker-than-expected overseas remittances that re-triggered concerns about the deteriorating current account deficit. Still healthy foreign inflows of USD56.3mn into equities last week helped to keep the PHP supported and keep the 1m NDF trading sideways. Further foreign portfolio inflows weigh on the 1m NDF this week. Last seen around 50.88 levels. Momentum indicators on the daily chart are still bullish bias, while stochastics remains at overbought conditions. Weekly chart shows bearish momentum dissipating and stochastics turning higher from oversold conditions. We continue to look for the 1m NDF to trade sideways ahead. Immediate resistance at 50.90 (100DMA) before 51.15 (38.2% fibo). Support nearby at 50.70 (200DMA) ahead of 50.45 (61.8% fibo retracement of the Apr-Oct 2017 upswing, 50DMA). Week ahead brings GDP (4Q) tomorrow. Market consensus is looking for the economy to expand by 6.7% in 4Q, moderating from the upwardly revised 3Q print of 7.0% (previously 6.9%).
- **USDTHB - *Still Making New Lows*.** USDTHB trading to a new 2018 and multi-year low of 31.806 this morning amid USD weakness. Foreign portfolio inflows continue to be supportive of the THB. Foreign investors purchased USD76mn and USD521.7mn of equities and debt last week. Further net foreign portfolio outflow is likely to weigh on the THB this week. Pair though remains in consolidative mode amid concerns over against-the-wind activities and this is likely to keep the pair in sideways trades ahead. Already the BoT has warned of opening investigations into some financial institutions with operations in Thailand for speculating in the THB. Last seen around 31.902 levels. Daily momentum indicators remain bearish bias but waning, while stochastics is at oversold conditions. Weekly momentum indicators and stochastics remain bearish bias. Support is around 31.806, 31.740 (Jul 2014 low). Resistance at around the 32.100 levels. Quiet week ahead with customs trade (Dec) on Mon; foreign reserves (19 Jan) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.33	3.35	+2
5YR MI3/22	3.54	*3.57/54	Not traded
7YR ML9/24	3.89	3.92	+3
10YR MO11/27	3.91	3.91	Unchanged
15YR MX4/33	4.39	4.41	+2
20YR MX4/37	4.61	4.63	+2
30YR MZ3/46	4.84	4.84	Unchanged
IRS			
6-months	3.54	3.54	-
9-months	3.60	3.60	-
1-year	3.64	3.64	-
3-year	3.78	3.78	-
5-year	3.85	3.86	+1
7-year	3.96	3.97	+1
10-year	4.08	4.09	+1

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Source: Maybank KE

*Indicative levels

- Despite a firmer Ringgit, local government bond yields rose another 2-3bps higher due to some local players selling ahead of the MPC meeting next week. Volume remained fair but is likely to thin out ahead of the MPC decision, and the curve to remain defensive as market awaits the outcome for leads.
- IRS market saw some trades given at the belly of the curve, with rates ending 1bp higher along the 5y10y. Alongside softer govvy sentiment, IRS curve was also driven higher by squaring of positions ahead of the MPC. 3M KLIBOR remained at 3.44%.
- For corporate bonds, GG space was quite active with the front end of the curve lowering 1bp, while the belly was about 1bp higher. There was little interest at the long end as MGS remained defensive. For AAA curve, the belly tightened 2bps led by Plus 2024, while the front end was unchanged. AA levels stood pat except for Danajamin 2027s which tightened 1bp.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.44	1.45	+1
5YR	1.73	1.75	+2
10YR	2.12	2.15	+3
15YR	2.39	2.42	+3
20YR	2.45	2.46	+1
30YR	2.58	2.60	+2

Source: Maybank KE

- SGS was resilient despite UST yields climbing further towards 2016 highs. While prices opened lower, dip buying interest limited the slide and selling in SGS remain muted even as SGD IRS rates pushed higher intraday. The IRS curve bear steepened, up 1-4bps, while SGS yield curve rose 1-3bps. Stable and low funding rates if sustained will continue to favor short end SGS.
- 10y UST yield broke above 2.60% level, but there was little impact in Asian credit space. Flows still mostly revolved around new issuances. Geely widened slightly from a print of +130 to close around +133, while Tata Steel underperformed ending about 0.5pts below reoffer. INDONs traded around 0.50-0.75pts lower in price. Market will be focused on whether the US government shuts down over the weekend.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.42	5.41	(0.83)
5YR	5.51	5.53	1.63
10YR	6.06	6.08	1.74
15YR	6.57	6.57	0.06
20YR	6.87	6.88	1.53
30YR	7.10	7.08	(1.76)

* Source: Maybank Indonesia

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- Indonesia bond market closed slightly lower during Friday trading session amid minimal market sentiment and increasing U.S. Treasuries yields. USY10y yield at the end of Friday session closed at 2.66% which is approx. 10bps higher compared to last week close. As a result, UST10y - IGB10y yield spread hits 354bps or the narrowest since May 2013. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.530%, 6.082%, 6.567% and 6.884% while 2y yield moved lower to 5.410%. During the day, FR0067 (26y) yield decline the most by 7bps while FR0045 (19y) yield increase the most by 5bps. 10y15y G-Spread remain the widest on YTD basis currently (10y15y current spread: 32bps). Trading volume at secondary market was noted moderate at government segments amounting Rp15,604b with FR0075 (20y benchmark series) as the most tradable bond. FR0075 total trading volume amounting Rp1,140b with 160x transaction frequency.
- Foreign ownership stood at Rp874.8t or 41.1% of total tradable government bond as of Jan 18th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp36.6t from begin month Jan 18 or approx. more than half of Q117 foreign purchase (worth of Rp56.1t).
- Corporate bond traded heavy amounting Rp895b. PTHK01ACN3 (Shelf Registration I Hutama Karya Phase III Year 2017; A serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp180b yielding 7.341%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2324	111.44	0.8061	1.3987	6.4376	0.7342	136.4233	89.2907
R1	1.2273	111.10	0.8028	1.3922	6.4190	0.7309	135.9367	88.9123
Current	1.2231	110.79	0.7984	1.3866	6.4071	0.7273	135.5000	88.4490
S1	1.2193	110.46	0.7973	1.3816	6.3850	0.7259	135.0767	88.2643
S2	1.2164	110.16	0.7951	1.3775	6.3696	0.7242	134.7033	87.9947

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3239	3.9585	13410	50.8687	31.9717	1.6242	0.6202	3.0004
R1	1.3224	3.9486	13363	50.7993	31.9133	1.6193	0.6176	2.9929
Current	1.3215	3.9425	13338	50.8100	31.9130	1.6163	0.6153	2.9836
S1	1.3184	3.9321	13276	50.6363	31.8073	1.6113	0.6110	2.9796
S2	1.3159	3.9255	13236	50.5427	31.7597	1.6082	0.6070	2.9738

*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	1.1878	Apr-18	Neutral
BNM O/N Policy Rate	3.00	25/1/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	15/2/2018	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	27/2/2018	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	1.25	7/3/2018	Tightening

Equity Indices and Key Commodities

	Value	% Change
Dow	26,071.72	0.21
Nasdaq	7,336.38	0.55
Nikkei 225	23,808.06	0.19
FTSE	7,730.79	0.39
Australia ASX 200	6,005.81	-0.15
Singapore Straits Times	3,550.36	0.82
Kuala Lumpur Composite	1,828.83	0.40
Jakarta Composite	6,490.90	0.28
Philippines Composite	8,915.92	1.08
Taiwan TAIEX	11,150.85	0.72
Korea KOSPI	2,520.26	0.18
Shanghai Comp Index	3,487.86	0.38
Hong Kong Hang Seng	32,254.89	0.41
India Sensex	35,511.58	0.71
Nymex Crude Oil WTI	63.37	-0.91
Comex Gold	1,333.10	0.44
Reuters CRB Index	195.50	-0.43
MBB KL	9.87	0.10

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	81	3.243	3.256	3.143
MGS 2/2013 3.260% 01.03.2018	3.260%	1-Mar-18	52	3.049	3.049	3.049
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	226	3.169	3.229	3.152
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	51	3.082	3.216	3.038
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	3	3.271	3.271	3.271
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	4	3.208	3.224	3.208
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	10	3.323	3.323	3.29
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	23	3.375	3.406	3.31
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	4	3.354	3.354	3.354
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	4	3.51	3.51	3.498
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	15	3.597	3.625	3.595
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	1	3.451	3.493	3.451
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	24	3.54	3.553	3.54
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	36	3.693	3.693	3.689
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	31	3.782	3.792	3.771
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	31	3.83	3.83	3.82
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	96	3.921	3.921	3.861
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	23	3.993	3.993	3.993
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	46	4.155	4.155	4.124
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	4	4.055	4.076	4.008
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	335	3.929	3.948	3.899
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	4.401	4.401	4.401
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	13	4.391	4.411	4.361
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	33	4.445	4.445	4.407
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	28	4.628	4.643	4.596
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	50	4.829	4.829	4.829
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	46	4.867	4.867	4.827
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	40	3.229	3.229	3.199
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	40	3.231	3.231	3.205
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	27	3.531	3.531	3.483
GII MURABAHAH 2/2015 3.799% 27.08.2020	3.799%	27-Aug-20	30	3.631	3.631	3.631
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	40	3.781	3.782	3.781
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	377	3.882	3.887	3.833
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	90	3.936	3.936	3.936
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	10	4.097	4.097	4.097
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	250	4.2	4.2	4.168

Total**2,175**

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PASB IMTN (GG) 4.16% 07.02.2019 - Issue No. 13	GG	4.160%	7-Feb-19	10	3.752	3.762	3.752
PRASARANA IMTN 4.02% 24.03.2020 - Series 1	GG	4.020%	24-Mar-20	20	3.843	3.843	3.843
PASB IMTN (GG) 4.04% 17.06.2021 - Issue No. 24	GG	4.040%	17-Jun-21	30	3.998	4.014	3.998
LPPSA IMTN 4.170% 15.04.2022 - Tranche No 7	GG	4.170%	15-Apr-22	7	4.108	4.11	4.108
DANAINFRA IMTN 4.100% 03.05.2023 - Tranche No 43	GG	4.100%	3-May-23	10	4.169	4.169	4.169
DANAINFRA IMTN 4.350% 21.03.2024 - Tranche No 56	GG	4.350%	21-Mar-24	2	4.245	4.247	4.245
DANAINFRA IMTN 4.270% 24.05.2024 - Tranche No 62	GG	4.270%	24-May-24	4	4.263	4.265	4.263
PASB IMTN (GG) 4.27% 06.06.2024 - Issue No. 30	GG	4.270%	6-Jun-24	40	4.27	4.272	4.27
BPIMB RM500 Million 7.500% 30.10.2025	GG	7.500%	30-Oct-25	8	4.419	4.421	4.419
MYDIN IMTN 4.70% 29.11.2019 - IMTN 5	AAA (FG)	4.700%	29-Nov-19	20	4.674	4.68	4.674
BPMB MTN 5477D 23.4.2021-MTN 2	AAA	6.300%	23-Apr-21	10	4.334	4.334	4.327
AMAN IMTN 4.100% 21.10.2021 - Tranche No. 10	AAA IS	4.100%	21-Oct-21	5	4.28	4.28	4.28
PLUS BERHAD IMTN 4.560% 12.01.2024 - Series 1 (8)	AAA IS	4.560%	12-Jan-24	5	4.438	4.438	4.438
KCSB 2017-MTN-ISSUE 2-TRANCHE 1-R-CLASS A-5Y	AAA	4.400%	6-Mar-24	30	4.457	4.46	4.457
SDBB MTN 1095D 18.7.2019 - Tranche No 14	AA1	5.100%	18-Jul-19	10	4.55	4.557	4.55
SDBB MTN 1824D 16.8.2019 - Tranche No 11	AA1	4.780%	16-Aug-19	20	4.567	4.574	4.567
KLK IMTN 4.580% 12.08.2025 - IMTN 1	AA1	4.580%	12-Aug-25	10	4.578	4.58	4.578
PUBLIC SUB-NOTES 4.85% 23.04.2027	AA1	4.850%	23-Apr-27	10	4.628	4.639	4.628
YTL POWER IMTN 5.050% 03.05.2027	AA1	5.050%	3-May-27	2	4.75	5.05	4.75
DANAJAMIN IMTN 4.800% 06.10.2027	AA1	4.800%	6-Oct-27	20	4.707	4.71	4.707
SEB IMTN 5.320% 03.12.2032	AA1	5.320%	3-Dec-32	20	5.238	5.241	5.238
TMSB Senior Sukuk Murabahah 23.10.2034(Tranche 13)	AA1	5.750%	23-Oct-34	10	5.339	5.341	5.339
TMSB Senior Sukuk Murabahah 23.10.2035(Tranche 14)	AA1	5.900%	23-Oct-35	10	5.489	5.491	5.489
LITRAK IMTN 0% 14.04.2023	AA2	6.000%	14-Apr-23	10	4.567	4.569	4.567
BENIH RESTU IMTN 4.620% 05.06.2025	AA2 (S)	4.620%	5-Jun-25	50	4.607	4.614	4.607
GAMUDA IMTN 21.03.2018	AA3	4.170%	21-Mar-18	10	2.853	4.111	2.853
BGSM MGMT IMTN 4.670% 27.08.2021 - Issue No 12	AA3	4.670%	27-Aug-21	50	4.507	4.513	4.507
UEMED IMTN 4.850% 26.04.2022	AA- IS	4.850%	26-Apr-22	10	4.644	4.647	4.644
GAMUDA IMTN 4.825% 23.11.2022	AA3	4.825%	23-Nov-22	10	4.695	4.702	4.695
BGSM MGMT IMTN 7.100% 28.12.2022 - Issue No 6	AA3	7.100%	28-Dec-22	10	4.606	4.611	4.606
MUMTAZ IMTN 4.950% 19.06.2026	AA3 (S)	4.950%	19-Jun-26	20	4.695	4.711	4.695
CIMB 5.500% Perpetual Capital Securities - T2	A1	5.500%	25-May-16	2	4.718	5.252	4.718
ALLIANCEB MTN 3653D 27.10.2025	A2	5.750%	27-Oct-25	1	4.881	4.881	4.873
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.327	6.327	6.317
Total				487			

Sources: BPAM

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