Global Markets Daily

We... Told You So

USD Sold on Fed

USD was sold across the board as bets on Fed Powell signaling a 4th hike this year unwound - something we warned repeatedly since last week. Rates made a half-hearted spike after the rate hike was announced before easing back as market players saw no hint of a 4th hike this year although the dots plot for 2019 reveals a slightly steeper tightening trajectory compared to what was projected in Dec 2017. The rate decision lifted the equities for a moment before risk appetite dried up on an email statement from the White House that Trump will announce trade actions on China base on the "USTR's 301 investigation into China's state-led, market-distorting efforts to force, pressure, and steal US technologies and intellectual property". News floated that Trump will announce about U$50bn of tariff of tariff over intellectual-property violation today.

Trade War Looms Amid Battle of Words

Most currencies strengthened against the USD overnight but the euphoria may not last long. A warning indicator is USDJPY which saw another pullback this morning below the 106, last seen around 105.70. Risk aversion could continue to weigh on this pair. China Ministry of Foreign Affairs had warned of "resolute and necessary countermeasures" to "safeguard its legitimate rights and interests". Premier Li had recently reminded that "there is no winner in a trade war" at the closing of the NPC. Indeed, if any, trade war could possibly spur price pressures and a concomitant impact on global rates.

Only BSP Could Move

Even though the Fed has moved overnight, we do not expect any other central bank actions today. RBNZ, CBC, BOE and BI are likely to keep rates unchanged. Only BSP is likely to move today after they had insisted that the recent drop in RRR is not an easing move and more of an administrative move. In addition, the creep up in CPI could force the BSP to act today or risk falling behind the curve.

FX: Overnight Closing Prices

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2338	0.78	USD/SGD	1.3125	-0.50
GBP/USD	1.4141	1.02	EUR/SGD	1.6193	0.28
AUD/USD	0.7765	1.07	JPY/SGD	1.2376	-0.05
NZD/USD	0.7228	0.61	GBP/SGD	1.856	0.53
USD/JPY	106.05	-0.45	AUD/SGD	1.0193	0.58
EUR/JPY	130.85	0.33	NZD/SGD	0.9488	0.13
USD/CHF	0.9497	-0.71	CHF/SGD	1.3821	0.22
USD/CAD	1.2903	-1.29	CAD/SGD	1.0171	0.78
USD/MYR	3.9255	0.18	SGD/MYR	2.9756	-0.06
USD/THB	31.148	-0.16	SGD/IDR	10438.57	-0.08
USD/IDR	13761	0.09	SGD/PHP	39.5458	-0.10
USD/PHP	52.121	0.08	SGD/CNY	4.8021	-0.13

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.2956	1.3218	1.3481

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G7: Events & Market Closure

Date	Ctry	Event
19-20 Mar	G20	G20 Summit (1st 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** – ***Another Round of Selling Pressure Post-FoMC*** Fed raised rates by 25bps to the range 1.5% to 1.75%, as widely expected. Dots plot projection for 2018 was maintained (implying about 2 more rate hikes this year) while dots were shifted slightly higher for 2019 and 2020 (implying about 3 hikes next year and 2 hikes in 2020). Statement noted an additional line - "economic outlook has strengthened in recent months" and was accompanied with upward revisions in GDP forecasts for 2018 and 2019 to 2.7% and 2.4% respectively, from 2.5% and 2.1% as previously projected in Dec. Tone of inflation was tweaked to "move up in coming months" vs. "to move up this year". We believe this is an acknowledgement to higher inflationary pressures in the short term as 2018 and 2019 end year inflation forecasts were maintained at 1.9% and 2%; only 2020 Inflation forecast was revised slightly higher to 2.1% (vs. 2.0% previously). To add our inflation forecasts were also pointed to a similar trajectory: upside pressures in the next 1-2 quarters before easing lower. Put together, we interpret the **slightly steeper pace of rate hike trajectory (for 2019 and 2020) as consistent with the upward revisions to growth and inflation outlook. For 2018, gradual pace of rate hike as previously communicated remains intact and overnight FoMC statement suggests little disruption to this gradual pace. We believe sentiment should remain supportive of gains in most currencies at the expense of a weaker USD.** Our call for "buy rumor, sell fact" panned out well for the USD, which fell sharply post-FoMC. We believe fresh round of USD selling should re-emerge. DXY was last seen at 89.5 levels. Mild bullish momentum on daily chart is waning. Close below support at 89.60 (23.6% fibo) puts next support at 88.25 (previous low). Resistance as previously highlighted around 90.50 still holds. Week remaining brings prelim PMIs (Mar); Kansas City Fed Mfg (Mar) on Thu; Fed's Bostic, Kashkari speak; Durable Goods, New Home Sales (Feb) on Fri. In other news overnight, Trump is said to plan to impose $50bn in tariffs against China over intellectual property violations. Fears of protectionism measures escalating and extending beyond trade could hurt sentiment – a risk factor that may derail gains in AXJs.

- **EURUSD** – ***Upside Risks***. EUR rose overnight post-FOMC meeting decision. pair was last seen at 1.2360 levels. Daily momentum turned mild bullish with stochastics rising. Resistance at 1.2355 (50% fibo retracement of Feb high to Mar low), 1.2405 (61.8% fibo retracement of 2018 high to low). Support at 1.2250 and 1.2150 levels. We remain constructive of EUR's medium term outlook but caution for political concerns – increasing prospects of populist-led government in Italy could weigh on investor confidence – that may present some opportunities to buy on dips. Week remaining brings Prelim PMIS (Mar); Current Account (Jan) on Thu. EU Summit on Thu and Fri.

- **GBPUSD** – ***BoE Meeting; Retail Sales Data on Tap Today***. GBP rose on stronger than expected labour report (employment change rose, unemployment rate fell to multi-decade low and wage growth reaccelerated) and a softer USD post-FOMC. The rise in GBP remains consistent with our call for a stronger GBP. Pair was last seen at 1.4160 levels. Bullish momentum on daily chart remains intact while stochastics is rising into near-overbought conditions. Resistance at

1.42 (76.4% fibo retracement of 2018 high to Mar low) before 1.4345 (2018 high). Support at 1.41 (61.8% fibo), 1.4030 (50% fibo). Recent development on Brexit has been positive for GBP with a (1) transition deal nearing agreement (Spain and Ireland have yet to agree – Spain is seeking reassurance on Gilbraltar 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. Any blips in UK data this week –retail sales today could pose some downside pressure but 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 later today could further support our call for stronger GBP.** 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 – *Pressured Lower*.** Onshore markets re-opened this morning after closing for a public holiday yesterday with the USDJPY slipping below the 106-levels overnight amid UST yields and USD weakness. UST yields and USD were pushed lower after the FOMC left its dot plots – projection of future rate hikes – for 2018 unchanged at three, surprising some in the market. At the same time, risk-on sentiments on the possibility of tit-for-tat tariffs between the US and China (after US was reported planning to announce USD50bn of tariffs against China over intellectual-property violations) also puts downside pressure on the pair. In addition, underscoring weakness in the pair are concerns over the political scandal surrounding PM Abe as well as market speculation of a BOJ exit strategy. Pair was last seen at 105.70 levels. Daily momentum indicators remain bullish bias but waning, while stochastics is falling. Weekly chart continues to indicate a bearish bias, but which is waning, and stochastics still in oversold conditions. Key support remains at 105.25 (2018 low). A break here on a weekly basis could see bearish moves towards 104.70 levels. 21DMA continues to cap pair's upmove and we need to see a break of the 21MDA at 106.40 levels for bullish momentum towards 107.25 (38.2% fibo retracement of the Feb to Mar downswing), 107.90 (50% fibo). Nikkei PMI mfg (Mar P), all industry activity index (Jan) is on tap today; CPI (Feb) tomorrow. Note that BOJ Deputy Governor Wakatabe will appear in Parliament in the late afternoon.

- **NZDUSD – *Risks now Skewed to the Upside*.** NZD reacted more to US FoMC than its own RBNZ meeting (which came 2 hours after FoMC). Pair jumped higher post-FoMC amid broad sell-the-fact play. Pair was last seen at 0.7240 levels. Bearish momentum on daily chart shows tentative signs of waning while stochastics shows signs of turning. We noticed that a potential bullish divergence maybe forming if Kiwi cannot break lower beyond 0.7180/0.7120 over the next few sessions. Kiwi may have formed an interim base around 0.715080 levels. Next resistance at 0.7245 before 0.7280/90 levels (50 DMA). Room for more upside towards 0.7340 should not be ruled out on decisive break above 50DMA. RBNZ kept OCR on hold at 1.75%, as widely expected. Accompanying statement noted that "growth is expected to strengthen supported by accommodative monetary policy, high terms of trade, government spending and population growth".

- **AUDUSD – *Bullish Divergence*.** This pair rose on the back of the weaker USD and rise in commodities overnight. Last seen at 0.7760 already, we continue to prefer to buy towards 0.76 (the lower bound of the upward sloping trend channel that acts as a support). Momentum is bearish but waning. Rebounds to meet 200-DMA at 0.78-figure. Feb labour report was released this morning with more net hires seen in the month – 17.5K vs. the 12.5k(revised lower) previously. Jobless rate crept up to 5.6% from 5.5% while participate rate actually rose to 65.7%. More additions to the labour force could keep the overall wage price from accelerating but strong hiring momentum (for Feb it was full-time) could mean that wage pressure is still to the upside. 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 – *Pullback on NAFTA hopes*.** USDCAD saw a pullback under the 1.2890. It was not the weak USD that weighed on this par. CAD was underpinned by a report that the US is prepared to drop a contentious requirement for auto content at the NAFTA talks. With the 21-DMA being tested now, a break here could open the way towards 1.2650-1.2700 where most of the SMA (50,100,200) are meeting on the daily chart. We had looked for a downside given the fact that 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. Week ahead has Feb CPI on Fri along with retail sales.

Asia ex Japan Currencies

- **SGD trades around 0.72% *above* the implied mid-point of 1.3218. The top is estimated at 1.2956 and the floor at 1.3481.**

- **USDSGD – *Bearish Tilt*.** USDSGD is trading mildly bid this morning as market continues to digest new Fed Chair's comments at the post-FOMC press conference amid profit-taking activities. Concerns of a wider trade war with China following news reports that Trump is preparing to announce USD50bn of tariffs against China over intellectual-property violations could be supportive of the pair. With FOMC out of the way, focus will now be on Feb CPI tomorrow, which will be the last inflation data point ahead of Apr's MAS semi-annual monetary policy meeting in mid-Apr. Further evidence of firming core inflationary pressures should increase speculation of a MAS move, which could see reduced long-USDSGD positions, putting downside pressure on the pair. Ahead of the FOMC meeting, UST yields had firmed lifting 3-month SOR higher by 119 pips to a near 15-month high of 1.59%. Softer UST yields should weigh on the 3-month SOR intraday. Pair was last seen at 1.3129 levels. Daily and weekly chart show no strong bias in either direction. Pair though has broken below the lower bound of its symmetrical triangle and should this move lower be sustained, further downmoves cannot be ruled out. Support is at 1.3090 levels (76.4% fibo retracement of the Jan-Feb upswing). A clean break here could see the pair headed towards the 1.30-levels. Immediate resistance is at 1.3135 levels (61.8% fibo) ahead of 1.3175 (50% fibo). CPI (Feb) is on tap tomorrow.

- **AUDSGD – *Rebounded on USD Weakness*.** AUDSGD rebounded towards the 1.02-figure overnight and hovered just underneath this figure as we write this morning. While momentum remains slight bearish, we still warn of bullish divergence and would prefer to buy towards 1.01. Resistance is seen now at 1.0240 opens the way towards 1.0320 (38.2% fibo) before the 50-DMA at 1.0420.

- **SGDMYR – *Upside Risk amid Central Bank Divergence but Bias to Fade*.** SGDMYR firmed modestly; last seen at 2.9780 levels. Daily momentum remains mild 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 slipped in the open, tracking broad USD weakness post-FoMC meeting decision overnight. Pair was last seen at 3.91 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). We maintain 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.

- **1m USDKRW NDF – *Trade Tensions may Sour Sentiment*.** 1m USDKRW NDF slipped amid broad USD weakness post-FoMC. But we caution that fear of trade tensions escalating into trade wars could weigh on sentiment and pose upside risk on USDKRW. Pair was last seen at 1067 levels. Daily momentum and stochastics indicators are not showing a clear bias. Resistance at 1072 (21, 50 DMAs), 1077. Support at 1065, 1062. Suggest range-bound play of 1064 – 1075 intra-day.

- **USDCNH – *Still In Range*.** USDCNH slipped towards the 6.30-figure, on the back of USD weakness. This pair seems determined to remain within the 6.28-6.35 range. We remain wary of upside as an email statement from the White House indicated that Trump will announce trade actions on China base on the "USTR's 301 investigation into China's state-led, market-distorting efforts to force, pressure, and steal US technologies and intellectual property". News floated overnight that Trump will announce about U$50bn of tariff of tariff over intellectual-property violation. China Ministry of Foreign Affairs had warned of "resolute and necessary countermeasures" to "safeguard its legitimate rights and interests". Premier Li had recently reminded that "there is no winner in a trade war" at the closing of the NPC. **PBoC fixed the USDCNY reference rate at 6.3167, 229 pips lower than the previous 6.3246. CNYMYR was fixed at 0.6202, 20 pips higher than 0.6181. EURCNY was fixed 367 pips higher at 7.8020 vs. the previous at 7.7653.** PBoC raised OMO rates by 5bps for CNY10bn of 7-day reverse repo sold from 2.50% to 2.55%. This is in tandem with the Fed rate hike overnight.

- **1M USDINR NDF – *Interim Top*.** 1M hovered around 65.50, a little lower because of the USD overnight move. This pair seems a little lofty, unwilling to head much lower. Still, 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$75.7mn of equities on Tue (20 Mar) and U$88.1mn of bonds. **We see opportunity to short the pair at the break of 65.10 towards 64.45. Stoploss at 65.50.** This week has no key data. In domestic news, the India cabiet has approved health care program to provide cover of INR500,000 per family a year to more than100 million poor families.

- **1m USDIDR NDF – *Awaiting BI Decision*.** 1m USDIDR NDF is trading bid post-FOMC as markets now eye BI policy meeting later today but remains within its current trading range of 13730-13875. The status quo on the benchmark interest rate is expected at this policy meeting as the balance of risk remains tilted to growth for now amid softer inflationary pressures. Risk appetite appeared to have waned with foreign investors selling USD56.3mn in equities yesterday. Meanwhile, they had also sold USD8.7mn in debt on 20 Mar (latest data available). Further net foreign portfolio outflows should weigh on the IDR and lift the 1m NDF higher. Last seen around 13762 levels. Momentum is still to the downside but weak. Look for the pair to remain in sideway trades within 13730-13875 range ahead of BI meeting later today. JISDOR was fixed0 at 13759 yesterday, 2 pips lower than Tue's fixing. Fri.

- **1m USDPHP NDF – *Eyeing BSP*.** 1m USDPHP NDF is on the uptick this morning despite softer UST yields and USD. Market appears to be focused on BSP meeting later today where consensus is expecting the central bank to hold the benchmark policy rate unchanged at 3.00% given recent dovish comments by BSP and government officials. Still our contrarian house view is for the BSP to lift rates by 25bp to 3.25% at this meeting to anchor inflationary expectations (on a 12-month rolling average basis, inflation has exceeded the BSP's 2-4% target range). With market underpricing risk of a hike today, we cannot rule out a re-pricing should BSP move on its policy rate today with the possibility of the pair moving below the 52-handle. Failure to move could suggest the need for more aggressive moves further down the road, which could put upside pressure on the 1m NDF in the interim. Meanwhile, there could be further upside pressure on the 1m NDF should risk appetite continues to wane as they did yesterday. Foreign investors had sold USD28.9mn in equities yesterday, putting upside pressure on the 1m NDF. Last seen around 52.28 levels. Bearish momentum on the daily chart is dissipating, while stochastics shows tentative signs of turning higher. Weekly chart remains bullish bias and stochastics in overbought conditions. Look for the pair to continue in sideway 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 – *Rangebound*.** USDTHB's lift from the better-than-expected Customs trade data (including larger trade surplus) yesterday and softer UST yields and USD this morning proved to be short-lived on profit-taking activities. Customs trade data released yesterday showed exports and imports rising more than expected by 10.3% and 16.0% y/y (cons.: +9.2% and +15.35%) in Feb compared to 17.56% and 24.26% in Jan respectively. This resulted in a larger-than-expected trade surplus of USD808mn in Feb (Jan: -USD119mn) vs expectations of USD773mn. Still, pair could resume its downmoves once market re-positioning is done. THB was also supported yesterday by net foreign portfolio inflows. Foreign investors had purchased USD142.8mn in debt yesterday even as they sold USD34.5mn in equities. Further net foreign portfolio inflows should keep the THB supported and cap upside to the pair intraday. Last seen around 31.178 levels, pair still shows no clear directional bias on the daily and weekly charts. Stochastics on the weekly chart remains in oversold conditions. Look for the pair to remain in range-bound trade within 31.090 (2018 low) - 31.290 (23.6% fibo retracement of the Feb-Mar downswing) for now. Foreign reserves (16 Mar) data is on tap tomorrow.

Malaysia Fixed Income

Rates Indicators

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.40	3.39	-1
5YR MI3/22	3.53	3.54	+1
7YR ML9/24	3.84	3.84	Unchanged
10YR MO11/27	3.95	3.96	+1
15YR MX4/33	4.41	4.42	+1
20YR MX4/37	4.56	4.56	Unchanged
30YR MZ3/46	4.78	4.82	+4
IRS			
6-months	3.71	3.71	-
9-months	3.72	3.73	+1
1-year	3.75	3.75	-
3-year	3.81	3.81	-
5-year	3.87	3.87	-
7-year	3.98	3.99	+1
10-year	4.10	4.11	+1

Source: Maybank KE
**Indicative levels*

- MGS yields inched 1bp higher amidst thin liquidity as players turn to the US FOMC outcome. Trades mostly revolved around the 7y benchmark MGS 3/25 whose yield was flat to previous day. On macro, Malaysia CPI grew at a slower pace of 1.4% in February compared to 2.7% in January.

- IRS curve steepened as rates rose 1bp higher at the long end. Market remained cautious pre-FOMC, awaiting to see the Fed's dots plot. Only the 4y IRS was reported dealt, given at 3.835%. 3M KLIBOR stood pat at 3.69%.

- Quiet corporate bonds space. Some selling in short dated AAA and GG credits which more or less widened 1-3bps, with Prasarana, PASB, Aman and Cagamas actively traded. AA levels were mixed within 1bp range, with mostly short dated bonds dealt.

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Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.86	1.91	+5
5YR	2.15	2.18	+3
10YR	2.44	2.43	-1
15YR	2.74	2.73	-1
20YR	2.78	2.77	-1
30YR	2.92	2.91	-1

Source: Maybank KE

- SGS yields pressured by expectations of US rate hike and incoming supply of SGD2.7b 2y SGS reopening and SGD0.8b 5y off-the-run SGS (mini-auction). Coupled with MAS' liquidity withdrawal in money market operations, short end yields rose quickly, flattening the curve further. While short end yields remain elevated, longer end bonds saw dip buying. SGS curve closed 3-5bps higher at the short end up to the 5y point, while longer end yields fell about 1bp. Swap spreads generally tighter as receiving interest moderated the rise in SGD IRS rates, up 1-4bps.

- Asian credit space remained heavy, with Indonesia and Malaysia sovereign bonds declining 0.25pt lower on the back of the UST movement. Trading volume was light as most players stayed on the sidelines. China IGs such as tech and AMC names saw better selling. Market will look to the FOMC statement for more direction.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.62	5.61	(0.11)
5YR	5.93	5.93	(0.23)
10YR	6.71	6.73	2.49
15YR	6.92	6.92	0.35
20YR	7.31	7.32	1.83
30YR	7.39	7.38	(1.13)

** Source: Maybank Indonesia*

- Indonesia bond market closed lower during Wednesday trading session ahead of FOMC meeting result and Indonesia Central Bank Board of Governor meeting today. Maybank Indonesia sees BI 7D RR rate to remain unchanged. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.931%, 6.733%, 6.923% and 7.323% while 2y yield moved lower to 5.614%. During the day, FR0076 (30y) yield decline the most by 9bps while FR0066 (2mo) yield increased the most by 5bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 40bps). Trading volume at secondary market was noted moderate at government segments amounting Rp12,479b with FR0056 (8y) as the most tradable bond. FR0056 total trading volume amounting Rp1,871b with 56x transaction frequency.

- Foreign ownership stood at Rp841.5t or 39.2% of total tradable government bond as of Mar 19th. Considering a 2-day's settlement, Foreigner booked net sell worth of Rp1.1t from begin month of Mar 18. Foreigner seen purchasing since mid Mar.

- Corporate bond traded moderate amounting Rp844b. ADMF04CCN2 (Shelf Registration IV Adira Finance Phase II Year 2018; C serial bond; Rating: $_{id}$AAA) was the top actively traded corporate bond with total trading volume amounted Rp185b yielding 7.400%.

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Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2419	106.95	0.7847	1.4250	6.3496	0.7301	131.5767	83.2397
R1	1.2378	106.50	0.7806	1.4196	6.3270	0.7265	131.2133	82.7983
Current	1.2363	105.74	0.7753	1.4164	6.3123	0.7237	130.7100	81.9650
S1	1.2269	105.74	0.7698	1.4042	6.2925	0.7173	130.3433	81.6963
S2	1.2201	105.43	0.7631	1.3942	6.2806	0.7117	129.8367	81.0357

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3221	n/a	13772	52.2070	31.2767	1.6246	0.6314	2.9837
R1	1.3173	n/a	13766	52.1640	31.2123	1.6219	0.6261	2.9797
Current	1.3127	3.9115	13739	52.1850	31.1790	1.6228	0.6186	2.9801
S1	1.3098	n/a	13754	52.0590	31.1103	1.6156	0.6153	2.9711
S2	1.3071	n/a	13748	51.9970	31.0727	1.6120	0.6098	2.9665

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,682.31	-0.18
Nasdaq	7,345.29	-0.26
Nikkei 225	21,380.97	-0.47
FTSE	7,038.97	-0.32
Australia ASX 200	5,950.27	0.23
Singapore Straits Times	3,511.13	-0.06
Kuala Lumpur Composite	1,865.80	0.51
Jakarta Composite	6,312.83	1.11
Philippines Composite	7,909.07	-1.87
Taiwan TAIEX	11,011.07	0.00
Korea KOSPI	2,484.97	-0.02
Shanghai Comp Index	3,280.95	-0.29
Hong Kong Hang Seng	31,414.52	-0.43
India Sensex	33,136.18	0.42
Nymex Crude Oil WTI	65.49	3.26
Comex Gold	1,338.00	1.63
Reuters CRB Index	196.02	0.96
MBB KL	10.28	-0.58

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.3819	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	2.00	-	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	1.75	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 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	15	3.1	3.1	3.1
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	70	3.304	3.304	3.285
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	2	3.299	3.299	3.299
MGS 6/2013 3.889% 31.07.2020	3.889%	31-Jul-20	25	3.364	3.364	3.364
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	21	3.393	3.393	3.385
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	6	3.476	3.497	3.476
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	85	3.542	3.557	3.542
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	50	3.436	3.436	3.436
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	2	3.536	3.536	3.536
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	6	3.773	3.773	3.768
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	4	3.799	3.799	3.799
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	9	3.856	3.883	3.856
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	120	3.841	3.849	3.839
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	10	4.062	4.062	4.062
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	22	3.959	3.959	3.959
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	41	4.421	4.421	4.407
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	32	4.556	4.556	4.556
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	22	4.821	4.821	4.775
GII MURABAHAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	212	3.248	3.306	3.248
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	300	3.37	3.37	3.37
PROFIT-BASED GII 3/2012 30.09.2019	3.704%	30-Sep-19	100	3.458	3.458	3.458
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	8	3.646	3.646	3.646
GII MURABAHAH 6/2013 23.03.2021	3.716%	23-Mar-21	100	3.766	3.769	3.766
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	70	3.84	3.843	3.838
PROFIT-BASED GII 4/2012 15.11.2022	3.699%	15-Nov-22	40	3.948	3.949	3.948
GII MURABAHAH 2/2017 4.045% 15.08.2024	4.045%	15-Aug-24	40	4.111	4.111	4.111
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	84	4.156	4.16	4.147
GII MURABAHAH 9/2013 06.12.2028	4.943%	6-Dec-28	100	4.313	4.345	4.313
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	1	4.527	4.527	4.527
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	30	4.927	4.927	4.927
Total			**1,626**			

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	3.655	3.677	3.655
PASB IMTN (GG) 4.43% 08.02.2021 - Issue No. 3	GG	4.430%	8-Feb-21	20	3.956	3.962	3.956
PRASARANA IMTN 0% 27.09.2024 - MTN 1	GG	4.850%	27-Sep-24	10	4.366	4.366	4.366
CAGAMAS IMTN 3.780% 08.08.2018	AAA	3.780%	8-Aug-18	20	3.692	3.692	3.692
CAGAMAS IMTN 3.950% 26.10.2018	AAA	3.950%	26-Oct-18	20	3.791	3.791	3.791
GASMSIA IMTN 4.290% 02.10.2020	AAA IS	4.290%	2-Oct-20	15	4.239	4.239	4.239
AMAN IMTN 4.530% 28.05.2021 - Tranche No 33	AAA IS	4.530%	28-May-21	20	4.284	4.284	4.284
GENTING CAP MTN 4.42% 08.6.2022 - Issue No. 1	AAA (S)	4.420%	8-Jun-22	1	4.95	4.95	4.91
YTL POWER MTN 3651D 24.3.2023	AA1	4.490%	24-Mar-23	5	4.626	4.626	4.626
MAYBANK 4.900% 29.01.2024	AA1	4.900%	29-Jan-24	1	4.304	4.304	4.304
PBFIN 7.500% 05.06.2059 - Tranche No.1	AA2	7.500%	5-Jun-59	1	4.49	4.49	4.49
UEMS IMTN 4.600% 13.12.2018 - Issue No. 2	AA- IS	4.600%	13-Dec-18	3	4.323	4.337	4.323
BGSM MGMT IMTN 6.600% 27.12.2019 - Issue No 5	AA3	6.600%	27-Dec-19	15	4.282	4.3	4.282
TSH IMTN 0% 24.08.2020	AA- IS	5.230%	24-Aug-20	10	4.752	4.752	4.752
TSH IMTN 0% 30.03.2022	AA- IS	5.100%	30-Mar-22	10	4.884	4.884	4.884
SPG IMTN 4.850% 31.10.2024	AA- IS	4.850%	31-Oct-24	10	4.728	4.732	4.728
EDRA ENERGY IMTN 6.230% 05.01.2032 - Tranche No 21	AA3	6.230%	5-Jan-32	9	5.84	5.84	5.84
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	1	6.159	6.17	6.159
Total				**269**			

Sources: BPAM

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