

# Global Markets Daily

## The RMB Rally

### USD Broadly Sold

USD was sold sharply against the CNY when PBoC announced the resumption of the counter-cyclical adjustment factor. USDCNH dropped like a rock from near-6.90 levels earlier on Fri to end the week at 6.8009. USDCNY maintained around 100pips premium to the USDCNH, at 6.8105. Elsewhere Fed Powell assured that inflation will remain around their target of 2% and “there does not seem to be an elevated risk of overheating”. Among the G10 currencies, AUD strengthened the most against the greenback, vulnerable to further short squeeze given the fact that its net short contract position is still near its highest since 2015. Watch for further USD softening and RMB to strengthen even more - a snap-back from the 6% depreciation against the USD that the CNH and CNY have seen in the past 3 months

### Yuan to Strengthen Against the Basket

CNY has depreciated 5.3% against the basket from its highs earlier this year. We had suspected that the yuan has likely bottomed against the CFETS-weighted basket a few weeks ago and the introduction of the counter-cyclical adjustment factor further reinforces our view. The first time the counter-cyclical adjustment factor was introduced (on 26 May 2017), CNY bottomed against the basket and appreciated around 3% from there. A 38.2% retracement of the move down since earlier this year could lift the CFETS RMB index to around 94.66. The RMB could act an anchor, or even a boost for most Asian FX. As such, we anticipate CNY to strengthen more against G10 currencies in an environment of USD strength. SGDCNH was last seen under the 21-dma and could head towards 4.9190 next.

### Key Data/Events We Watch

Some of the key events to focus on next week include China industrial profits; US Dallas fed manufacturing activity, final day of the USTR public hearing and CFNAI on Mon. For Tue, US consumer confidence; ECB's Praet speaks. For Wed, US 2Q GDP. For Thu, US PCE core, personal income and spending; EU consumer confidence; AU private capex; NZ activity outlook; JP retail sales. For Fri, US Chicago PMI; EU CPI estimate and unemployment rate; NZ consumer confidence; JP jobless rate and IP; China PMI; Singapore credit card bad debt data, BOK meeting.

FX: Overnight Closing Prices					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1622	↑ 0.71	USD/SGD	1.3656	↓ -0.57
GBP/USD	1.2846	↑ 0.27	EUR/SGD	1.587	↑ 0.14
AUD/USD	0.7329	↑ 1.12	JPY/SGD	1.2271	↓ -0.61
NZD/USD	0.667	↑ 0.50	GBP/SGD	1.7539	↓ -0.31
USD/JPY	111.24	↓ -0.04	AUD/SGD	1	↑ 0.46
EUR/JPY	129.29	↑ 0.66	NZD/SGD	0.9119	↑ 0.01
USD/CHF	0.9835	↓ -0.27	CHF/SGD	1.3885	↓ -0.32
USD/CAD	1.3026	↓ -0.43	CAD/SGD	1.0481	↓ -0.19
USD/MYR	4.1085	↑ 0.09	SGD/MYR	2.9977	↑ 0.05
USD/THB	32.641	↓ -0.71	SGD/IDR	10677.68	↓ -0.01
USD/IDR	14649	↑ 0.08	SGD/PHP	38.9651	↓ -0.16
USD/PHP	53.43	↓ -0.08	SGD/CNY	4.9872	↓ -0.52

### Implied USD/SGD Estimates @ 27-Aug-18, 9.00AM

Upper Band Limit	Mid-Point	Lower Band Limit
1.3517	1.3789	1.4062

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### G7: Events & Market Closure

Date	Ctry	Event
27 Aug	US	Public hearing on tariff on \$200bn of China goods (final)
27 Aug	UK	Market Closure

### AXJ: Events & Market Closure

Date	Ctry	Event
27 Aug	PH	Market Closure
31 Aug	SK	BOK Meeting

## G7 Currencies

- **DXY Index - 95 Needs to Go for Losses to Accelerate.** USD turned lower post-Powell's speech at Jackson Hole last Fri. He said there is no clear sign of inflation accelerating above 2%... gradual hikes likely appropriate if growth stays strong... there doesn't seem to be elevated risks of overheating. **His comments reassured markets that gradual pace of tightening remains the appropriate policy stance for now** and there was no mention of a step up in the pace of normalisation. **Risk assets including equities, oil prices rose while most high-beta (risk-on) FX proxy such as AUD, EUR, AXJs rallied at the expense of a falling USD and JPY. This was largely in line with our call in the [FX Weekly \(sent last Fri\)](#).** To add, news confirming China re-introducing counter-cyclical adjustment factor in its daily fixing added to the recovery in CNH and other AXJs while USD faltered. That said we think some cautiousness is still warranted with US public hearing on China import tariffs entering its final day in Washington tonight, we are watchful for any negative headlines that may suggest any re-escalation in trade war tensions as that could derail sentiment and is supportive of the USD. Elsewhere the going mix of geopolitical tension (US and Turkey), lingering concerns of trade war (between US and China), US data outperformance and Fed's hawkish rhetoric are still generally supportive of USD but any fall out of the abovementioned variables could see USD drift lower. **In particular we wish to point out that recent US data has already shown signs of deceleration in momentum - Industrial production, Philly Fed, housing starts, uni. Of Michigan sentiment, existing home sales and preliminary PMIs.** DXY was last seen at 95.10 levels. On the weekly chart, bullish momentum is showing signs of waning while stochastics is in overbought conditions. Price pattern shows an evening star (bearish reversal setup) in play. On the daily chart, bias is mild bearish while stochastics is falling. Key support at 95 levels (50 DMA). Need a decisive break below this to open room for further downside towards 94.60 (61.8% fibo retracement of Jun low to Aug high), 94 levels (76.4% fibo). Resistance at 96 (23.6% fibo), 97 levels (near recent highs). Focus for the week on CFNAI (Jul); Dallas Fed Manf. Activity (Aug) on Mon; Consumer confidence, Richmond Fed Mfg (Aug) on Tue; GDP, core PCE (2Q S); pending home sales (Jul) on Wed; Personal income, spending, PCE Core (Jul) on Thu; Chicago PMI, Uni. Of Michigan Sentiment (Aug) on Fri.
- **EURUSD - Mild Bullish but Italy Budget Concerns Warrant Caution.** EUR traded firmer into NY close last Fri. Powell's speech at Jackson Hole last Fri was largely in line with his recent hawkish rhetoric but he did not signal a shift towards a faster pace of tightening and largely stick to the script to stay the gradual path of tightening course. Risk assets enjoyed a relief rally with USD on the back foot while EUR extended its recovery above 1.16-handle. Still there are concerns over Italy's budget plans and this may affect the EUR's recovery. Possibly as early as this week or next week, there could be further details as Italy coalition government is expected to present economic and financial plans in the lead up to the finalisation of its financial targets by end-Sep before submitting the

draft budget to EU for review by 15 Oct. Negative headlines here may weigh on sentiment, bond prices and the EUR. Pair was last seen at 1.1630 levels. Mild bullish bias intact but stochastics is entering into overbought conditions. Resistance at 1.1650 before 1.1710 (38.2% fibo retracement of 2017 low to 2018 high). A clean break above 1.17-handle is required for further upside to gather momentum. Support at 1.1540 (21 DMA), 1.1510 levels. Focus for the week on ECB's Praet speaks on Tue; Consumer Confidence (Aug) on Thu; Unemployment rate (Jul); CPI estimate (Aug) on Fri.

- **GBPUSD - *Cautious Rebound.*** GBP retraced early of last week's gains into the close amid brexit uncertainty. Warning from EU that the withdrawal of the UK is going to lead to disruption regardless if with a deal or without a deal reignited fears of hard brexit. In addition, UK government also shared that UK citizens in EU may lose access to existing lending, deposit services, life insurance and pension in a no-deal scenario for financial services. That said, UK brexit secretary Raab said the UK and EU have reached agreement on about 80% of issues relating to Brexit. And some of the issues unresolved are Irish border issue. He insisted that he was "still confident" of reaching an issue with the EU ahead of brexit departure on 29th Mar 2019 and said that the failure of talks was unlikely. At home, Prime Minister could also face leadership challenges from within. Brexiters are still working on the blue print which will allow for possible Canadian-style free trade agreement but only if EU backs down on demands over Irish Border. The paper is expected to be published in coming weeks and is expected to have support of 60 to 80 Conservative MPs. Negative headlines on Brexit is still a source of volatility for GBP. Pair was last seen at 1.2850 levels. Bearish momentum on weekly chart remains intact but shows tentative signs of waning while stochastics is in oversold conditions. Key resistance at 1.2880 (21 DMA). Need a break above this for further upside to gather momentum. Falling wedge pattern appears to be forming - typically associated with bullish reversal. We watch further price action for confirmation. Rebound can target 1.29, 1.3060 levels. Support at 1.28, 1.27 levels. Focus for the week on M4 (Jul) on Thu; GfK Consumer confidence, Nationwide house price (Aug) on Fri.

- **USDJPY - *Near-Term Bullish Bias Intact.*** After slipping lower at the beginning of last week, USDJPY traded to the upside towards the end of the week amid USD strength. Expectations that PM Abe will win the presidency of the ruling LDP to remain PM and continue with the 3 Arrows of Abenomics was also be supportive of the pair. This comes amid polls showing the approval for the Japanese cabinet on the uptick (Yomiuri Poll - 50%; Nikkei Poll - 48%). Since then, a pullback in the USD is weighing on the pair. Still downside could be limit should yield differentials between 10Y UST and JGB bonds continue to widen. Already, 10Y UST yield climbed back above the 2.82% levels while 10Y JGB hovers around the 0.1% levels, widening the yield differentials between the two. Last seen around 111.20-levels. Bullish bias on the daily chart remains intact and stochastics is on the rises. Bullish bias on the weekly chart remains intact but waning, while stochastics continues to fall from overbought

conditions. Support is around 111.05-levels (21, 50DMAs), 110.50-levels. Resistance is around 111.90-levels, 112.70-levels. Focus in the week ahead is on BOJ Suzuki speaks (Nah) on Wed; retail sales (Jul) on Thu; jobless rate, industrial production, housing starts (Jul) on Fri.

- **NZDUSD - *Mild Rebound Risks***. NZD firmed amid broad USD softness following Powell's comments last Fri at Jackson Hole. Pair was last seen at 0.6690 levels. Mild bullish bias intact while bearish momentum on weekly chart shows tentative signs of waning. Mild rebound risks not ruled out. Resistance at 0.6710 (76.4% fibo retracement of Aug high to low), 0.6750 (50 DMA). Support at 0.6660, 0.6620 levels. Focus for the week on Building permits (Jul); Activity Outlook, Business Confidence (Aug) on Thu; Consumer Confidence (Aug) on Fri.
- **AUDUSD - *Bounce to extend, Bullish Divergence***. AUDUSD extended its gains after the leadership crisis is resolved (for now) with the swearing in of Scott Morrison and amid RMB strength and broad USD weakness. Last seen at 0.7340. This is in line with our call for AUD to head towards the resistance at 0.7360, before 0.7390 and then at 0.7410. Break there would violate the downward sloping trend channel that had started almost in tandem with the beginnings of the trade war. The US-China trade talks ended with no concrete breakthrough. The introduction of the CCAF (counter-cyclical adjustment factor) could be seen as a gesture of goodwill as US trade representative office conducts the final day of the public hearing and could decide on imposing tariffs on another U\$200bn of Chinese imports. We look for some constructive progress in the next few weeks and while rebounds in the Asian (plus antipodean) FX leaves them vulnerable to the development of the US-China trade talks, the bottom seems to have been established for respective pairs vs. the USD. 0.7350 marks the intra-day resistance. Week ahead has 2Q CAPEX on Thu, building approvals on the same day and private sector credit for Jul on Fri.
- **USDCAD - *A US-Mexico deal is close at hand, so is our 1.2990 target***. USDCAD came off sharply in tandem with most currencies vs. the USD, last seen around 1.3010, en-route towards our target of 1.2990. Increasing optimism over the US-Mexico trade deal also supports the CAD the optimism spills into the US-Canada trade talks. CAD strength was instead, crimped by Poloz who expects the recent acceleration in inflation to be reversed. That is in line with our view for no hike in Sep. Poloz further clarified that "our measures of core inflation, which extract all the noise from the data, are all around 2 percent, so very close to target". Week ahead has current account balance for 2Q on Wed. Jun GDP is due on Thu before industrial product price for Jul on Fri.

## Asia ex Japan Currencies

- **SGD trades around 1.05% above the implied mid-point of 1.3789 with the top estimated at 1.3517 and the floor at 1.4062.**
- **USDSGD - *Awaiting Confirmation Of Break Lower.*** USDSGD reversed gains to end last week lower back below the 1.37-levels amid a pullback in the USD. China's move to reinstate countercyclical measures in the yuan fixing that could reduce yuan volatility and serve as an anchor to the AXJs, allowing these currencies including the SGD to move higher. Still, simmering in the background though remains the potential spill-over effects of the Turkish crisis on emerging markets that appears to have calmed down for now. Focus is now on the USD200bn of Chinese goods that could come under US tariffs at the end of the month, which could weigh on sentiments as the Sino-US trade war escalates. Last seen around 1.3647-levels. Daily momentum indicators show very mild bearish bias, and stochastics falling towards overbought conditions. Support is around 1.3600 (38.2% fibo retracement of the 2017 high to 2018 low). A break below this level on a weekly close could see the pair headed towards the 1.349-levels (100DMA). Resistance around 1.3690-levels (21DMA), 1.3780-levels (50% fibo). No Tier 1 data on tap ahead.
- **AUDSGD - *Rebound remains a struggle.*** AUDSGD bounced above parity, last printed 1.0012. This cross struggles to gain traction as the factors that move AUD higher also move the SGD higher as well. This cross hardly dwells under parity for very long although momentum indicators are not compelling. We had spotted a bullish divergence but that could take time to pan out. Support at 0.9968 before 0.9840. Resistance is seen around 1.0090 (21-wma). We had written of another driver for AUD weakness against the SGD - the monetary policy divergence as the MAS had started to tighten quite a while ago while RBA remains on hold. Recovery could remain a struggle but we would like to retain our medium-term bullish bias.
- **SGDMYR - *Supported.*** SGDMYR rose amid SGD outperformance. Cross was last seen at 3.0030 levels. Bullish bias on daily chart remains intact while stochastics is rising into overbought conditions. Resistance at 3.0060 levels (upper bound of the bullish trend channel), 3.0165 (38.2% fibo retracement of 2017 high to 2018 low). Support at 2.9830 (23.6% fibo), 2.9720 (50 DMA).
- **USDMYR - *Pullback Risk.*** USDMYR eased amid broad USD softness. Pair was last seen at 4.10 levels. Daily indicators are not showing a clear bias for now. But on the weekly chart, bullish momentum remains intact while stochastics is in overbought conditions. This raises risk of retracement move lower. Support at 4.0950, 4.08. Resistance at 4.12, 4.15 levels.
- **1M USDKRW NDF - *BoK Meeting this Fri.*** We retain our view for BoK to keep policy rate on hold at 1.5% at the upcoming MPC meeting on 31st Aug amid signs of deceleration in growth momentum, worsening labor market conditions (slowest pace of job

growth in 8 years), inflation not picking up as fast as expected (still below 2% BoK's target) and ongoing trade war tension in US-China (pose downside risks to global growth). We do not rule out a 25bps hike in 4Q 2018 (possibly as early as in Oct) if demand-induced price pressures picks up pace. 1m USDKRW NDF was a touch softer this morning amid broad USD softness and supported risk sentiment (following Powell's speech last Fri). Pair was last seen at 1114 levels. Bearish bias remains intact while stochastics is falling. Further downside pressure possible. Key support at 1111 (38.2% fibo retracement of Jun low to Jul high). Break below key support targets 1102 levels (50% fibo). Resistance at 1120 (50 DMA). Suggest 1110 - 1118 range intra-day.

- **USDCNH - CCAF Not Strong But Lean Against Strength.** USDCNH swung sharply lower last Fri after PBoC announced that the counter cyclical adjustment factor is reinstated. The USDCNH dropped from near-6.90 levels to end the week at 6.80. This pair slipped under the 6.80-level before rebounding to levels around 6.8110 at last sight. Yuan bulls were discouraged by the USDCNY fixing this morning which came out to be lower, but not much lower than most forecasts. However, we anticipate that upticks in the pair are still opportunities to sell into. Subsequent support levels 6.8080 and then at 6.78. Resistance is seen around 6.90 before the 6.95-figure. Today is the last day of the USTR public hearing on the the next tranche of tariffs (another US\$200bn Chinese imports). We see a risk of delay in the implementation of the next round of tariff. **USDCNY reference rate at 6.8508, 202 pips lower than the previous 6.8710.** Week ahead has industrial profits, just out at 16.2%/y/y decelerating from previous 20.0%. PMI prints are out for Aug on Fri.
- **1M USDINR NDF - Trapped in Opposing Forces.** Just as USD softens, CNY weakens, brent received a risk-on boost as well as supply-side support that crimps on rupee gains against the USD. The rise in gold prices may not help with the current account deficit for India as that could balloon the gold import bill. That said, floods in some parts of India including Kerala may hamper buying momentum. Last seen around 70.20, this pair remains trapped in opposing forces and may not be able to break out of the recently established range of 69.50-71.15. Momentum lacks conviction as well. End of the week brings 2Q GDP. India has seen positive equity-related inflow pf around US\$59.3mn last Thu. Foreigners also bought US\$98.4mn of local debt on the same day.
- **1m USDIDR NDF - Familiar Ranges.** 1m USDIDR NDF traded lower within familiar ranges last week amid a softer USD tone. 1m NDF continues to trade within 14570-14825 range for the past week or so. At the same time, China's move to reinstate countercyclical measures in the yuan fixing that could reduce yuan volatility and serve as an anchor to the AXJs, providing some relief for regional currencies like the IDR. Still month-end demand for USD could weigh on the IDR this week and keep the 1m NDF supported. Though the Turkish crisis appears to have eased for now, it continues to simmer in the background. Focus is now on the USD200bn of Chinese goods that could come under US tariffs at the end of the month, which

could weigh on sentiments as the Sino-US trade war escalates. Expectations of further net foreign portfolio inflows though should weigh on the 1m NDF. Foreign investors had purchased USD6.6mn in equities last week, while they purchased USD68.6mn in debt on 20-21 Aug (latest data available). Spot USDIDR gapped lower at the opening to 14599 this morning from Fri's close of 14649-levels on Fri amid a pullback in the USD. Last seen around 14651-level. Daily momentum indicators show very mild bearish bias, and stochastics falling. We continue to look for the 1m NDF to trade within familiar ranges for now. Resistance is around 14730-levels ahead of 14825-levels (2018 high). Support around 14600-levels (21DMA), 14570-levels. BI continues to be in the market to curb IDR and IndoGB volatility. JISDOR was fixed at 14655 on Fri, 35bp higher than the fixing on Thu. There are no Tier 1 data on tap this week. In the new, the government will closely watch core and imported inflation to maintain low inflation as the government begins the review of 900 goods to control import products to limit imports to curb the current account deficit.

- **1m USDPHP NDF - Consolidation.** 1m USDPHP move higher last week was upended on Fri when USD weakness sent the 1m NDF lower. At the same time, China's move to reinstate countercyclical measures in the yuan fixing that could reduce yuan volatility and serve as an anchor to the AXJs, allowing currencies like the PHP to move higher. Still, expectations of month-end demand for USD could keep the 1m NDF supported this week. Support for the PHP could also have come from optimism over the BSP governor's comments that the economy is not overheating and that inflation could peak either in Aug or Sep. Supportive of the 1m NDF though could be expectations of further net foreign portfolio outflows from equities this week. Last week, foreign investors had sold USD9.3mn in equities. Focus is now on the USD200bn of Chinese goods that could come under US tariffs at the end of the month, which could weigh on sentiments as the Sino-US trade war escalates. Also simmering in the background is the potential spill-over effects from the Turkish crisis on emerging markets. Spot USDPHP gapped lower at the opening to 53.331 this morning from Fri's close of 53.430 amid a softer USD. Last seen around 53.42-levels. Bullish bias on the daily chart remains intact but waning, and stochastics is falling. We look for the pair to remain in consolidation around current levels in the week ahead. Support is around 53.30-levels (21DMA) before the 53-levels. Resistance around 53.60-levels, 53.75-levels. Quiet data week with no Tier 1 data on tap this week. **Note that onshore markets are closed today for a public holiday and re-open tomorrow.**
- **USDTHB - Bearish Bias.** USDTHB traded lower for most of last week, aided by the strong economic recovery as reflected in 2Q18 GDP print and hawkish comments by the BoT governor. The governor had said that there is less need for an extremely accommodative monetary policy since the economic recovery is clearer, suggesting that the BoT is on track to normalise policy by the end of the year. Weighing on the pair as well is China's move to reinstate countercyclical measures in the yuan fixing that could reduce yuan

volatility and which serves as an anchor to the AXJs, allowing the USDTHB to move lower. In addition, expectations of further net foreign portfolio inflows weigh on the pair. Foreign investors had sold US\$174.1mn in equities last week but this was completely offset by their purchase of US\$996.9mn in debt. Eyed this week is the US\$200bn of Chinese goods that could come under US tariffs at the end of the month, which could weigh on sentiments as the Sino-US trade war escalates. Also simmering in the background is the potential spill-over effects from the Turkish crisis on emerging markets. Last seen around 32.624-levels. Bearish bias on the daily chart remains intact, and stochastics is still at oversold conditions. Support is around 32.485-levels (100DMA) before 32.175-levels (200DMA). Resistance around 32.950-levels (23.6% fibo retracement of the Mar-Jul upswing) ahead of 33.110-levels (50DMA). Week ahead has capacity utilisation, mfg production index (Jul) on Tue; foreign reserves (24 Aug), trade, current account (Jul) on Fri.



## Malaysia Fixed Income

### Rates Indicators

### Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MJ 11/21	3.46	*3.47/45	Not traded
5YR MI 4/23	3.69	3.70	+1
7YR MK 3/25	3.93	3.93	Unchanged
10YR MS 6/28	4.03	4.03	Unchanged
15YR MT 11/33	4.46	4.48	+2
20YR MX 6/38	4.67	4.67	Unchanged
30YR MZ 7/48	4.90	4.90	Unchanged
<b>IRS</b>			
6-months	3.69	3.69	-
9-months	3.70	3.70	-
1-year	3.70	3.70	-
3-year	3.73	3.73	-
5-year	3.83	3.82	-1
7-year	3.94	3.94	-
10-year	4.16	4.16	-

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Source: Maybank KE

\*Indicative levels

- Govvies market viewed July CPI print as neutral; inflation rose by 0.9% YoY in July (Jun: 0.8%) within consensus' expectation. The marginal increase was mainly attributed to higher transport costs, while other sectors were either relatively flat or down, with communications and clothing prices lower. Few MGS yields rose 1-2bps on the back of slight selling.
- IRS was rather well offered despite the mild profit taking in MGS. Receiving interest may have come from foreign parties building box trades. 5y IRS traded at 3.83%, then later at 3.82% and quotes on the 5y lowered to around 3.82/81% amid the heavy receiving interest. 3M KLIBOR unchanged at 3.69%.
- In corporate bonds market, few long end AAA and GG credits traded near or slightly above MTM levels following the slight selling in govvy space. That said, there was still good demand seen for power and toll road credits at the long end.

## Singapore Fixed Income

### Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	1.87	1.88	+1
5YR	2.10	2.10	-
10YR	2.39	2.38	-1
15YR	2.69	2.67	-2
20YR	2.71	2.70	-1
30YR	2.78	2.77	-1

Source: Maybank KE

- SGS outperformed UST as long end SGS yields fell, despite weaker UST, due to short covering interest in the 10y and longer while SGS shorter than 5y were well offered. Yield curve flattened a tad with the long end down 1-2bps and front end either flat or up 1bp. Overall, trading was sideways. SGD IRS, on the other hand, were higher by about 1bp as bond swap spreads found support.
- Asian credit space appeared mostly sidelined as market awaited Powell's speech at the Jackson Hole meeting. CDS moved marginally while EM sovereign bonds were mostly unchanged. Alibaba's earnings results led to some buying in the BABA curve, in contrast with Huawei which traded wider on the back of the Australia ban news.

## Indonesia Fixed Income

### Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change (bp)
2YR	7.23	7.21	(1.62)
5YR	7.69	7.75	6.47
10YR	7.83	7.88	5.25
15YR	8.11	8.03	(8.32)
20YR	8.33	8.35	2.08
30YR	8.56	8.56	0.01

\* Source: IBPA, Bloomberg, Maybank Indonesia

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- Indonesia bond market closed with a daily loss on Friday trading session as IDR continue to depreciate. Indonesia Central Bank seems to intervene the FX market to help stabilized the LCY. 5y10y spread continues to narrow and currently running at spread of 12bps (as of Friday) compared to mean of 40bps as 5y IndoGB yield hiked more compared to the 10y IndoGB. DMO office is currently offering SBR004 at floating coupon of 8.05% (floor yield). SBR004 is a 2y tenor non tradable government bond meant for Indonesia citizen only. SBR004 coupon is offered higher compared to the 10y IndoGB and noting that 5y10y is relatively narrow, this implies that the 10y IndoGB yield should be running above 8% level. 5-yr, 10-yr, 15-yr and 20-yr benchmark series yield stood at 7.753%, 7.884%, 8.027% and 8.350% while 2y yield moved higher to 7.209%. During the day, FR0065 (15y benchmark series) yield decline the most by 8bps while FR0069 (8mo) yield increased the most by 19bps. Trading volume at secondary market was noted heavy at government segments amounting Rp24,575b with FR0075 as the most tradable bond. FR0075 total trading volume amounting Rp10,388b with 94x transaction frequency.
- Foreign ownership stood at Rp845.8t or 37.5% of total tradable government bond as of Aug 20<sup>th</sup>. Considering a 2-day's settlement, Foreigner booked net buy worth of Rp0.8t from begin month of Aug 18.
- Corporate bond traded moderate amounting Rp909b. SMFP04ACN5 (Shelf Registration IV Sarana Multigriya Finansial Phase V Year 2018; A serial bond; Rating: <sub>id</sub>AAA) was the most actively traded corporate bond with total trading volume amounted Rp348b yielding 6.973%.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1704	111.66	0.7411	1.2923	6.9298	0.6738	130.0833	82.3793
R1	1.1663	111.45	0.7370	1.2885	6.8678	0.6704	129.6867	81.9487
<b>Current</b>	1.1628	111.24	0.7326	1.2850	6.8144	0.6687	129.3400	81.4910
S1	1.1558	111.07	0.7263	1.2804	6.7714	0.6628	128.6267	80.8427
S2	1.1494	110.90	0.7197	1.2761	6.7370	0.6586	127.9633	80.1673

  

	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3781	4.1122	14666	53.5780	33.0170	1.5936	0.6100	3.0048
R1	1.3718	4.1103	14658	53.5040	32.8290	1.5903	0.6066	3.0012
<b>Current</b>	1.3657	4.1010	14609	53.3540	32.6530	1.5880	0.6025	3.0031
S1	1.3620	4.1068	14645	53.3810	32.5270	1.5836	0.5971	2.9908
S2	1.3585	4.1052	14640	53.3320	32.4130	1.5802	0.5909	2.9840

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

**Equity Indices and Key Commodities**

	Value	% Change
<b>Dow</b>	25,790.35	0.52
<b>Nasdaq</b>	7,945.98	0.86
<b>Nikkei 225</b>	22,601.77	0.85
<b>FTSE</b>	7,563.22	-0.15
<b>Australia ASX 200</b>	6,247.33	0.05
<b>Singapore Straits Times</b>	3,213.00	-1.14
<b>Kuala Lumpur Composite</b>	1,808.59	-0.13
<b>Jakarta Composite</b>	5,968.75	-0.24
<b>Philippines Composite</b>	7,804.03	2.25
<b>Taiwan TAIEX</b>	10,809.35	-0.50
<b>Korea KOSPI</b>	2,293.21	0.46
<b>Shanghai Comp Index</b>	2,729.43	0.18
<b>Hong Kong Hang Seng</b>	27,671.87	-0.43
<b>India Sensex</b>	38,251.80	-0.22
<b>Nymex Crude Oil WTI</b>	68.52	1.00
<b>Comex Gold</b>	1,212.30	1.72
<b>Reuters CRB Index</b>	192.08	0.83
<b>MBB KL</b>	9.81	0.00

**Policy Rates**

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	1.6362	Oct-18	Modest and Gradual Appreciation
BNM O/N Policy Rate	3.25	5/9/2018	Neutral
BI 7-Day Reverse Repo Rate	5.50	27/9/2018	Tightening
BOT 1-Day Repo	1.50	19/9/2018	Neutral
BSP O/N Reverse Repo	4.00	27/9/2018	Tightening Bias
CBC Discount Rate	1.38	27/9/2018	Neutral
HKMA Base Rate	2.25	-	Tightening
PBOC 1Y Lending Rate	4.35	-	Tightening Bias
RBI Repo Rate	6.50	5/10/2018	Tightening
BOK Base Rate	1.50	31/8/2018	Tightening
Fed Funds Target Rate	2.00	27/9/2018	Tightening
ECB Deposit Facility Rate	-0.40	13/9/2018	Neutral
BOE Official Bank Rate	0.75	13/9/2018	Neutral
RBA Cash Rate Target	1.50	4/9/2018	Neutral
RBNZ Official Cash Rate	1.75	27/9/2018	Neutral
BOJ Rate	-0.10	19/9/2018	Easing
BoC O/N Rate	1.50	5/9/2018	Tightening

## MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 5/2015 3.759% 15.03.2019	3.759%	15-Mar-19	7	3.293	3.302	3.293
MGS 3/2004 5.734% 30.07.2019	5.734%	30-Jul-19	1	3.37	3.37	3.37
MGS 2/2009 4.378% 29.11.2019	4.378%	29-Nov-19	8	3.349	3.4	3.349
MGS 3/2015 3.659% 15.10.2020	3.659%	15-Oct-20	4	3.481	3.486	3.481
MGS 1/2011 4.16% 15.07.2021	4.160%	15-Jul-21	30	3.569	3.569	3.569
MGS 4/2016 3.620% 30.11.2021	3.620%	30-Nov-21	2	3.465	3.465	3.465
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	10	3.623	3.623	3.623
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	49	3.713	3.713	3.713
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	8	3.715	3.715	3.715
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	300	3.702	3.702	3.685
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	8	3.794	3.794	3.794
MGS 1/2014 4.181% 15.07.2024	4.181%	15-Jul-24	8	3.919	3.919	3.919
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	7	4.006	4.006	4.006
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	60	3.934	3.934	3.934
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	13	4.067	4.067	4.067
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	90	4.162	4.162	4.159
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	210	4.149	4.155	4.142
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	154	4.025	4.028	4.019
MGS 3/2010 4.498% 15.04.2030	4.498%	15-Apr-30	8	4.431	4.431	4.431
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	162	4.515	4.522	4.513
MGS 3/2018 4.642% 07.11.2033	4.642%	07-Nov-33	6	4.475	4.475	4.475
MGS 4/2018 08.06.2038	4.893%	08-Jun-38	10	4.67	4.67	4.67
MGS 7/2013 4.935% 30.09.2043	4.935%	30-Sep-43	38	4.831	4.865	4.831
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	11	4.899	4.899	4.895
MGS 5/2018 4.921% 06.07.2048	4.921%	06-Jul-48	14	4.895	4.905	4.895
GII MURABAHAH 7/2013 30.04.2019	3.558%	30-Apr-19	149	3.356	3.371	3.356
GII MURABAHAH 3/2017 3.948% 14.04.2022	3.948%	14-Apr-22	414	3.748	3.754	3.736
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	1	3.81	3.81	3.81
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	07-Jul-23	2	3.859	3.859	3.859
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	100	3.99	3.99	3.99
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	10	4.01	4.01	4.01
GII MURABAHAH 2/2018 4.369% 31.10.2028	4.369%	31-Oct-28	140	4.138	4.141	4.134
GII MURABAHAH 3/2015 4.245% 30.09.2030	4.245%	30-Sep-30	2	4.526	4.526	4.526
GII MURABAHAH 5/2013 4.582% 30.08.2033	4.582%	30-Aug-33	20	4.568	4.582	4.568

**Total****2,056**

Sources: BPAM

## MYR Bonds Trades Details

PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
DANAINFRA IMTN 4.040% 20.07.2027 - Tranche No 4	GG	4.040%	20-Jul-27	20	4.317	4.322	4.317
DANAINFRA IMTN 4.610% 05.04.2030 - Tranche No 33	GG	4.610%	05-Apr-30	55	4.47	4.483	4.47
PRASARANA IMTN 5.120% 08.03.2038 - Series 7	GG	5.120%	08-Mar-38	10	4.88	4.88	4.88
TELEKOM IMTN 4.342% 25.08.2023	AAA	4.342%	25-Aug-23	150	4.32	4.32	4.32
PUBLIC MTN 2557D 09.4.2025	AAA	4.600%	09-Apr-25	20	4.548	4.557	4.548
CAGAMAS MTN 6.500% 08.8.2028	AAA	6.500%	08-Aug-28	13	4.565	4.566	4.565
RANTAU IMTN 0% 26.03.2029 - MTN 6	AAA (S)	5.200%	26-Mar-29	10	4.583	4.587	4.583
DANGA IMTN 4.940% 26.01.2033 - Tranche 8	AAA (S)	4.940%	26-Jan-33	5	4.79	4.79	4.79
SBPC 4.800% 03.07.2023 (SERIES 9)	AA1	4.800%	03-Jul-23	2	4.47	4.472	4.47
YTL POWER MTN 1826D 24.8.2023	AA1	4.650%	24-Aug-23	40	4.616	4.634	4.616
HLBANK 4.800% 21.06.2024 (Tranche 1)	AA1	4.800%	21-Jun-24	1	4.905	4.905	4.905
CTX IMTN 5.05% 29.08.2024 - Series 10	AA+ IS	5.050%	29-Aug-24	5	4.66	4.66	4.66
YTL POWER MTN 3653D 24.8.2028	AA1	4.990%	24-Aug-28	15	4.921	4.921	4.912
FRL IMTN 4.350% 05.06.2020	AA2	4.350%	05-Jun-20	10	4.442	4.453	4.442
AMBANK SENIOR NOTES 731D 26.6.2020	AA2	4.500%	26-Jun-20	5	4.428	4.428	4.428
UEMS IMTN 4.600% 13.12.2018 - Issue No. 2	AA- IS	4.600%	13-Dec-18	40	4.127	4.178	4.127
MALAKOFF POW IMTN 4.900% 17.12.2018	AA- IS	4.900%	17-Dec-18	10	4.157	4.224	4.157
WCT IMTN 4.800% 28.12.2018	AA- IS	4.800%	28-Dec-18	1	4.423	4.438	4.423
PKNS IMTN 5.15% 10.08.2023	AA3	5.150%	10-Aug-23	4	5.029	5.032	5.029
IJM IMTN 5.050% 18.08.2028	AA3	5.050%	18-Aug-28	20	4.954	4.956	4.954
JEP IMTN 6.240% 04.06.2032 - Tranche 23	AA- IS	6.240%	04-Jun-32	30	4.989	4.991	4.989
TCMH MTN 1824D 22.11.2019	A1	4.500%	22-Nov-19	1	6.118	6.99	6.118
AMMB HLDG MTN 3652D 23.2.2028	A1	5.230%	23-Feb-28	20	4.979	4.984	4.979
MAH SING 6.900% PERPETUAL SECURITIES - SERIES NO 1	NR(LT)	6.900%	02-Apr-17	12	5.807	6.446	5.807
<b>Total</b>				<b>499</b>			

Sources: BPAM

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