

Global Markets Daily

Higher USDJPY Belies Monetary Divergence Plays

Higher USDJPY A tell-tale Sign of Monetary Divergence

The USDJPY bounced above the 107.80-figure at one point this morning, buoyed by hopes for a “trade truce” to be reached between the US and China. However, risk appetite is unable to tell the full story for USDJPY moves in the past week as we saw S&P 500 headed south in the same period. With UST 10y yields on its way towards the 3% level again, widening UST-JGB yield differentials could be driving the UDSJPY higher. We look for this pair to head towards the 108.50-mark before the end of this week. Recent Fed talks and strong US data have some betting on 4 Fed hikes this year instead of 3. And this presents some opportunity to long USDJPY and short the EURUSD in a growth environment that still has monetary policy divergence and the BOJ and ECB meeting at the end of this week is not a coincidence.

INR Hammered by Rising Oil

With OPEC and non-OPEC crude producers agreeing that the “supply glut” has somewhat cleared, Saudi Arabia seems to be moving the goal posts higher for the IPO of Aramco. Notwithstanding Trump’s tweet on crude last week, Brent was last seen above the “USD70/bbl” mark and the technical charts are signaling that “U\$80/bbl” is within reach. Saudi Arabia also opined that it hopes for crude to be closer to “\$100/bbl”. That has investors dumping India stocks and bonds for much of last week amid rising concerns that India’s current account would deteriorate further. With the cheap crude bonus fading away for the Indian economy, Union Budget 2018 unlikely to provide much fiscal stimulus, hawkish RBI undermining the bonds and weak global risk appetite of late, the 1M USDINR NDF is poised to head towards the 67-figure and might even test the 68-figure within the next two weeks.

BOJ, ECB on Taps and Others Like the N-S Korean Summit

We expect ECB to keep monetary policy status quo for both policy rates and Asset purchase program (APP) at the ECB meeting on Thu. BoJ meets on Fri - we expect BoJ to reiterate ultra-loose monetary policies until 2% inflation target is met. Other data/events we watch next week include prelim PMIs from US, EU and SG CPI on Mon. AU CPI on Tue. SG IP on Thu. US, UK GDPs on Fri. AU and NZ local markets are out on Thu. Eyes are also on the historic North-South Korean Summit on Fri. Any fallout there could swing the USDKRW higher and push USDJPY back into code red as its true nature as the risk barometer resurfaces.

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G7: Events & Market Closure

Date	Ctry	Event
25 Apr	AU/NZ	Market Closure
26 Apr	EC	ECB Meeting
26-27 Apr	JN	BOJ Meeting

AXJ: Events & Market Closure

Date	Ctry	Event
27 Apr	SK	North-South Korean Summit

Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2288	↓ -0.46	USD/SGD	1.3163	↑ 0.36
GBP/USD	1.4	↓ -0.62	EUR/SGD	1.6178	↓ -0.09
AUD/USD	0.7672	↓ -0.75	JPY/SGD	1.2225	↑ 0.07
NZD/USD	0.7207	↓ -0.89	GBP/SGD	1.8425	↓ -0.28
USD/JPY	107.66	↑ 0.27	AUD/SGD	1.0096	↓ -0.42
EUR/JPY	132.28	↓ -0.20	NZD/SGD	0.949	↓ -0.50
USD/CHF	0.9746	↑ 0.34	CHF/SGD	1.3526	↑ 0.16
USD/CAD	1.2761	↑ 0.70	CAD/SGD	1.0313	↓ -0.38
USD/MYR	3.8977	↑ 0.17	SGD/MYR	2.9645	↓ -0.21
USD/THB	31.345	↑ 0.35	SGD/IDR	10578.86	↑ 0.51
USD/IDR	13893	↑ 0.78	SGD/PHP	39.6786	↓ -0.25
USD/PHP	52.114	↑ 0.07	SGD/CNY	4.786	↓ -0.18

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

Upper Band Limit	Mid-Point	Lower Band Limit
1.3012	1.3275	1.3539

G7 Currencies

- **DXY - Yields Driving Dollar.** The past week has seen the dollar reversing losses into gains as better than expected US data and hawkish rhetoric from Fed's Williams and Mester reinforced market expectations for faster pace of Fed normalisation. Rise in UST yields pushed on further with 10Y yield now at more than 4y high of 2.9658% while USD rose in response. While Fed tightening (probably by another 2 to 3 hikes this year) is almost a base line scenario for most, other central banks such as ECB, BoE, RBNZ, SNB somewhat do not seem to be in a hurry to quicken their pace of normalisation - NZ CPI slowed to 1.1% in 1Q (vs. 1.6% in 4Q) gives RBNZ ample room to keep monetary policy easy, EU inflation shows little signs of pick up and remains well below ECB's target gives ECB breathing space to not commit to the end date of QE, BoE's Carney sounded dovish last week saying that brexit uncertainty could slow the pace of interest rate increase amid a string of disappointing data (wage growth and CPI) while SNB's Jordan emphasized there is no need for monetary policy shifts. This suggests the potential return of global monetary policy divergence trade. Recall back in 2015 and 2016, only the Fed was tightening and policy divergence thematic traded in favor of USD strength and UST yields. We believe the return is only temporary. Higher energy and commodity prices as well as tightness in labor market should feed through to inflation and brings back the case of monetary policy convergence. We caution for further rebound risks ahead but look for rallies to fade into. DXY was last seen at 90.4 levels. Price action shows that USD attempts lower this year have not managed to trade below its upward sloping trend-line support (from the lows in Feb, Mar, Apr) on 3 occasions. But the subsequent recovery on each episode did not manage to make a subsequent high. This reinforces our bias to sell USD on rallies. Key area of resistance at 90.50 (50% fibo retracement of 2018 high to low) - 90.76 (100 DMA). We would turn cautious if DXY managed to make a decisive close above this area of resistance as that may imply a potential sharper than expected rebound towards 90.96 (61.8% fibo) and 91.60 (76.4% fibo). Our bias remains to lean against strength. Support levels seen at 89.28 (61.8% fibo retracement of Feb low to Mar high) before 88.25 (2018 low). Week ahead brings CFNAI (Mar); Existing Home Sales (Mar); Prelim PMIs (Apr) on Mon; New Home Sales (Mar); Richmond Fed Mfg (Apr); Conference Board Consumer Confidence (Apr) on Tue; Durable Goods Order (Mar); Kansas City Fed Mfg (Apr) on Thu; GDP, Core PCE (1Q); Uni of Mich Sentiment (Apr) on Fri.
- **EURUSD - Interim Downside Pressure.** EUR traded lower last week, in line with our caution that EUR strength could be undermined in the short term. Move lower can be attributed to a Bloomberg article which said ECB policy makers see scope to wait until their July meeting to announce how they'll end their bond buying program and ECB Draghi's comments in a statement at the IMF meeting last Fri. He acknowledged the Euro-area's growth cycle may have peaked but maintained his optimism that growth momentum is expected to continue. This underscores our view which we previously shared (EUR: Bullish but Do Not Get Carried Away) - slower than expected pick-up in inflation should continue to reinforce expectations for gradual pace of policy normalisation and see a slower pace of gains for EUR. For the ECB meeting this Thu, we expect ECB to keep

monetary policy status quo for both policy rates and Asset purchase program (APP). Currently, APP is proceeding at the monthly pace of €30 billion. We do not expect ECB to commit to a decision ahead of Sep-2018 (supposedly the end date of the current APP) as inflation remains soft for now and have yet to show signs of re-acceleration. We do not expect ECB to jump the gun ahead of inflation upticks. EUR was last seen at 1.2270 levels. Daily momentum turned mild bearish while stochastics is falling. These indicate downside pressure. We do not rule out a move lower towards 1.22 - 1.2250 levels. Bias to buy on dips. Resistance at 1.2360, 1.2410. Week ahead brings Prelim PMI (Apr); ECB's Coeure speaks on Mon; ECB's Villeroy, Knot, Lane speak on Wed; ECB Governing Council Meeting on Thu; Consumer Confidence (Apr) on Fri.

- **GBPUSD - *May Meeting Not a Done Deal.*** GBP remains soggy this morning as recent comments from BoE's Carney were taken as dovish and rate hike bets for May meeting was pared. OIS futures showed that implied probability of hike at the upcoming meeting in May has been dramatically cut to 42.8% from 86%. In an interview with BBC last week, Carney said there was still a lot to consider such as strength of global growth before any announcement is due next month. He also acknowledged the "mixed" economic data released last week - softer retail sales and faster than expected decline in inflation in Feb. But he did add that interest rate increase is likely this year but increases will be gradual as major decision are taken on Brexit. He added that Brexit uncertainty could slow the pace of interest rate rises. GBP was last seen at 1.4030 levels. Daily momentum has turned mild bearish while stochastics is falling. Further downside play not ruled out. Support seen at 1.4020-40 levels before 1.3960. We respect the momentum but maintain our bias to buy on dips. Resistance at 1.4120, 1.4220. We retain our broadly "more optimistic" outlook than street consensus for GBP on the back of our expectation for orderly Brexit (boost to sentiment), continued improvement in labor market (upward pressure for wage growth providing room for BoE to tighten) and potentially greater tolerance (from policymakers) for GBP appreciation (to help curb imported inflation) and rising market expectation for BoE rate increase to come earlier than expected. That said we do not expect a one way trade and still see a great deal of variability on GBP, driven by headlines on Brexit progress (which can be improvement or deterioration). Week ahead brings CBI Trends Selling Prices (Apr); Public Finances (Mar) on Tue; CBI Reported Sales (Apr) on Thu; GDP (1Q); GfK Consumer Confidence (Apr) on Fri.

- **USDJPY - *BOJ Meeting On Fri Eyed.*** USDJPY reversed its early week losses last week to break above key resistance at 107.50 levels on Fri. Rising UST yields, which amplifies the increasing monetary policy divergence between the US and Japan is supportive of the pair. This comes as Fed is on a tightening policy path while BOJ will continue persistent easing. We had cautioned that a break of this level would signal bullish extension towards the 108 levels. In addition, improving risk sentiments over trade and geopolitical concerns is reducing demand for haven assets, putting upside pressure on the pair. However, further upside to the pair could be capped as the ongoing political scandals surrounding PM Abe remains a drag on the pair. So far, the scandals have weighed on support for the cabinet with recent opinion polls by Yomiuri and Mainichi newspapers

showing further dips in the cabinet's popularity with the public. Failure to bounce back from the scandals is likely to undermine PM Abe and embolden a challenge to his leadership of the ruling LDP in Sep, potentially putting Abenomics and BOJ's massive stimulus programme in doubt. Last seen around 107.77 levels. Momentum indicators on the daily chart shows mild bullish bias, while stochastics is fast approaching overbought conditions. We look for the pair to test next resistance at 108.20 levels (61.8% fibo) and then 109.10 (76.4% fibo). Failing which the pair could return to trading within the 106.80-107.50 range. Week ahead has Nikkei PMI mfg (Apr P) on Mon; machine tool orders (Mar F) on Tue; all industry activity index (Feb) on Wed; BOJ meets, BOJ outlook report, jobless rate, IP, retail sales, housing starts (Mar) on Fri. We do not expect the BOJ to deviate from its current policy stance and for the BOJ Governor to reiterate persistent easing until the 2% inflation target is achieved.

- **NZDUSD - Bearish.** NZD remained on a softer footing amid broad USD rebound. Last seen at 0.7210 levels. Daily momentum is mild bearish while stochastic is falling. Further downside towards 0.7180-0.72 levels not ruled out. Resistance at 0.7290 (50 DMA). Maintain our bias to stay short NZD vs. long AUD. Our call for AUDNZD to trade higher has met its first objective of 1.0630 (23.6% fibo retracement of 2018 double top to 2018 low). Last seen at 1.0645 levels. Momentum indicators remain bullish bias. Falling wedge pattern indicated bullish reversal. Resistance seen at 1.0670 (50 DMA), 1.0710 and 1.0780 (50% fibo). Trade idea was initiated on 16 Apr at 1.0565. We moved our SL higher towards 1.06 from 1.05. Retain long AUDNZD position; will reassess position if the cross fail to move above 50 DMA.
- **AUDUSD - Inflation Could Move.** AUDUSD plunged under the 0.77-figure, last seen around 0.7660. This pair remains weighed by weak sentiments and with RBA signalling a long pause before its next move (and markets buying it), the recent monetary divergence themed is played against the AUD. UST 10y yields is on its way towards the 3% on the back of a series of stronger US data that was released last week, raising bets of four instead of three hikes projected by the Fed this year. We remain of the view that AUDUSD pullback could be the last chance for us to buy the antipode as AUD typically rises in a growth environment with modest inflation. This is backed by its correlation with base metals and gold. We stick to our view that we may even see another dip towards 0.76-figure before an eventual breakout to the upside from the falling wedge. As we have noted before, the weekly chart is getting increasingly compelling for AUD bulls and we await a break of the resistance at 0.7820 (200 DMA) - 0.7830 (38.2% fibo retracement of 2018 high to low. Break above this puts next resistance at 0.7890 (50% fibo), 0.7950 (61.8% fibo). Support seen at 0.7760 (23.6% fibo). Eyes on CPI data tomorrow and expectations are for 1Q CPI to come in around 2%. With expectations firmly entrenched for it to come either 2% or below, any upside surprise could lift the AUDUSD out of its falling wedge. *Week ahead brings RBA's Kent speaks; CPI (1Q) on Tue; Import, Export Price Index (1Q) on Thu; PPI (1Q) on Fri.*
- **USDCAD - Moving Higher Towards 1.2720-Resistance.** USDCAD had another bullish session last Fri, underpinned by weaker risk appetite

and some decline in crude. Again, PM Trudeau commented that there has been 'positive advances' made on the NAFTA. Still, doubts on a near-term NAFTA deal set in last week as refuse to commit to a possible timeline. USDCAD remains sensitive to the equity performances and softer-than-expected CPI print boosted the USDCAD. Resistance is seen at 1.2780 (200-DMA), before 1.2870. We continue to watch NAFTA developments and oil prices. Support at 1.2680 (100-DMA). Week ahead only has wholesale trade sales for Feb today.

Asia ex Japan Currencies

- **SGD trades around 0.80% above the implied mid-point of 1.3275.** The top is estimated at 1.3012 and the floor at 1.3539.
- **USDSGD - Breakout To The Upside.** USDSGD continues to consolidate within a narrow range last week, though we are possibly seeing a breakout to the topside of the symmetrical triangle pattern. Still, the government's sale of a record SGD3bn of SGS this Thu could put upside pressure on the SGD and possibly push the pair back into the symmetrical triangle. Last seen around 1.3167-levels, pair shows very mild bullish bias on daily chart, while stochastics shows tentative signs of turning higher. This suggests potential rebound risk. Next resistance is at 1.3175 (23.6% fibo of the Oct 2017 to Jan 2018 downswing), 1.3230 (100DMA) and 1.3278 (38.2% fibo). Support at 1.3090-levels (upward sloping trend-line support from the lows of Jan and Mar), 1.3010 (2018 low). Week ahead brings CPI (Mar) on Mon; IP (Mar) on Thu; unemployment rate (1Q) on Fri.
- **AUDSGD - Last Pullback?** AUDSGD slipped below the 1.0100-figure and remained poised for further downside. Eyes are on the next support around 1.0060 before 1.0020. Resistance at 1.0160. With stochs and MACD turning lower on the daily chart, this cross may extend its pullback before heading higher (possibly last chance to buy). We continue to look for a breakout of the area of resistance at 1.0240 (50 DMA) - 1.0250 (50 DMA, 38.2% fibo retracement of 2018 high to low) for an extension of the up-move towards 1.0320 (50% fibo, 100 DMA).
- **SGDMYR - Lean against Strength.** SGDMYR slipped amid SGD underperformance. Last seen at 2.9620 levels. Mild bullish momentum shows signs of waning while stochastics is falling from near-overbought conditions. Resistance at 2.9750 (61.8% fibo retracement of 2016 low to 2017 high), 2.9830 (100 DMA). Bias to lean against strength. With MAS decision (mild tightening) out of the way, we believe the balance could be tilted towards the downside as Malaysia GE draws near (potentially a positive factor for MYR). Support at 2.94 (interim double bottom). Need a decisive break below the interim double bottom at 2.94 to open way for further downside towards 2.92, 2.90.
- **USDMYR - Subdued Range amid Cautious Trading.** USDMYR firmed modestly last week but trading remains cautious and confined to a subdued range. Pair was last seen at 3.8990 levels. Daily momentum is mild bullish while stochastics is rising into overbought conditions. Further rebound towards 3.90, 3.92 not impossible but bias to sell on rallies. Key area of support at 3.84 - 3.85 remains a key level to watch. Decisive break below this area of support puts next key support at 3.82 (50% fibo retracement of late 2013-14 double bottom to 2015-2017 double top). **While our study of past General elections since 1980 shows that MYR typically appreciates up to 2% (vs. the USD) between parliament dissolution day and polling day, the current period may be slightly unique.** For the current episode, MYR has appreciated around 6% vs. the USD in the 90 days prior to the dissolution of parliament. This is the largest magnitude of gains in the same period (90D

before dissolution date) relative to previous episodes of Malaysia GEs since 1982. We caution that excessive optimism might already be in the price and the MYR could potentially trade cautiously in the lead up to polling day. External environment of trade tensions between US and China and/or fresh concerns of US-Syria conflict could heighten geopolitical risks are some factors that may pose risks to MYR outlook. That said 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) 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 - North-South Summit Supports Sentiment.** 1m USDKRW NDF traded lower despite USD strength seen against most currencies. Further unwinding of geopolitical tensions in the lead up to North-South Korea Summit this Friday kept sentiment supported. Pair was last seen at 1066 levels. Mild bullish momentum on daily chart remains intact. We reiterate that rebound risks are likely to be capped at 1072, 1075. We retain our bias to lean against strength. Immediate support at 1062 before bigger area of support at 1050 - 1055.
- **USDCNH - Above the 21-DMA But Still In range.** USDCNH remains within the 6.20-6.35 range, last seen around 6.2899, lifted by the broad USD upmove in the last two sessions. Price action has been lifted above the 21-DMA. Two-way risks are seen for this pair with action likely to remain within the narrower 6.2360-6.3085 range. Upper bound is marked by the 50-DMA. **PBoC fixed the USDCNY reference rate at 6.3034, 137 pips firmer than the previous 6.2897. CNYMYR was fixed at 0.6183, steady from the previous. EURCNY was fixed 252 pips lower at 7.7359 vs. the previous at 7.7611.** Week ahead has industrial profits for Mar on Fri. China is said to inject CNY80bn with 7-day reverse repo.
- **1M USDINR NDF - The Oil-Lift As Well As RBI's.** 1M NDF remains bid at around 66.40. INR is diving like a falling knife and could risks heading higher towards the 67 and even 68-figure in the next two weeks. Support at 65.47. Risks are to the upside. We like to stick to our long CADINR in an environment of elevated crude prices. Initiate a buy CADINR trade at 52.30 towards the 54-figure. Support (stoploss) at 51.00. USDINR remains buoyed by the rise in oil prices as investors remain concerned about India's current account deterioration. RBI was perceived to be more hawkish than expected in its Minutes released yesterday. That has drove a sell-off in the domestic bonds. MPC members remained focused on upside risks to inflation. Foreign

investors sold U\$98.3mn of equities and U\$296mn of bonds. The sell-off in the domestic bonds lifted the 10y yields towards 7.8% last Fri, now printed 7.705%. In the past two sessions. The sovereign curve is hit at the longer end and with Brent possibly heading towards U\$80/bbl, this curve could bear steepen further.

- **1m USDIDR NDF - *Upside Risks***. 1m USDIDR NDF bounced above the 14000-levels for the first time since 11 Nov 2016 to a new 2018 high on 20 Apr at 14018 amid diverging monetary policy as the Fed tightens its fund rate while the BI holds its benchmark policy rate steady at 4.25% on Thu evening. It also did not help that higher UST yields could trigger a move back to US assets while Indonesian assets get sold off, supportive of the 1m NDF. Foreign investors have already sold off USD110.3mn in equities last week. Meanwhile, they had sold USD167.3mn of debt on 16-19 Apr (latest data available). In addition, elevated oil prices could translate into a greater financial burden on the government's fiscal position on higher subsidies on fuel. Given the factors working against the IDR, it is unsurprising that market has increased its long-USDIDR positions. Spot USDIDR gapped higher at the opening to 13908 this morning from Fri's close of 13893 amid higher UST yields and USD. 1m NDF was last seen around 13980-levels. Daily chart now shows bullish bias, while stochastic is fast approaching overbought conditions. This suggests potential upside risk. Next resistance is at the 14000-handle, 14115 levels. Watch for further official agent activities to smooth out IDR volatility though. Support at 13930 levels, 13875 levels. JISDOR was fixed at 13804 on Fri - the lowest it has been fixed since 23 Nov 2016, 26 pips higher than Thu's fixing. Quiet week ahead with no tier 1 data on tap.
- **1m USDPHP NDF - *Risk To The Upside But Within Range***. 1m USDPHP NDF continues its climb higher UST yields and USD. 1m NDF remained pressured to the upside amid rising UST yields as investors flee Philippine assets back to the US. This was reflected in the USD55.9mn sell-off in equities by foreign investors last week. Expectations of a further sell down by foreign funds today should put upside pressure on the 1m NDF. 1m NDF continues to hover above the 52-handle though on concerns about its deteriorating current account deficit. Last seen around 52.25 levels, 1m NDF has lost most of its bearish momentum, while stochastics is fast approaching overbought conditions. This suggests risks are to the upside. Even as the 1m NDF trade bid, we continue to expect price action to remain well-within the 51.90-52.40 range for now. Watch for official agent activities to smooth our PHP volatility ahead. A break of the 52.40 resistance level though could see bullish extension towards 52.70 (2018 high). Quiet week ahead with just budget balance (Mar) on tap on Tue.
- **USDTHB - *Mild Bullish Bias***. USDTHB broke out of its recent trading range of 31.090-31.320 last week amid higher UST yields. Rising UST yields is likely to trigger further sell-off in Thai assets this week. Already, foreign investors have sold USD150mn of equities and debt last week. Further foreign portfolio outflow is likely to weigh on the THB and lift the pair higher. Last seen around 31.378-levels. Daily momentum indicators and stochastics show mild bullish bias. Next resistance is at 31.420 (38.2% fibo retracement of the Feb-Mar downswing) ahead of 31.520 (50% fibo). Support at 31.290 (23.6%

fibo), 31.230 (21DMA). Week ahead brings customs trade (Mar) on Mon; foreign reserves (20 Apr) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.54	3.62	+8
5YR MI4/23 WI	3.77	3.80	+3
7YR MK3/25	3.93	3.95	+2
10YR MO11/27	4.01	4.10	+9
15YR MX4/33	4.51	4.52	+1
20YR MX4/37	4.62	*4.65/60	Not traded
30YR MZ3/46	4.83	*4.87/82	Not traded
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.76	3.76	-
3-year	3.82	3.83	+1
5-year	3.88	3.91	+3
7-year	3.99	4.01	+2
10-year	4.11	4.15	+4

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Source: Maybank KE

*Indicative levels

- Government bonds weakened amid better sellers throughout the day. Yields increased by 1-9bps amid the thin liquidity as players pared down positions on the back of the USD strength and before general elections on 9 May. Reckon domestic bond market will remain weak till then. On macro data, foreign reserves climbed USD2.2b to USD110b in mid-April (March: USD107.8b).
- IRS curve shifted higher in line with the rise in govvy yields. 5y IRS closed around 3.91% but without any follow through after the morning trades at 3.90%. Market continued to see relatively more receivers compared to payers. 3M KLIBOR stayed at 3.69%.
- Muted day for corporate bonds given the USDMYR pair edging higher and defensive bids in MGS as yields climbed. There was buying interest along the 15y and 20y part of the AAA curve, with Tenaga 2037 and Danga 2033 in demand by real money accounts though levels traded unchanged. UMW's A1-rated Perps dealt about 2bps tighter. Market to stay defensive in the meantime given the looming general elections.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.92	1.93	+1
5YR	2.09	2.13	+4
10YR	2.42	2.49	+7
15YR	2.65	2.71	+6
20YR	2.67	2.72	+5
30YR	2.82	2.86	+4

Source: Maybank KE

- Selling at the open pushed SGS yields up by 1-5bps and the curve steeper, tracking the overnight movement in USD rates. Adding pressure to the long end was the larger-than-expected SGD3b issuance size for new 10y SGS benchmark. Bond prices declined further amid sporadic selling as UST continued to weaken. At the close, SGS yields shifted 1-7bps higher with the curve steeper along the 2y10y. SGD IRS also up by 1-5bps.
- Asian credit market turned defensive as 10y UST yield stayed above the 2.90% level. China IG credits widened 2-4bps on the back of the rates movement and heavy primary pipeline. INDONs and PHILIPs traded weak, lowering about 0.25-0.50pts in price. Malaysian sovereign bonds, however, were relatively more supported mainly trading unchanged to 1bp tighter.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.65	5.85	19.72
5YR	6.04	6.15	10.37
10YR	6.67	6.79	11.63
15YR	6.92	6.98	6.17
20YR	7.33	7.38	4.68
30YR	7.33	7.33	-

* Source: Maybank Indonesia

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- Indonesia bond market closed with a daily lossy during Friday trading session with front-end tenor IndoGB yield increasing the most. External events such as inclining UST 10y yield to above 2.90% and increasing world oil price along is seen affecting the sell-off in IndoGB series on Friday. Lack/absence of domestic fundamental data this week may potentially drag IndoGB prices even lower. While Central Bank re-affirms their commitment in the market to stabilize IDR currency, not much were shared in regards to Central Bank role in stabilizing the IndoGB market. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 6.146%, 6.785%, 6.982% and 7.379% while 2y yield moved higher to 5.851%. During the day, FR0066 (1mo) yield decline the most by 9bps while FR0056 (8y) yield increased the most by 20bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 40bps). Trading volume at secondary market was noted heavy at government segments amounting Rp23,738b with FR0053 (3y) as the most tradable bond. FR0053 total trading volume amounting Rp1,983b with 32x transaction frequency.
- Foreign ownership stood at Rp871.0t or 39.7% of total tradable government bond as of Apr 18th. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp4.2t from begin month of Apr 18.
- Corporate bond traded heavy amounting Rp1,566b. NISP02ACN4 (Shelf Registration II Bank OCBC NISP Phase IV Year 2018; A serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp369b yielding 5.945%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2400	108.13	0.7763	1.4123	6.3010	0.7299	133.3733	83.4543
R1	1.2344	107.89	0.7718	1.4062	6.2902	0.7253	132.8267	83.0247
Current	1.2275	107.78	0.7672	1.4019	6.2887	0.7205	132.2900	82.6780
S1	1.2241	107.39	0.7641	1.3968	6.2717	0.7181	131.8867	82.2967
S2	1.2194	107.13	0.7609	1.3935	6.2640	0.7155	131.4933	81.9983
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3216	n/a	13987	52.2107	31.4563	1.6257	0.6215	2.9698
R1	1.3190	n/a	13940	52.1623	31.4007	1.6217	0.6203	2.9672
Current	1.3166	3.9000	13906	52.1350	31.3830	1.6162	0.6170	2.9624
S1	1.3121	n/a	13807	52.0703	31.2597	1.6138	0.6174	2.9627
S2	1.3078	n/a	13721	52.0267	31.1743	1.6099	0.6157	2.9608

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

Equity Indices and Key Commodities

	Value	% Change
Dow	24,462.94	-0.82
Nasdaq	7,146.13	-1.27
Nikkei 225	22,162.24	-0.13
FTSE	7,368.17	0.54
Australia ASX 200	5,868.78	-0.21
Singapore Straits Times	3,573.38	-0.70
Kuala Lumpur Composite	1,887.75	-0.39
Jakarta Composite	6,337.70	-0.29
Philippines Composite	7,726.72	0.58
Taiwan TAIEX	10,779.38	-1.75
Korea KOSPI	2,476.33	-0.39
Shanghai Comp Index	3,071.54	-1.47
Hong Kong Hang Seng	30,418.33	-0.94
India Sensex	34,415.58	-0.03
Nymex Crude Oil WTI	68.26	0.16
Comex Gold	1,337.60	0.77
Reuters CRB Index	201.92	0.03
MBB KL	10.72	0.37

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.5063	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	17/5/2018	Neutral
BOT 1-Day Repo	1.50	16/5/2018	Tightening Bias
BSP O/N Reverse Repo	3.00	10/5/2018	Tightening Bias
CBC Discount Rate	1.38	21/6/2018	Neutral
HKMA Base Rate	2.00	-	Tightening
PRC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.00	6/6/2018	Neutral
BOK Base Rate	1.50	24/5/2018	Tightening
Fed Funds Target Rate	1.75	3/5/2018	Tightening
ECB Deposit Facility Rate	-0.40	26/4/2018	Easing Bias
BOE Official Bank Rate	0.50	10/5/2018	Neutral
RBA Cash Rate Target	1.50	1/5/2018	Neutral
RBNZ Official Cash Rate	1.75	10/5/2018	Neutral
BOJ Rate	-0.10	27/4/2018	Easing
BoC O/N Rate	1.25	30/5/2018	Tightening

MYR Bonds Trades Details

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	600	3.527	3.527	3.496
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	1	3.469	3.469	3.469
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	2	3.603	3.619	3.603
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	80	3.734	3.781	3.734
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	40	3.616	3.616	3.575
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	19	3.711	3.722	3.7
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	40	3.844	3.844	3.844
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	4	3.85	3.85	3.85
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	403	3.738	3.801	3.738
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	5	3.852	3.852	3.852
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	6	3.925	3.943	3.925
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	2	3.927	3.945	3.927
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	70	3.945	3.957	3.94
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	1	4.002	4.002	4.002
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	41	4.079	4.079	4.073
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	139	4.041	4.1	4.023
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	10	4.06	4.06	4.06
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	22	4.579	4.579	4.515
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	69	4.834	4.834	4.834
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	80	3.882	3.89	3.879
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	20	3.992	3.992	3.992
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	4	4.205	4.218	4.199
GII MURABAHAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	40	4.631	4.631	4.631
Total			1,696			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
CAGAMAS MTN 3.420% 15.10.2018	AAA	3.420%	15-Oct-18	80	3.802	3.802	3.781
GENTING CAP MTN 4.42% 08.6.2022 - Issue No. 1	AAA (S)	4.420%	8-Jun-22	10	4.691	4.696	4.691
DANGA IMTN 4.520% 06.09.2027 - Tranche 7	AAA (S)	4.520%	6-Sep-27	35	4.688	4.692	4.688
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	5	4.998	4.998	4.998
TENAGA IMTN 03.08.2037	AAA	5.180%	3-Aug-37	40	5.091	5.091	5.091
CIMBBANK 4.800% 13.09.2023 - Issue No 1	AA1	4.800%	13-Sep-23	21	4.774	7.7	4.38
AMMBANK SENIOR NOTES 1461D 25.3.2019	AA2	4.300%	25-Mar-19	10	4.089	4.117	4.089
CIMBBANK 4.770% 07.08.2026 - Issue No 4	AA2	4.770%	7-Aug-26	10	4.798	4.811	4.798
UMWH IMTN 5.220% 02.10.2026	AA2	5.220%	2-Oct-26	10	4.829	4.848	4.829
CIMB THAI 5.600% 05.07.2024 - Tranche No 1	AA3	5.600%	5-Jul-24	1	6.463	6.463	6.463
AMMB HLDG MTN 3652D 15.3.2027 (SUB-NOTES)	A1	5.200%	15-Mar-27	1	5.101	5.101	5.101
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	A1	6.350%	20-Apr-18	25	6.201	6.282	6.201
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	21	6.131	6.839	6.131
Total				268			

Sources: BPAM

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