

## Global Markets Daily

# US Tariffs Yet To Hurt Sentiments

### US Tariffs Yet To Hurt Sentiments

The US government shut-down has ended for now after funding for the government was extended for three weeks through 8 Feb. The measure kicked existing concerns and problems down the road. The stop-gap measure though has failed to lift the USD, allowing most AXJs to climb higher. Even tariffs imposed by Trump on solar cells and washing machines have not stem sentiments with Asian equity markets in a sea of green this morning. The AXJs received a further boost from the lower-than-expected USDCNY fixing this morning. The JPY though is headed the other direction ahead of BOJ policy decision expected later this morning where governor Kuroda is expected to reiterate the bank's ultra-loose monetary policy. This could provide the impetus for the USDJPY to trade higher towards 111.80 levels. Firmer oil prices this morning keep commodity-linked currencies like the MYR and AUD supported intraday.

### SG Inflation Out Today Could Suggest MAS Normalisation In Apr

There are rising expectations in the market for a MAS tightening at its Apr meeting on higher inflation pressures. This is lifting the SGD higher this morning. Inflation data to be released later this afternoon is expected to show inflationary pressures on the uptick. This is particularly so for core inflation - the key gauge that MAS monitors - which is expected by consensus to rise 1.4% y/y in Dec from 1.5% in Nov. Our economic team is even more bullish, expecting headline and core inflation to come in at 1.0% and 1.7% y/y in Dec. Our house view remains for the MAS to normalise exchange rate policy by shifting to a mild appreciation bias stance at the Apr MAS meeting. The USDSGD is currently trading below the 1.32-levels at 1.3186. Support is around 1.3150.

### BOJ Meeting In Focus; SG CPI Eyed

For today, some of the key data/events we are eyeing include US Richmond Fed mfg index; JP all activity index, machine tool orders; CN foreign reserves; SG CPI; PH GDP.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2262	↑ 0.33	USD/SGD	1.319	↓ -0.14
GBP/USD	1.3987	↑ 0.93	EUR/SGD	1.6173	↑ 0.17
AUD/USD	0.8017	↑ 0.28	JPY/SGD	1.189	↓ -0.31
NZD/USD	0.7328	↑ 0.70	GBP/SGD	1.845	↑ 0.81
USD/JPY	110.92	↑ 0.14	AUD/SGD	1.0574	↑ 0.10
EUR/JPY	136.01	↑ 0.41	NZD/SGD	0.9665	↑ 0.58
USD/CHF	0.9618	↓ -0.10	CHF/SGD	1.3713	↓ -0.02
USD/CAD	1.2444	↓ -0.39	CAD/SGD	1.06	↑ 0.29
USD/MYR	3.9335	↓ -0.13	SGD/MYR	2.979	↓ -0.21
USD/THB	31.842	↓ -0.04	SGD/IDR	10110.59	↑ 0.10
USD/IDR	13350	↑ 0.26	SGD/PHP	38.5317	↑ 0.13
USD/PHP	50.87	↑ 0.28	SGD/CNY	4.8559	↑ 0.08

Implied USD/SGD Estimates @ 23 Jan-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3007	1.3270	1.3534

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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 - Government Reopens.** US government shutdown ended early this morning (Asia time) after reaching a compromise. Democrats have agreed to back the temporary funding bill if Republicans address a programme that shields young immigrants from deportation (otherwise also known as young, undocumented immigrants or dreamers). A full senate debate over immigration and dreamers will be held before 8 Feb. The continuing resolution (CR) will keep the government funded until 8 Feb. USD firmed on news but mild gains were more than reversed, at time of writing. DXY index was last seen at 90.40 levels. Underlying momentum remains bearish momentum as indicated on weekly chart but bearish momentum on daily chart shows signs of waning and stochastics is near oversold conditions - suggesting a potential pause from recent sell-off. Support remains at 90.20, 89.30 levels. Resistance at 91.80 levels (21 DMA). Week ahead brings 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 - Risk of Pullback?** EUR remains better bid amid renewed USD pressures. Last seen at 1.3270 levels. Bullish momentum on monthly, weekly chart remains intact. Next resistance at 1.2320 (previous high), 1.2598 (61.8% fibo retracement of 2014 high to 2016 low). But in the near term, we do not rule out the risk of pullback. There are some signs of bearish divergence forming on the daily chart with stochastics at overbought conditions while bullish momentum shows tentative signs of waning. Key support at 1.2170 levels (50% fibo retracement of 2014 high to 2016 low), 1.2125 (all-time average), 1.2090 (previous double top resistance not-turned support). Bias to buy on dips. Focus next on the final vote from SPD members on detailed coalition agreement, ECB meeting and possible Italy opinion polls. ECB Governing Council meeting this Thu (25 Jan, 845pm SG/KL time) will be of interest, in particular the focus is on ECB President Draghi's press conference (930pm SG/KL time). Recall that recent EUR gains have seen a string of comments from ECB officials attempting to dampen its gains. ECB Nowotny said that Euro's recent strength against the USD "is not helpful"; Vice-President 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. We think ECB's Draghi may take the opportunity to clarify the policy direction and monetary stance. We do not rule out the likelihood of ECB indirectly "talking down" the currency as Euro-area financial conditions are likely to have tightened. It is likely that he emphasize on patience with accommodative policies until inflation returns to its target. And the lead up over the next few days into ECB meeting could see EUR gains moderate. Week ahead brings ZEW Survey Expectations, Consumer Confidence (Jan) on Tue; Mfg, Services Prelim PMI (Jan) on Wed; ECB Meeting on Thu.
- **GBPUSD - Bullish Momentum but Overbought.** GBP briefly traded above 1.40-handle this morning, for the first time since EU referendum in Jun 2016. There was no data or news-related event to

drive the GBP higher except for market talks of option-related trigger amid broad USD weakness. Recent *Brexit* development such as Spain and Netherlands' preference for soft Brexit, influential lawmakers in EU parliament reportedly considering watering down legislative proposals relating to clearing houses (dissipate fears of negative impact on London's financial centre), are interpreted as positive for sentiment and UK's journey out of EU. We are bullish on GBP outlook but believe that sustainable rally in GBP would also require improving fundamentals. CBI reported sales for Jan and 4Q GDP data this week should provide some indication. GBP was last seen at 1.3995 levels. Bullish momentum on daily chart remains intact though stochastics is in overbought conditions. Next resistance at 1.4080 (bullish trend channel upper bound) before 1.4270 (76.4% fibo retracement of EU referendum high to Oct-2016 low). Support at 1.38 (61.8% fibo). 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 - BOJ Policy Decision On Tap.** USDJPY bounced higher this morning following news that the US Congress has voted for a stop-gap measure to re-open the government. In addition, markets seemed to be buying the story that the BOJ will continue with its ultra-loose monetary policy for the foreseeable future. This has been our house that the BOJ will 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". Should things pan out as we envision, and market is convinced, then the USDJPY is likely to 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 110.98-levels. Bearish momentum on the daily chart is dissipating and stochastics shows tentative signs of turning higher from oversold conditions. Momentum indicators and stochastics on the weekly chart remain bearish bias. This suggests that risks remain to the downside, but could be tilting higher in the near term. Resistance is around 111.80 (200DMA), 112.30 (50,100DMAs). Support is around 110.15 levels (61.8% fibo retracement of the Sep-Nov upswing). 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 Short.** NZD firmed amid broad USD weakness. Pair was last seen at 0.7340 levels. Bullish momentum on daily chart remains intact though showing signs of waning while stochastics is in overbought conditions. We stick to our tactical call (on the back of mfg PMI and services index moderating) - *Bias to lean against strength towards 0.7330 (SL above 0.7390) targeting a move towards first support at 0.7260 (61.8% fibo retracement of Jul high to Nov low), if broken should test lower towards 0.7170 (50% fibo).* Week ahead brings Credit Card Spending (Dec) on Wed; Government Financial Statement; CPI (4Q) on Thu. Onshore markets are closed for holidays today.

- **AUDUSD - *Biased Upside***. AUDUSD rose to around 0.8030 this morning, after another bullish session yesterday, underpinned by the soft USD, risk-on mood and concomitant base metal rise. Bias seems to be on the upside for now but we refrain from longing this pair at this point as bullish momentum seems to be waning and we still look for bears to take over, even if it's only just for a correction. 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 was unable to break above the 50-DMA at 1.0990 level. Cross might lapse back into range-trades within 1.0840–1.0980. Week ahead is rather quiet in terms of data release except for Westpac Leading Index (Dec) on Wed. At home, Treasurer Scott Morrison says that 2021 budget balance target includes a tax cut plan.
- **USDCAD - *Undecided***. The USDCAD remains capped by the 21-DMA, last seen around 1.2450. Pair softened overnight on weak USD sentiments. This pair may not be able to find a direction for now, as the NAFTA talks is still ongoing. 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 2<sup>nd</sup> half of 2018. Watch the retail sales and CPI indicators this week. Multiple resistances ahead at 1.2500, 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). Progress on NAFTA seems to be slow and details are scarce as Canada Chief Negotiator Verheul said in an interview that Canada will “try to get a dialogue going” on auto rules (BBG).

## Asia ex Japan Currencies

- **SGD trades around 0.69% above the implied mid-point of 1.3270. We estimate the top at 1.3007 and the floor at 1.3534.**
- **USDSGD - *Rangy But Potential For Falling Wedge Setup.*** USDSGD is trading lower this morning amid UST weakness and lower-than-expected USDCNY fixing. In addition, rising expectations of MAS tightening in Apr is also lifting the SGD higher. Inflation data to be released later this afternoon is expected to show inflationary pressures on the uptick. This is particularly so for core inflation - the key gauge that MAS monitors - which is expected by consensus to rise 1.4% y/y in Dec from 1.5% in Nov. Our economic team is even more bullish, expecting headline and core inflation to come in at 1.0% and 1.7% y/y in Dec. Our house view remains for the MAS to normalise exchange rate policy by shifting to a mild appreciation bias stance at the Apr MAS meeting. Softer UST yields on Fri evening weighed on the 3-month SOR higher by 3.1% to 1.02%. Mildly firmer UST yields yesterday lifted the 3-month SOR higher by 0.3% to 1.03%. Continued strength in UST yields should keep the 3-month SOR supported intraday. Last seen around 1.3181 levels. Bearish bias on the daily chart remains intact but is waning, while stochastics remains in oversold conditions. Weekly momentum indicators remain bearish bias and stochastics still 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, 1.3310 levels. With key support at 1.32-handle (61.8% fibo retracement of the 2014-2017 upswing) taken out, next support is at 1.3150 (2015 low). Week ahead has CPI (Dec) on Tue; unemployment rate (4Q), IP (Dec) on Fri.
- **AUDSGD - *Capped.*** AUDSGD was last seen around 1.0570 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 continues to trade near recent lows. Cross was last seen at 2.9810 levels. Bearish momentum on weekly and daily chart remains intact though daily stochastics is in oversold conditions - suggest potential rebound risks ahead 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 - *Bearish.*** USDMYR slipped amid renewed USD weakness and oil price gains. Pair was last seen at 3.93 levels. Bearish momentum on daily, weekly chart remains intact while stochastics is in oversold conditions. Support at 3.9060 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 was little changed despite USD weakness against most currencies including AXJs. KOSPI on the other hand is up nearly 1% this morning and should typically lead to gains in FX but FX movement seems relatively subdued recently. Pair was last seen at 1168 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. Earlier this morning, Trump is said to impose tariffs on imported solar panels and washing machines. Based on International Trade Commission breakdown, more than 80% of US solar installation use imported panels, with most coming from Asia including 36% from Malaysia and 21% from Korea. And in the case of washing machines, Trump was responding to complaint filed by Whirlpool which accused Samsung electronics and LG electronics of selling washing machines in the US below fair market value. These may pose some downside risks on KRW as export momentum could moderate.
- **USDCNH - *Still Pressured Lower***. USDCNH remains pressured to the downside, making 25months low, last seen at 6.3976. This pair remains weighed by the soft USD as well as some fears that the US might trigger a trade war. Already, the US slapped a 30% import tariff on solar panels and washing machines. 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. On the daily charts, momentum is bearish while stochastics flags oversold conditions. Support is seen at 6.3850 (2015-Dec low) levels. 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. **PBoC fixed the USDCNY reference rate at 6.4009, 103 pips lower than previous 6.4112. CNYMYR was fixed 3 pips higher at 0.6143 vs. previous at 0.6140.** AIIB President Jin Liqun said that the Bank will sell Dollar Bonds and will consider securities in other currencies. Week ahead has industrial profits this Fri.
- **1m USDINR NDF - *Sideways for now; Look for the Turn Higher***. 1m USDINR NDF drifted lower towards the end of last week, last seen around 64.04 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 will speak at the World Economic Forum today, the first political speaker to do so at the event.

- **1m USDIDR NDF - In Range.** 1m USDIDR NDF trades mildly softer this morning but remains in consolidative mode as it awaits directional cues. Spot USDIDR though gapped lower at the opening to 13339 from yesterday's close of 13350 amid USD weakness. Foreign portfolio inflows have so far been supportive of the IDR with foreign investors having purchased USD123.1mn of debt on Fri (latest data available). On the equity front though, they had sold off USD21.7mn of equities. Further net foreign portfolio inflows should weigh on the 1m NDF ahead. Last seen around 13353 levels. Daily chart shows bearish bias dissipating, and stochastics shows climbing higher from oversold conditions. Weekly momentum indicators and stochastics remain bearish bias. This suggests risks are tilting to the upside in the near term. We look for the 1m NDF to remain in consolidative mode. Support is around 13289 (2018 low on 19 Jan), 13280 (76.4% fibo). Immediate resistance is still around 13370 (61.8% fibo retracement of the Sep-Oct upswing), 13440 (50% fibo, 21DMA). JISDOR was fixed at 13334 on Mon; 3 pips higher than the fixing on Mon. There are no Tier 1 data on tap this week.
- **1m USDPHP NDF - Bullish Bias Intact.** 1m USDPHP NDF rebounded back above the 51-handle after 4Q GDP came in at 6.6% y/y, less than market expectations of 6.7%. This was even though this was the 10<sup>th</sup> consecutive quarter that GDP growth has exceeded 6%. Growth was supported by rising consumption and government spending. Foreign investors bought USD8.8mn of equities yesterday. Further foreign inflows into equities should weigh on the 1m NDF intraday. Last seen around 50.98 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. This suggests risks are to the upside. Resistance at 51.15 (38.2% fibo), 51.60 (23.6% fibo). Support nearby at 50.80 (50% fibo retracement of the Apr-Oct 2017 upswing) ahead of 50.45 (61.8% fibo, 50DMA). GDP (4Q) is due to be released later today and 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 - Slow Grind Lower.** USDTHB traded to new 2018 and multi-year low of 31.792 this morning amid USD weakness. This was despite net foreign portfolio outflows yesterday. Foreign funds had sold off USD14.4mn and USD83.6mn in equities and debt yesterday. Rebound in foreign portfolio inflows should weigh on the pair intraday. Pair's move lower is likely to be a slow grind given concerns over against-the-wind activities. Already the BoT has warned of opening investigations into some financial institutions with operations in Thailand for speculating in the THB. Last seen around 31.810 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 31.740 (Jul 2014 low). Resistance at around the 31.965, 32.100 levels. Remaining week has foreign reserves (19 Jan) on Fri.

## Malaysia Fixed Income

### Rates Indicators

### Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.35	*3.38/35	Not traded
5YR MI3/22	3.54	*3.57/54	Not traded
7YR ML9/24	3.92	*3.96/91	Not traded
10YR MO11/27	3.93	3.94	+1
15YR MX4/33	4.45	*4.48/43	Not traded
20YR MX4/37	4.63	*4.67/62	Not traded
30YR MZ3/46	4.84	4.88	+4
IRS			
6-months	3.54	3.55	+1
9-months	3.60	3.60	-
1-year	3.64	3.64	-
3-year	3.78	3.79	+1
5-year	3.86	3.89	+3
7-year	3.97	3.98	+1
10-year	4.09	4.10	+1

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Source: Maybank KE

\*Indicative levels

- Lacklustre start for government bonds market with benchmark trades mostly centered on the 5y GII 4/22, which ended 1bp higher from last close with a total volume of MYR214m. Bond yields have been biased to the upside of late, and expect trading to remain thin as market heads towards the MPC meeting this Thursday.
- MYR IRS market was rather active with the curve shifting 1-3bps higher. Ahead of Thursday's MPC, there was some squaring of positions with trades done at the short end (1y) and belly (3y and 5y) of the rates curve. 3M KLIBOR unchanged at 3.44%.
- In corporate bonds, weaker sentiment saw bids shading 1-2bps wider given the defensive tone. Short end GGs outperformed tightening 2-3bps, though the curve had been a laggard due to 2017's large supply. AAA space generally muted apart from some buying of ultra-short end Cagamas. AA levels unchanged to +1bp, with profit taking seen in BGSM belly papers after the buying in past weeks. SPG and DUKE 3 traded unchanged at the belly and long end.



## Singapore Fixed Income

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.45	1.46	+1
5YR	1.75	1.77	+2
10YR	2.15	2.17	+2
15YR	2.42	2.44	+2
20YR	2.46	2.48	+2
30YR	2.60	2.62	+2

Source: Maybank KE

- SGD rates opened higher tracking the higher UST yields, with SGD IRS marked up 1-7bps in a steepening bias. SGS yield curve also steepened but short covering interest limited the rise in yields. Swap spreads mostly widened. Despite selling interest, SGS was fairly supported and improved later in the day when UST rebounded slightly. The buying concentrated at the long end, causing the curve to flatten back. SGS yields ended 1-2bps higher, while SGD IRS rates were up 2-6bps.
- Asian credit market was quiet as the selloff in USTs dampened buying momentum. INDONs were down 0.5pts on average. Market turned their focus more to the primary pipeline which saw YES Bank, Commonwealth Bank of Australia and Bank of Queensland coming out with issuances. Rest of the space saw spreads mostly unchanged.

## Indonesia Fixed Income

### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.41	5.41	-
5YR	5.53	5.58	4.75
10YR	6.08	6.12	4.18
15YR	6.57	6.60	2.91
20YR	6.88	6.92	4.10
30YR	7.08	7.08	-

\* Source: Maybank Indonesia

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- Indonesia bond market closed lower during Monday trading session amid increasing UST10y yield, minimal market sentiments and probably increasing selling pressure. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.577%, 6.124%, 6.596% and 6.925%. During the day, FR0067 (26y) yield decline the most by 2bps while FR0070 (6y) yield increase the most by 6bps. 10y15y G-Spread remain the widest on YTD basis currently (10y15y current spread: 33bps). Trading volume at secondary market was noted moderate at government segments amounting Rp15,088b with FR0065 (15y benchmark series) as the most tradable bond. FR0065 total trading volume amounting Rp2,142b with 186x transaction frequency.
- DMO will conduct their bi-weekly sukuk auction today with six series to be auctioned which are SPN-S10072018 (Coupon: discounted; Maturity: 10 Jul 2018), PBS016 (Coupon: 6.250%; Maturity: 15 Mar 2020), PBS002 (Coupon: 5.450%; Maturity: 15 Jan 2022), PBS017 (Coupon: 6.125%; Maturity: 15 Oct 2025), PBS012 (Coupon: 8.875%; Maturity: 15 Nov 2031) and PBS004 (Coupon: 6.100%; Maturity: 15 Feb 2037). We believe that the auction will be oversubscribing by 2.0x - 3.0x from its indicative minimal target issuance of Rp8t while our view on the indicative yield are as follows SPN-S10072018 (range: 4.400% - 4.550%), PBS016 (range: 5.500% - 5.650%), PBS002 (range: 5.820% - 5.970%), PBS017 (range: 6.200% - 6.350%), PBS012 (range: 6.910% - 7.050%) and PBS004 (range: 7.200% - 7.350%).
- Foreign ownership stood at Rp876.4t or 40.9% of total tradable government bond as of Jan 19<sup>th</sup>. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp38.3t from begin month Jan 18 or approx. more than half of Q117 foreign purchase (worth of Rp56.1t). Foreigner purchased Front End tenor (0 - 1 year) the most from begin month Jan 18 which accounts approx. 48% of total net buy
- Corporate bond traded thin amounting Rp194b. BBIA01BCN1 (Shelf Registration I Bank UOB Phase I Year 2016; B serial bond; Rating: AAA<sub>(idn)</sub>) was the top actively traded corporate bond with total trading volume amounted Rp50b yielding 6.772%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2311	111.58	0.8056	1.4079	6.4243	0.7369	136.6367	89.4587
R1	1.2287	111.25	0.8036	1.4033	6.4136	0.7349	136.3233	89.1913
<b>Current</b>	1.2266	110.94	0.8013	1.3987	6.3979	0.7330	136.0800	88.8970
S1	1.2226	110.56	0.7988	1.3899	6.3925	0.7288	135.5233	88.4603
S2	1.2189	110.20	0.7960	1.3811	6.3821	0.7247	135.0367	87.9967

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3237	3.9478	13378	51.1820	31.9727	1.6242	0.6178	2.9883
R1	1.3213	3.9406	13364	51.0260	31.9073	1.6208	0.6138	2.9836
<b>Current</b>	1.3182	3.9325	13329	50.8700	31.8200	1.6169	0.6156	2.9837
S1	1.3176	3.9289	13330	50.6970	31.7913	1.6141	0.6076	2.9753
S2	1.3163	3.9244	13310	50.5240	31.7407	1.6108	0.6054	2.9717

\*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	1.1882	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	26,214.60	0.55
Nasdaq	7,408.03	0.98
Nikkei 225	23,816.33	0.03
FTSE	7,715.44	-0.20
Australia ASX 200	5,991.91	-0.23
Singapore Straits Times	3,569.43	0.54
Kuala Lumpur Composite	1,833.15	0.24
Jakarta Composite	6,500.53	0.15
Philippines Composite	8,950.62	0.39
Taiwan TAIEX	11,231.46	0.72
Korea KOSPI	2,502.11	-0.72
Shanghai Comp Index	3,501.36	0.39
Hong Kong Hang Seng	32,393.41	0.43
India Sensex	35,798.01	0.81
Nymex Crude Oil WTI	63.49	0.19
Comex Gold	1,331.90	-0.09
Reuters CRB Index	196.22	0.37
MBB KL	9.87	0.00

## MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	4	3.305	3.305	3.211
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	4	3.278	3.28	3.223
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	5	3.347	3.347	3.347
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	3	3.488	3.488	3.488
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	8	3.489	3.489	3.465
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	5	3.563	3.568	3.553
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	43	3.718	3.718	3.694
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	7	3.825	3.825	3.782
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	8	3.838	3.842	3.83
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	3	3.908	3.916	3.908
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	35	3.921	3.921	3.921
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	8	3.999	4.034	3.999
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	15	4.124	4.124	4.124
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	25	3.936	3.956	3.936
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	25	4.096	4.102	4.096
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	4.35	4.35	4.35
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	501	4.436	4.499	4.436
MGS 4/2012 4.127% 15.04.2032	4.127%	15-Apr-32	2	4.486	4.486	4.486
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	2	4.416	4.426	4.416
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	1	4.623	4.623	4.623
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	20	4.86	4.86	4.86
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	54	4.88	4.88	4.849
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	100	3.26	3.26	3.26
GII MURABAHAH 4/2016 3.226% 15.04.2020	3.226%	15-Apr-20	2	3.548	3.548	3.539
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	214	3.887	3.892	3.879
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	2	4.049	4.049	4.049
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	40	4.207	4.207	4.207
GII MURABAHAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	1	4.949	4.949	4.949
<b>Total</b>			<b>1,449</b>			

Sources: BPAM

## MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 3.850% 30.10.2020 - Tranche No 9	GG	3.850%	30-Oct-20	50	3.925	3.937	3.925
PRASARANA IMTN 3.780% 13.11.2020 - Tranche 3	GG	3.780%	13-Nov-20	10	3.892	3.892	3.892
PASB IMTN (GG) 4.04% 17.06.2021 - Issue No. 24	GG	4.040%	17-Jun-21	5	3.96	3.96	3.96
GOVCO IMTN 4.100% 22.02.2022	GG	4.100%	22-Feb-22	10	4	4	4
CAGAMAS IMTN 3.950% 26.10.2018	AAA	3.950%	26-Oct-18	20	3.645	3.659	3.645
CAGAMAS MTN 3.90% 16.11.2018	AAA	3.900%	16-Nov-18	80	3.655	3.667	3.655
TENAGA IBONDS 0.00000% 13.12.2021	AAA IS	7.100%	13-Dec-21	10	4.207	4.209	4.207
MAYBANKISLM 4.750% 05.04.2024	AA1	4.750%	5-Apr-24	10	4.303	4.329	4.303
TMSB Senior Sukuk Murabahah 22.10.2027 (Tranche 6)	AA1	5.050%	22-Oct-27	5	4.862	4.862	4.862
TMSB Senior Sukuk Murabahah 22.10.2032(Tranche 11)	AA1	5.500%	22-Oct-32	5	5.149	5.149	5.149
BEWG IMTN 5.100% 17.07.2020	AA IS	5.100%	17-Jul-20	2	4.844	4.849	4.844
PBFIN 7.500% 05.06.2059 - Tranche No.1	AA2	7.500%	5-Jun-59	1	4.156	4.156	4.156
UEMS IMTN 4.600% 13.12.2018 - Issue No. 2	AA- IS	4.600%	13-Dec-18	10	4.35	4.373	4.35
WCT IMTN 4.800% 28.12.2018	AA- IS	4.800%	28-Dec-18	15	4.484	4.506	4.484
WCT MTN 2557D 09.4.2020	AA-	4.400%	9-Apr-20	10	4.837	4.851	4.837
WCT MTN 2555D 28.8.2020	AA-	4.600%	28-Aug-20	10	4.927	4.943	4.927
MALAKOFF POW IMTN 5.250% 17.12.2021	AA- IS	5.250%	17-Dec-21	5	4.5	4.502	4.5
BGSM MGMT IMTN 5.450% 28.06.2024 - Issue No 10	AA3	5.450%	28-Jun-24	10	4.701	4.703	4.701
BGSM MGMT IMTN 4.920% 29.08.2025 - Issue No 13	AA3	4.920%	29-Aug-25	10	4.772	4.792	4.772
SPG IMTN 4.910% 31.10.2025	AA- IS	4.910%	31-Oct-25	10	4.806	4.822	4.806
SEGI ASTANA MTN 2922D 08.1.2026	AA-	5.500%	8-Jan-26	2	5.3	5.3	5.298
SPG IMTN 4.970% 30.10.2026	AA- IS	4.970%	30-Oct-26	10	4.863	4.871	4.863
LDF3 IMTN 6.130% 22.08.2036	AA- IS	6.130%	22-Aug-36	1	5.314	5.314	5.314
RHBBANK HYBRID TIER 1 8.00% 31.03.2039	A1	8.000%	31-Mar-39	20	4.615	4.649	4.615
ALLIANCEB MTN 3653D 27.10.2025	A2	5.750%	27-Oct-25	20	4.864	4.872	4.864
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	2	6.321	6.321	6.311
<b>Total</b>				<b>342</b>			

Sources: BPAM

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