

Global Markets Daily

Trade Tensions Unwinding

Macro | FX Research & Strategy

Global

A Wave of Headlines on Trade

There were a handful of headlines on trade over the weekend. Talks of China considering taking action against aircraft, computer chips and soybean imports from US while on the other hand, Taiwan may cut metal imports from China amid US tariffs. Talks of Japan intending to impose tariffs on imports of carbon steel-welded joints from China and South Korea. Most recently in an interview on Fox News Sunday, Treasury Secretary Mnuchin said he is optimistic that US can reach an agreement with China that will forestall the need to impose the tariffs that Trump has ordered.

Some Relief to Markets

WSJ followed up with a report US and China quietly started negotiating to improve US access to Chinese markets. Specifically Trump Administration has set out requests that include reduction of Chinese tariffs on US automobiles, more Chinese purchases of US semiconductors and greater access to China's financial sector by American firms. This has somewhat brought a mild relief to markets. Early morning trade has seen USDJPY traded back up to intra-day high of 105 levels while antipodeans are also near its intra-day high. That said risk sentiment remains jittery and to some extent, messy. Fears of trade war rising can quickly reverse sentiment. Trade war could pose risks to synchronised economic recovery and derail broad USD downtrend. That said we expect broad USD downtrend to resume on unwinding of trade tensions.

Confidence and Growth Check Amid Holiday Shortened Week

Some of the key data/events we watch next week include Singapore industrial production on Mon. For Tue, US and EU consumer confidence; Adrian Orr to take office as RBNZ Governor. For Wed, US GDP; NZ business confidence; UK reported sales; PBOC Governor Pan to speak. For Thu, US PCE core, Chicago PMI and Uni of Mich sentiment; UK GDP and current account; China current account. For Fri, JP industrial production and jobless rate. For Sat, China manufacturing PMI.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.2353	↑ 0.41	USD/SGD	1.3151	↓ -0.16
GBP/USD	1.4132	↑ 0.26	EUR/SGD	1.6249	↑ 0.28
AUD/USD	0.7699	↑ 0.08	JPY/SGD	1.2562	↑ 0.40
NZD/USD	0.7233	↑ 0.36	GBP/SGD	1.859	↑ 0.12
USD/JPY	104.74	↓ -0.51	AUD/SGD	1.0125	↓ -0.08
EUR/JPY	129.4	↓ -0.09	NZD/SGD	0.9521	↑ 0.31
USD/CHF	0.9474	↓ -0.19	CHF/SGD	1.3888	↑ 0.09
USD/CAD	1.2895	↓ -0.34	CAD/SGD	1.0196	↑ 0.16
USD/MYR	3.9185	↑ 0.13	SGD/MYR	2.98	↑ 0.10
USD/THB	31.203	↓ -0.33	SGD/IDR	10476.08	↑ 0.03
USD/IDR	13782	↑ 0.20	SGD/PHP	39.8135	↓ -0.11
USD/PHP	52.345	↑ 0.05	SGD/CNY	4.8083	↓ -0.06

Implied USD/SGD Estimates @ 26 Mar-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.2965	1.3228	1.3490

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G7: Events & Market Closure

Date	Ctry	Event
30 Mar	US, UK, AU, NZ	Market Closure

AXJ: Events & Market Closure

Date	Ctry	Event
28 Mar	TH	BOT Meeting
29 Mar	IN, PH	Market Closure
30 Mar	SG, HK, ID, PH, IN	Market Closure

G7 Currencies

- **DXY - Weakness to Resume on Unwinding of Trade Tensions.** USD index continues to trade near its recent lows. Report from WSJ that negotiation between US and China are being led by newly promoted Liu He (China Vice-Premier), Mnuchin and US trade rep Robert Lighthizer to improve US access to Chinese markets have already started. And Trump Administration has set out specific requests that include reduction of Chinese tariffs on US automobiles, more Chinese purchases of US semiconductors and greater access to China's financial sector by American firms. This has somewhat brought a mild relief to markets, with USDJPY trading back above 105 while most high-beta currencies including AUD, NZD and AXJs were firmer this morning (at the expense of a weaker USD). That said risk sentiment remains jittery and to an extent, messy. **Fears of trade war rising can quickly reverse sentiment. Trade war could pose risks to synchronised economic recovery and derail broad USD downtrend.** That said we expect broad USD downtrend to resume on unwinding of trade tensions. Our bias remains to sell USD on rally. DXY was last seen at 89.45 levels. Mild bullish momentum on daily chart is waning. Close below support at 89.60 (50% fibo retracement of Feb low to Mar high) puts next support at 89.28 (61.8% fibo), 88.88 (76.4% fibo) and 88.25 (2018 low). Area of resistance at 90.30 - 90.90 still hold. Week ahead brings CFNAI (Feb); Dallas Fed Mfg (Mar); Fed's Dudley, Mester speak on Mon; Fed's Quarles, Bostic to speak; Consumer Confidence (Mar); Richmond Fed Mfg (Mar) on Tue; GDP, core PCE (4Q); Pending Home Sales; Fed's Bostic to speak on Wed; PCE Core (Feb); Chicago Purchasing Manager (Mar); Uni of Michigan Sentiment (Mar); Fed's Harker to speak on Thu. US markets are closed on Fri for Good Friday holidays.
- **EURUSD - Quieter Week Ahead.** EUR firmed modestly. Price pattern showed a symmetrical triangle. Though there are instances where symmetrical triangles can signal a trend reversal, they tend to be associated with a continuation of current trend - in this case an uptrend. At this stage, it is hard to determine the direction of its next major move until a valid break-out happens - top side 1.2370; downside 1.2280. On broader term perspective, we remain constructive of EUR outlook but acknowledge that political uncertainty in Italy may pose downside pressures in the interim. Pair was last seen at 1.2365 levels. Mild bearish momentum showed signs of waning. Resistance at 1.2405 (61.8% fibo retracement of 2018 high to low), 1.2460 levels. Support at 1.2315, 1.2250 levels. Relatively quiet week ahead with Consumer confidence data on tap on Tue.
- **GBPUSD - Risk of pullback in the Near Term.** GBP drifted higher this morning amid renewed USD weakness. Pair was last seen at 1.4160 levels. Bullish momentum on daily chart remains intact though showing tentative signs of waning while stochastics is near overbought conditions. We do not rule out short term pullback from recent highs. Support at 1.41 (61.8% fibo), 1.4030 (50% fibo). Resistance at 1.42 (76.4% fibo retracement of 2018 high to Mar low) before 1.4345 (2018 high). Bias remains to buy on dips towards 1.4030-50. 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 Gibraltar while Ireland is still analysing UK's commitment on the Irish borders); (2) EU officials do not expect the sign-off to be a problem; (3) conciliatory tone from EU - Barnier (Chief Brexit negotiator for EU) said that "we have a much clearer position than we had last Dec" and whatever the outcome, there will be a Irish backstop solution. These are firmer signs of material progress with Brexit journey and should support the case for firmer GBP. Week ahead brings CBI Reported Sales (Mar) on Wed; M4 (Feb); Current Account, GDP (4Q) on Thu.

- **USDJPY - Bearish Bias.** USDJPY traded to a new 2018 low (not seen since Nov 2016) of 104.56 this morning on escalating trade war concerns. These concerns are being reflected in sell-off in global equities with the Nikkei 225 index down over 1% this morning. But news that suggested China and the US are in negotiation to improve US access to Chinese markets appears to have bolstered sentiments, allowing UST yields and the USD to bounce higher. Simmering beneath all the bluster over trade is the political scandal surrounding PM Abe. Recent polls show the support for the cabinet falling to 42% from 56%. Further slippage in support could undermine PM Abe and possibly see a challenge to his presidency of the LDP in Sep. Last seen at 104.98-levels, pair has lost most of its bullish momentum on the daily chart and stochastics is fast approaching oversold conditions. Weekly chart continues to indicate a bearish bias with stochastics still in oversold conditions. With a weekly close below the 105-levels signalling bearishness, next support is at 101 levels, though in the interim, the 103.80 levels should be supportive. Resistance at 106-levels (23.6% fibo retracement of the Feb high to Mar low) ahead of 106.90 levels (38.2% fibo). Week ahead has retail sales (Feb) on Thu; jobless rate, industrial production, housing starts (Feb) on Fri. Note that BOJ Governor Kuroda will appear in Parliament in the afternoon.
- **NZDUSD - Upside Pressure Re-emerging.** Kiwi firmed on better than expected trade surplus (expectation was for trade deficit) amid broad USD weakness as trade tensions unwound slightly. We shared in FX Weekly last Fri that upside pressure is re-emerging. Price action shows an interim bottom for Kiwi around 0.7180 levels. Bearish momentum on daily chart shows tentative signs of waning while stochastics shows signs of turning. Upside pressure could take over. Resistance at 0.7250 (50% fibo of Mar high to low) before 0.7290-0.7310 area of resistance. Week ahead brings Business outlook, confidence (Mar) on Wed; Building Permits (Feb) on Thu. RBNZ Adrian Orr assumes role of RBNZ Governor on Tue. This morning, Finance Minister Grant Robertson and incoming RBNZ Governor Orr signed a new Policy Targets Agreement (PTA) to include targeting maximum employment (no numerical target) and keeping inflation in a 1-3% range on average over the medium term. RBNZ inflation targeting regime has long included employment and output variability in its deliberations on interest rate decision and the recent change in PTA is to make it explicit account for transparency. Another confirmation of a change in monetary policy voting/decision will come in 2019 where a Monetary Policy Committee of about 5 to 7 members will vote on rate decision (current model is where Governor is solely responsible for rate decision).

- **AUDUSD - Trade War Fears Simmering.** This pair remains heavy even with the small recovery seen on the tick charts this morning, last printed 0.7715. Recently announced trade sanctions Japan and Taiwan on China could escalate the trade war that is brewing with the US and China as main protagonists in the story. Even though Friday looks a little like a doji candle-stick, price actions in the past few sessions suggest that bias is still to the downside towards the 0.76-figure. This particular level is still within the upward sloping trend channel, coinciding with the 100-DMA as well. 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 also bearish. Rebounds to meet 200-DMA at 0.78-figure. 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. Relatively quiet week with long week from 30 Mar to 2 Apr due to Easter Weekend.

- **USDCAD - Risks to the Downside.** The 21-DMA is broken and downsides are attractive. Last Fri saw this pair move sharply lower after Feb CPI surprised to the upside with a print of 0.6%m/m (non s.adj), albeit still mildly decelerating from the previous 0.7%. Core accelerated to 1.9%/y/y from 1.8% while headline picked up pace to 2.2%/y/y from 1.7%. Momentum indicators are accelerating south. USDCAD was last seen at 1.2875. We had said it is only a matter of time before the pair makes a decisive break below the current support (21-DMA) and the pair head towards 1.27. CAD had been underpinned by a report that the US is prepared to drop a contentious requirement for auto content at the NAFTA talks. With Trump’s focus turning towards China and an increasing need for allies that is required by the US in this trade war, this gives a sense of relief for Canada. Eyes are on the 1.2650-1.2700 area where most of the SMA (50,100,200) are meeting on the daily chart. Fundamentally, 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. This week has Jan GDP on Thu.

Asia ex Japan Currencies

- **SGD trades around 0.79% above the implied mid-point of 1.3228.** We estimate the top at 1.2965 and the floor at 1.3490.
- **USDSGD - *Awaiting Break-Out Play.*** USDSGD move lower on Fri extended into the new Asian trading week amid market paring of long-USD positions against the AXJs. Inflation print for Feb showed core inflation (headline inflation less accommodation& private transport) edging higher to 1.7% y/y (vs. Jan: +1.4%), while headline inflation rose to 0.5% y/y compared to zero in Jan. With core inflation likely to creep higher in 2018, underpinned by wage pressures, public transport fare hikes and airport fee increases. This continues to underlie our expectations that MAS will normalise and shift to a 'slight appreciation bias' at its Apr meeting. Market expectations of such a move should keep the SGD supported going into the Apr meeting. Trade war concerns weighed on UST yields, pushing the 3-month SOR lower by 34 pips to 1.52%. Continued softness in UST yields in the week ahead should continue to weigh on the 3-month SOR. Pair's attempt to break higher has been capped by the downward sloping trend-line resistance on 5 occasions. A clean break above the trend-line resistance could see a sharp squeeze towards 1.3280 levels (38.2% fibo retracement of the Oct 2017 high to 2018 low), 1.3660 (50% fibo). A break below though could see support around 1.3010 levels (2018 low). Last seen around 1.3130 levels. Daily chart show no strong bias in either direction. Weekly chart though suggests some tentative upside risks. Note that a symmetrical triangle has formed - usually signaling a trend reversal, typically associated with a continuation of current trend - here a downtrend. At this stage, it is hard to determine the direction of its next major move until a valid break-out happens. Resistance at 1.3175 (downward sloping trend-line resistance). Support at 1.3100-levels (upward sloping trend-line support). Quiet week ahead with just industrial production (Feb) on tap Mon. **Note that onshore markets are closed this Fri for a public holiday.**
- **AUDSGD - *Pressuring Downside.*** AUDSGD is still pressed against the 1.0120-support, last seen at 1.0140. Bearish momentum is still intact but like the AUDUSD pair, we are also wary of bullish divergence with the third lower trough of price action poised to be formed soon. Prefer to buy on dips 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 - *Bias to Fade.*** SGDMYR was last seen at 2.9770 levels. Mild bullish momentum shows signs of waning while stochastics is showing signs of turning lower. These suggest 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 2.9720 (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 - Potential Downside Pressure.** USDMYR was last seen at 3.9080 levels. Mild bullish momentum on daily chart seems intact though showing tentative signs of waning while stochastics also shows tentative signs of turning from overbought conditions. Pair may head lower. Support at 3.90 (upward sloping trend-line support, 3.8660 (previous low). Resistance at 3.9180 (50 DMA), 3.9510 levels (38.2% fibo retracement of Jan high to 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 - Temporary Relief as Trade Tensions Ease.** 1m USDKRW eased after WSJ reported that US and China are quietly negotiating to improve US access to Chinese markets. This could imply there are possible conciliatory efforts from both sides rather than tit-for-tat (stance typically associated with trade war). Pair was last seen at 1078 levels. Daily momentum and stochastics indicators are bullish bias. Resistance at 1079 (100 DMA), 1082, 1088 levels. Support at 1072 (50 DMA). Suggest range-bound play of 1072 - 1082 intra-day.

- **USDCNH - Trade War Brewing - A Breakthrough In Sight?** USDCNH slipped within the 6.28-6.35 range, last seen around 6.3120. *China just announced Guo Shuqing as PBoC Secretary. This puts him above Yi Gang as PBoC Governor and limits the autonomy room that Yi Gang has over monetary policy and financial reforms even as the central bank has taken over some functions of the CIRC and CBRC. Guo Shuqing was the CRBC Chief and was a key personnel in reducing shadow financing and had a tight grip on the interbank lending market. Guo Shuqing is more likely to be more focused on the banking reforms, continuing his previous endeavours on risk mitigation. On the other hand, Yi Gang will focus on the monetary policy and perhaps improving the monetary policy transmission via the plethora of tools that his predecessor had created.* Focus is on the trade war brewing with the US with the WSJ reporting that the two countries have been in quiet negotiations on improving US access to Chinese markets. This comes amid talks of Taiwan cutting metal imports from China and Japan may also intend to impose tariffs on carbon steel-welded joings from China and South Korea. Trade war could be escalating with such measures in the region but

it may just take a successful trade agreement between the US and China to put a stop to this. US Treasurer Mnuchin said he is “cautiously optimistic” that China trade deal can be reached. This could mean a breakthrough in sight for the dramatic saga thus far. PBoC fixed the USDCNY reference rate at **6.3193**, **79 pips** lower than the previous **6.3272**. CNYMYR was fixed at **0.6197**, **13 pips** higher than **0.6184**. EURCNY was fixed **10 pips** lower at **7.8136** vs. the previous at **7.7975**. *Yuan oil futures start trading in Shanghai today*. Week ahead has 4Q current account on Thu, PMI-mfg and non- mfg on Fri.

- **1M USDINR NDF - Double Top.** 1M hovered around 65.35, softening in tandem with the USD. There is a mild double top formed at around 65.60. We are also 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. Last seen around 65.35, the pair is testing the 21-DMA thereabouts and could head towards 65.10 (61.8% retracement of the Sep-Jan rally). Break of the 65.10 figure could open the way towards 64.70 before 64.00. **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\$11.1mn of equities on Thu (22 Mar) and sold U\$135.9mn of bonds. **We see opportunity to short the pair at the break of 65.10 towards 64.45. Stoploss at 65.50.** Week ahead has no tier-one data. In news, Commerce and Industry Minister Suresh prabhu had urged for a FTA with Africa over the weekend. He had said that the bilateral trade is around USD53bn, “far below potential” (Economic Times). Mood at home remain jittery over external developments with the industry body ASSOCHAM warning that “full scale global trade war” will damage the economy. Separately, a parliamentary panel urged the government to devise a “concrete action plan” to recover tax arrears estimated to have reached INR115mn.
- **1m USDIDR NDF - Sideways.** 1m USDIDR NDF briefly touched a new 2018 high on Fri at 13876 amid concerns that the trade dispute between China and the US could escalate. Since then, reduction in long-USD positions against the AXJs is weighing on the 1m NDF. Also supportive of the IDR is BI’s intervention in the markets since Fri morning (confirmed by BI’s executive director for monetary management Doddy Zulverdi) to smooth out IDR volatility and maintain confidence. Risk appetite saw improvement last week with foreign investors purchasing USD404.3mn in debt on 19-22 Mar (latest data available) even as they sold USD272.7mn in equities last week. Further improvement in risk appetite this week could see positive net foreign portfolio inflows into Indonesian assets, supportive of the IDR. Last seen around 13796-levels. Momentum is still to the downside on the daily chart. Weekly chart continues to show bullish bias. Look for the pair to trade sideways within its current trading range of 13730-13876 in the absence of fresh catalysts. JISDOR was fixed at 13780 on Fri, 43 pips higher than last Thu’s fixing. Quiet week ahead with just Nikkei PMI mfg CPI (Jan) on Thu. **Note that onshore markets are closed this Fri for a public holiday.**

- **1m USDPHP NDF - Limited Downside.** 1m USDPHP NDF traded softer amid the paring of long-USD positions against the AXJs. Downside price action though appears limited as weak risk appetite for Philippines equities continue to weigh on the PHP. This was reflected in the sell-off of USD123mn in equities by foreign investors last week. Further sell-off in equities in the week ahead should weigh further on the PHP and limit the 1m NDF's move lower. Last seen around 52.49-levels, pair has lost most of its bearish momentum on the daily chart, while stochastics is fast approaching overbought conditions. Weekly chart remains bullish bias and stochastics in overbought conditions. Support remains at 52.30. Resistance at 52.70 levels (2018 high) ahead of the 53-handle. There are no Tier 1 data on tap this week. **Note that onshore markets are closed this Thu and Fri for public holidays.**

- **USDTHB - Foreign Inflows Into Debt Weighs.** USDTHB has almost given up all of its gains from 22 Mar, helped by improving risk sentiments that saw strong net foreign portfolio inflows. Foreign investors had purchased USD935.9mn in debt even as they sold off USD120.6mn in equities. Further net foreign portfolio inflows should keep the THB supported and put further downside pressure on the pair. Key risk event ahead is BoT meeting on Wed where the status quo is expected to be maintained given inflationary pressures remain muted. Last seen around 31.171-levels, pair still shows no clear directional bias on the daily and weekly charts. Stochastics on the daily chart is climbing higher, while that on the weekly chart remains in oversold conditions. Support is at 31.090 (2018 low). Resistance at 31.290 levels (23.6% fibo retracement of the Feb-Mar downswing, 21DMA). Week ahead has BoT meeting on Wed; trade, current account (Feb), foreign reserves (23 Mar) on Fri.

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH2/21	3.40	3.40	Unchanged
5YR MI3/22	3.54	3.55	+1
7YR MK3/25	3.83	3.83	Unchanged
10YR MO11/27	3.94	3.92	-2
15YR MX4/33	4.42	*4.43/40	Not traded
20YR MX4/37	4.54	*4.56/53	Not traded
30YR MZ3/46	4.82	*4.83/78	Not traded
IRS			
6-months	3.71	3.71	-
9-months	3.73	3.73	-
1-year	3.75	3.75	-
3-year	3.81	3.79	-2
5-year	3.86	3.85	-1
7-year	3.98	3.96	-2
10-year	4.10	4.09	-1

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Source: Maybank KE

*Indicative levels

- Lackluster session for MYR govies with limited trading volume, mostly concentrated on Islamic Gills. The 15y GII 6/33 had the highest amount of trades for the day. Market players were largely on the sidelines amid increased global volatility as US-China trade war concerns heightened. Ringgit held firm moving rangebound against the USD despite risk off sentiment.
- Downward momentum continued as MYR IRS curve opened lower, and market saw plenty of activity with good two-way flows. Trades dealt include 1y IRS at 3.75%, 2y at 3.76-77%, 3y at 3.78% and 5y at 3.84%, all in decent sizes and reckoned for trading and flows. Tail end of the IRS curve came off more, flattening the curve slightly. 3M KLIBOR same at 3.69%.
- For corporate bonds, real money investors were interested in AAA-rated Danga 2033, which traded 2bps tighter, while rest of the curve was unchanged. AA curve largely muted other than some light buying of short end bonds, while GGs saw better selling at the ultra-long end with 30y Danainfra trading about 1bp wider.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.89	1.88	-1
5YR	2.15	2.13	-2
10YR	2.39	2.36	-3
15YR	2.69	2.66	-3
20YR	2.74	2.71	-3
30YR	2.89	2.86	-3

Source: Maybank KE

- SGD rates opened lower tracking stronger UST due to US-China trade war fears. SGD IRS curve opened flatter, marked down by 3-5bps. SGS, however, had some profit taking interest, notably in the 30y benchmark. Later in the afternoon, SGS was a stronger footing driven by firmer UST futures and lower funding costs. There was buying interest in 10y SGS benchmark and the 30y saw defensive play. Overall, SGS yield curve flattened and lowered 1-3bps, the same for SGD IRS curve. Swap spreads widened slightly as funding levels eased.
- Asian credit space was quiet amid trade war and tariff headlines as risk off sentiment reduced activity and sent UST yields lower. Sovereign bonds traded 0.5pt down, while IG spreads widened 2-5bps with light trading volume across the curves. Tech credits were relatively more active as new Bidu and Lenovo bonds dealt wider, with more selling interest in Lenovo.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	5.61	5.68	(0.55)
5YR	5.93	5.98	0.02
10YR	6.71	6.87	(2.67)
15YR	6.97	6.97	4.51
20YR	7.33	7.41	0.71
30YR	7.38	7.38	(0.01)

* Source: Maybank Indonesia

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- Indonesia bond market closed with a daily loss on Friday trading session amid trade war concern between U.S. and China. More information about the list of China products which will be imposed by additional U.S. imports tariff would give us a clearer view on how the trade war would impact Indonesia's exports to China. However, Indonesia Planning Minister raised concern on a widening Indonesia trade deficit with China as he sees an increasing China products import to the country as a result of the trade war. During the day, Indonesia Central Bank presence in the FX market was noticed as they remain guarding and stabilizing the local currency against USD on Friday. Price of Peralite (non-subsidize fuel) was increased by Rp200/L during the weekend which may result in a slight additional cost-push inflation. Sales proportion of this fuel series continue to hike since its introduction. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 5.977%, 6.871%, 6.974% and 7.407% while 2y yield moved higher to 5.682%. During the day, FR0064 (10y benchmark series) yield increase the most by 17bps while FR0065 (15y benchmark series) yield increased the least by 1bps. 15y20y G-Spread is the widest on YTD basis currently (15y20y current spread: 43bps). Trading volume at secondary market was noted moderate at government segments amounting Rp11,688b with FR0064 (10y benchmark series) as the most tradable bond. FR0064 total trading volume amounting Rp1,225b with 68x transaction frequency.
- Foreign ownership stood at Rp843.5t or 39.0% of total tradable government bond as of Mar 22nd. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp1.0t from begin month of Mar 18. Foreigner seen purchasing since mid Mar.
- Corporate bond traded moderate amounting Rp700b. PPGD03ACN2 (Shelf Registration III Pegadaian Phase II Year 2018; A serial bond; Rating: _{id}AAA) was the top actively traded corporate bond with total trading volume amounted Rp88b yielding 5.799%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.2414	105.65	0.7767	1.4217	6.3560	0.7308	130.4733	81.8283
R1	1.2384	105.19	0.7733	1.4174	6.3346	0.7270	129.9367	81.2257
Current	1.2362	104.80	0.7718	1.4154	6.3074	0.7248	129.5500	80.8770
S1	1.2312	104.46	0.7676	1.4087	6.2993	0.7199	128.9067	80.2607
S2	1.2270	104.19	0.7653	1.4043	6.2854	0.7166	128.4133	79.8983

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3197	n/a	13815	52.4383	31.3850	1.6312	0.6242	2.9873
R1	1.3174	n/a	13798	52.3917	31.2940	1.6280	0.6223	2.9836
Current	1.3143	3.9185	13783	52.3600	31.1940	1.6246	0.6210	2.9819
S1	1.3127	n/a	13764	52.2917	31.1380	1.6203	0.6168	2.9745
S2	1.3103	n/a	13747	52.2383	31.0730	1.6158	0.6132	2.9691

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

Equity Indices and Key Commodities

	Value	% Change
Dow	23,533.20	-1.77
Nasdaq	6,992.67	-2.43
Nikkei 225	20,617.86	-4.51
FTSE	6,921.94	-0.44
Australia ASX 200	5,820.73	-1.96
Singapore Straits Times	3,421.39	-2.00
Kuala Lumpur Composite	1,865.22	-0.62
Jakarta Composite	6,210.70	-0.69
Philippines Composite	7,970.80	-1.89
Taiwan TAIEX	10,823.33	-1.66
Korea KOSPI	2,416.76	-3.18
Shanghai Comp Index	3,152.76	-3.39
Hong Kong Hang Seng	30,309.29	-2.45
India Sensex	32,596.54	-1.24
Nymex Crude Oil WTI	65.88	2.46
Comex Gold	1,355.70	1.69
Reuters CRB Index	196.26	0.53
MBB KL	10.50	-0.38

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.4348	Apr-18	Neutral
BNM O/N Policy Rate	3.25	10/5/2018	Neutral
BI 7-Day Reverse Repo Rate	4.25	19/4/2018	Neutral
BOT 1-Day Repo	1.50	28/3/2018	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
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	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	3/4/2018	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	18/4/2018	Tightening

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 5/2011 3.580% 28.09.2018	3.580%	28-Sep-18	2	3.075	3.075	3.075
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	17	3.18	3.205	3.18
MGS 4/2014 3.654% 31.10.2019	3.654%	31-Oct-19	79	3.283	3.295	3.276
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	1	3.293	3.293	3.293
MGS 6/2012 3.492% 31.03.2020	3.492%	31-Mar-20	67	3.38	3.38	3.38
MGS 5/2017 3.441% 15.02.2021	3.441%	15-Feb-21	3	3.402	3.402	3.402
MGS 3/2014 4.048% 30.09.2021	4.048%	30-Sep-21	1	3.547	3.547	3.547
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	56	3.429	3.467	3.429
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	7	3.546	3.546	3.546
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	2	3.691	3.691	3.691
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	11	3.698	3.698	3.683
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	1	3.768	3.777	3.768
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	30	3.874	3.874	3.874
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	12	3.875	3.887	3.875
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	80	3.823	3.829	3.823
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	11	3.955	3.955	3.955
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	43	4.032	4.054	4.032
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	1	3.996	3.996	3.996
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	39	3.917	3.939	3.917
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	1	4.337	4.337	4.337
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	120	4.788	4.814	4.788
GII MURABAHAAH 5/2015 3.508% 15.05.2018	3.508%	15-May-18	10	3.171	3.171	3.171
PROFIT-BASED GII 1/2011 30.08.2018	3.872%	30-Aug-18	8	3.249	3.249	3.249
PROFIT-BASED GII 3/2013 30.11.2018	3.399%	30-Nov-18	5	3.298	3.298	3.298
GII MURABAHAAH 7/2013 30.04.2019	3.558%	30-Apr-19	100	3.364	3.364	3.359
GII MURABAHAAH 6/2013 23.03.2021	3.716%	23-Mar-21	5	3.752	3.752	3.752
GII MURABAHAAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	234	3.832	3.837	3.827
GII MURABAHAAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	1	3.976	3.976	3.976
GII MURABAHAAH 8/2013 22.05.2024	4.444%	22-May-24	70	4.091	4.092	4.091
GII MURABAHAAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	112	4.144	4.147	4.135
GII MURABAHAAH 6/2017 4.724% 15.06.2033	4.724%	15-Jun-33	510	4.576	4.576	4.543
GII MURABAHAAH 4/2017 4.895% 08.05.2047	4.895%	8-May-47	170	4.927	4.927	4.927
Total			1,808			

Sources: BPAM

MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
PASB IMTN (GG) 4.16% 07.02.2019 - Issue No. 13	GG	4.160%	7-Feb-19	175	3.736	3.736	3.736
PRASARANA IMTN 4.08% 12.03.2019 - Tranche 1	GG	4.080%	12-Mar-19	240	3.736	3.736	3.736
KHAZANAH 0% 20.03.2019	GG	0.000%	20-Mar-19	120	3.757	3.757	3.757
PASB IMTN (GG) 4.06% 07.06.2019 - Issue No. 16	GG	4.060%	7-Jun-19	125	3.793	3.793	3.793
PASB IMTN (GG) 4.15% 17.06.2019 - Issue No. 11	GG	4.150%	17-Jun-19	90	3.796	3.796	3.796
PASB IMTN (GG) 4.28% 28.09.2020 - Issue No. 20	GG	4.280%	28-Sep-20	50	3.902	3.902	3.9
DANAINFRA IMTN 4.850% 03.05.2041 - Tranche No 47	GG	4.850%	3-May-41	70	5.131	5.131	5.129
DANAINFRA IMTN 5.250% 24.05.2047 - Tranche No 67	GG	5.250%	24-May-47	10	5.301	5.301	5.3
RANTAU IMTN 0% 28.08.2019 - Tranche No 7	AAA (S)	4.140%	28-Aug-19	10	4.029	4.029	4.029
ALDZAHAB ABS-IMTN 11.09.2020(CLASS A TRANCHE 4 C1)	AAA	4.930%	11-Sep-20	5	4.655	4.655	4.655
NBAD 4.9% 28.12.2020	AAA	4.900%	28-Dec-20	10	4.273	4.273	4.273
CAGAMAS IMTN 4.170% 23.03.2021	AAA	4.170%	23-Mar-21	145	4.17	4.17	4.17
BPMB MTN 5477D 23.4.2021-MTN 2	AAA	6.300%	23-Apr-21	50	4.368	4.46	4.368
PLUS BERHAD IMTN 4.400% 12.01.2022 - Series 1 (6)	AAA IS	4.400%	12-Jan-22	10	4.26	4.26	4.26
ALDZAHAB ABS-IMTN 09.09.2022(CLASS A TRANCHE 4 C1)	AAA	5.100%	9-Sep-22	10	4.777	4.799	4.777
EKVE IMTN 5.650% 29.01.2030	AAA (BG)	5.650%	29-Jan-30	10	4.889	4.9	4.889
WCE IMTN 5.130% 28.08.2030	AAA (FC)	5.130%	28-Aug-30	10	4.959	4.97	4.959
EKVE IMTN 5.750% 29.01.2031	AAA (BG)	5.750%	29-Jan-31	10	4.93	4.941	4.93
RANTAU IMTN 0% 12.05.2031 - MTN 5	AAA (S)	5.050%	12-May-31	10	4.834	4.841	4.834
EKVE IMTN 5.850% 29.01.2032	AAA (BG)	5.850%	29-Jan-32	10	4.97	4.981	4.97
DANGA IMTN 5.020% 21.09.2033 - Tranche 9	AAA (S)	5.020%	21-Sep-33	20	4.959	4.959	4.959
TENAGA IMTN 03.08.2037	AAA	5.180%	3-Aug-37	140	5.07	5.076	5.07
MBSB (SCSM) IMTN 4.560% 24.12.2019	AA1	4.560%	24-Dec-19	10	4.466	4.478	4.466
TMSB Senior Sukuk Murabahah 23.10.2031(Tranche 10)	AA1	5.400%	23-Oct-31	10	5.053	5.054	5.053
TMSB Senior Sukuk Murabahah 22.10.2032(Tranche 11)	AA1	5.500%	22-Oct-32	5	5.101	5.101	5.101
BUMITAMA IMTN 5.25% 18.03.2019	AA3	5.250%	18-Mar-19	20	4.444	4.454	4.444
WCT IMTN 5.170% 23.10.2023	AA- IS	5.170%	23-Oct-23	5	5.251	5.251	5.251
MMC CORP IMTN 5.700% 24.03.2028	AA- IS	5.700%	24-Mar-28	10	5.7	5.7	5.7
LDF3 IMTN 5.950% 23.08.2034	AA- IS	5.950%	23-Aug-34	30	5.218	5.221	5.218
LDF3 IMTN 6.330% 23.08.2038	AA- IS	6.330%	23-Aug-38	20	5.491	5.492	5.491
ECO BOTANIC MTN 1096D 23.3.2021 S1	NR(LT)	6.400%	23-Mar-21	50	6.4	6.4	6.4
MAH SING 6.800% UNRATED PERPETUAL SUKUK MUSHARAKAH	NR(LT)	6.800%	29-Mar-15	36	6.74	6.746	6.74
Total				1,526			

Sources: BPAM

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